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

Akfen Holding Anonim Şirketi and its Subsidiaries

Consolidated financial statements as of and for the year ended December 31, 2017 with the independent auditor's report

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(Convenience translation of a report and financial statements originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Akfen Holding A.Ş.

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the financial statements of Akfen Holding A.Ş. (the Company), which comprise the statement of financial position as at December 31, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with the Turkish Accounting Standards (TAS).

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics for Independent Auditors* (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How matter addressed in the audit) or our procedures in relation to the Key Audit matter
Investment accounted using the equity method	
The Company owns 80.01% of Yenilenebilir Enerji A.Ş. ("Akfen Yenilenebilir"), which has been accounted by using the equity method as disclosed in Note 11. As stated in Note 11, the investment accounted using the equity method at 31 December 2017 is carried at 981,649 TL in assets and 71,825 TL in comprehensive income. The management judgements and assumption used in impairment test for the carrying value of the Akfen Yenilenebilir , considered a key audit matter in our audit	Our audit procedures included the evaluation of qualifications, competencies and independence of the independent valuation specialists appointed by the management to perform the impairment test of Akfen Yenilenebilir. Additionally, we assessed appropriateness of valuation methods, discount rates and cash flows projections used by valuation specialists in the impairment test. Additionally, we compare also to historical performance of the Company with the fugires in projections.In order to support our evaluation, we have included valuation experts from another company that is part of the same professional network in our organization. Furthermore, we assessed the appropriateness of the disclosures in the financial statements in Note 11.

4) Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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5) Auditor's Responsibilities for the Audit of the Financial Statements

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2017 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Seda Akkuş Tecer.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Seda Akkuş Tecer, SMMM
Partner

March 9, 2018
İstanbul, Türkiye

AKFEN HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED JANUARY 1 - DECEMBER 31, 2017

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Akfen Holding Anonim Şirketi

Consolidated Balance Sheet as of December 31, 2017

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

ASSETS	***References***	***Audited December 31, 2017***	***Audited December 31, 2016***
Current Assets			
Cash and cash equivalents	5	2,016,558	46,132
Financial investments		--	60,938
-Restricted bank balances	6	--	*60,938*
Trade receivables		189	--
-- Due from related parties	*29*	*189*	--
Other receivables	*9*	258,059	5,611
-- Due from related parties	*9-29*	*258,059*	*5,611*
Prepaid expenses	18	99,388	308
Current income tax assets		--	93
Other current assets	18	4,300	--
SUB-TOTAL		**2,378,494**	**113,082**
- Assets held for sale	**10**	**--**	**1,520,583**
TOTAL CURRENT ASSETS		**2,378,494**	**1,633,665**
Non-Current Assets			
Other receivables	*9*	1,308,803	401,359
- Due from related parties	*9-29*	*1,308,801*	*401,092*
- Due from third parties	*9*	*2*	*267*
Long-term financial investments	6	818,185	--
Investments accounted using the equity method	11	981,649	1,978,045
Property, plant and equipment	12	1,144	4,848
Intangible assets		3,605	308
-Other intangible assets	*13*	*3,605*	*308*
Prepaid expenses		4	--
Deferred tax assets		761	--
Other non-current assets		--	870
TOTAL NON-CURRENT ASSETS		**3,114,151**	**2,385,430**
TOTAL ASSETS		**5,492,645**	**4,019,095**

Akfen Holding Anonim Şirketi

Consolidated Balance Sheet as of December 31, 2017

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

LIABILITIES	***References***	***Audited December 31, 2017***	***Audited December 31, 2016***
Current Liabilities			
Short term borrowings	7	--	4,504
Short term portion of long-term borrowings	7	174,839	884,961
Trade payables		3,727	2,736
-Due to related parties	*8-29*	*756*	*1,019*
-Due to third parties	*8*	*2,971*	*1,717*
Other payables		716	2,298
-Due to third parties	*9*	*716*	*2,298*
Employee benefit obligations		236	175
Current provisions		3,206	3,001
-Provision for employee benefits	*15-17*	*3,206*	*3,001*
Current tax liabilities	27	95,112	--
Other current liabilities		*14*	*50*
SUB-TOTAL		**277,850**	**897,725**
Liabilities related to assets held for sale	**10**	**--**	**944,445**
TOTAL CURRENT LIABILITIES		**277,850**	**1,842,170**
Non-Current Liabilities			
Long term borrowings	7	303,828	201,430
Other payables		--	10,581
-Due to related parties	*9-29*	--	*10,581*
Non-current provisions		1,590	1,410
-Long term provisions for employee benefits	*15-17*	*1,590*	*1,410*
TOTAL NON-CURRENT LIABILITIES		**305,418**	**213,421**
TOTAL LIABILITIES		**583,268**	**2,055,591**
EQUITY		**4,909,377**	**1,963,504**
Equity attributable to equity holders of the parent		**4,909,377**	**1,709,188**
Issued capital	19	72,493	667,081
Adjustment to share capital		(7,257)	(7,257)
Share premiums (discounts)		44,649	(131,785)
Treasuary shares (-)		--	(1,899)
Effect of bussiness combinations under common control		--	6,236
Other accumulated comprehensive income that will not be reclassified to profit or loss		143	187,732
Gains on revaluation and remeasurement		*143*	*187,732*
-Increases on revaluation of property, plant and equipment		--	*192,431*
-Losses on remeasurement of defined benefit plans		*143*	*(4,699)*
Other accumulated comprehensive income that will be reclassified to profit or loss		--	373,492
-Currency translation difference	*19*	--	*388,923*
-Losses on hedge	*19*	--	*(15,431)*
Restricted reserves appropriated from profits		20,479	20,479
Retained earnings		1,000,567	110,028
Net profit for the period		3,778,303	485,081
Non-controlling interests	**19**	--	**254,316**
TOTAL LIABILITIES AND EQUITY		**5,492,645**	**4,019,095**

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For The Year Ended December 31, 2017
(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

		Audited	
PROFIT OR LOSS FROM CONTINUING OPERATIONS	***References***	***December 31, 2017***	***December 31, 2016***
PROFIT OR LOSS			
Revenue	20	4,182	135,586
Cost of sales (-)	20	--	(65,226)
GROSS PROFIT		**4,182**	**70,360**
General administrative expenses (-)	21	(62,182)	(66,357)
Other income from operating activities	22	1,082	8,405
Other expenses from operating activities (-)	23	(2,040)	(643)
Share of profit from investments accounted using the equity method	11	66,063	(128,345)
OPERATING PROFIT FROM OPERATING ACTIVITIES		**7,105**	**(116,580)**
Income from investment activities	24	3,939,348	897,726
Expense from investment activities	24	(3,618)	(29,960)
PROFIT BEFORE FINANCE INCOME/(EXPENSES)		**3,942,835**	**751,186**
Finance income	25	105,364	90,518
Finance expenses	26	(167,682)	(206,348)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**3,880,517**	**635,356**
Tax (Expense)/ Income, Continuing Operations		**(95,994)**	**(3,915)**
Current period tax expenses	27	(96,705)	(5,407)
Deferred tax income / (expense)	27	711	1,492
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUINGOPERATIONS		**3,784,523**	**631,441**
PROFIT/(LOSS) AFTER TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS			
Period (loss)/profit from discontinued operations	10	(11,852)	(272,142)
PROFIT FOR THE PERIOD		**3,772,671**	**359,299**
Attributable to			
Non-controlling interests		(5,632)	(125,782)
Equity holders of the parent		3,778,303	485,081
Net profit for the period		**3,772,671**	**359,299**
Earnings Per Share			
Earnings per share from continued operations	28	52,21	8,71
Losses per share from discontinued operations	28	(0,09)	(2,02)
Diluted Earnings Per Share (TRY in full)	28	**52,12**	**6,69**

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

Akfen Holding Anonim Şirketi

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For The Year Ended December 31, 2017

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

		Audited	
STATEMENT OF OTHER COMPREHENSIVE INCOME	***References***	***December 31, 2017***	***December 31, 2016***
PROFIT FOR THE PERIOD		**3,772,671**	**359,299**
Other Comprehensive income that will not be reclassified to Profit or Loss		**(1,341)**	**54,453**
Share of other comprehensive income of investments accounted using the equity method that will not be reclassified to profit or loss		(1,341)	54,453
Other comprehensive income that will be reclassified to profit or loss		**87,766**	**203,484**
Currency translation difference		5,644	18,649
Share of other comprehensive income of investments accounted using the equity method that will be reclassified to profit or loss		82,122	184,835
OTHER COMPREHENSIVE INCOME		**86,425**	**257,937**
TOTAL COMPREHENSIVE INCOME		**3,859,096**	**617,236**
Distribution of Total Comprehensive Income			
Non-controlling interests		(3,457)	(117,893)
Equity holders of the parent		3,862,553	735,129
Total Comprehensive Income		**3,859,096**	**617,236**

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

Consolidated Statement of Changes in Equity for the Year Ended December 31, 2017

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

						Other Accumulated Comprehensive Income and Expenses That Will Be Reclassified in Profit or Loss		Other Accumulated Comprehensive Income and Expenses That Will Not Be Reclassified in Profit or Loss			Retained Earnings				
	Issued capital	*Adjustments to share capital*	*Treasury shares*	*Share premiums or discounts*	*Effects of combinations of entities or businesses under common control*	*Currency translation differences*	*Losses on hedge*	*Increases/(Revaluation fund*	*Gains/(Losses) on remeasurements of defined benefit plans*	*Restricted reserves appropriated from profits*	*Retained earnings*	*Net profit for the period*	*Total*	*Non-controlling interests*	*Total Equity*
Balances as of January 1, 2016	**261,900**	**(7,257)**	**(76,029)**	**157,694**	**18,046**	**199,902**	**(22,005)**	**137,068**	**(3,789)**	**96,508**	**610,178**	**29,186**	**1,401,402**	**371,087**	**1,772,489**
Total comprehensive income/(expense) total	**--**	**--**	**--**	**--**	**--**	**189,021**	**6,574**	**55,363**	**(910)**	**--**	**--**	**485,081**	**735,129**	**(117,893)**	**617,236**
Profit for the period	--	--	--	--	--	--	--	--	--	--	--	485,081	485,081	(125,782)	359,299
Other comprehensive income/(expense)	--	--	--	--	--	189,021	6,574	55,363	(910)	--	--	--	250,048	7,889	257,937
Transfers	--	--	--	--	--	--	--	--	--	--	29,186	(29,186)	--	--	--
Capital increase	420,000	--	--	(299,189)	--	--	--	--	--	--	(120,811)	--	--	--	--
Capital decrease (*)	(14,819)	--	14,819		--	--	--	--	--	--	--	--	--	--	--
Effects of business combinations under common control	--	--	--	--	(76,074)	--	--	--	--	--	4,753	--	(71,321)	1,122	(70,199)
Increase / (decrease) through share-based payment transactions (*)	--	--	61,210	12,038	--	--	--	--	--	(76,029)	2,781	--	--	--	--
Increase (decrease) through other changes, equity (Note 3)	--	--	--	--	--	--	--	--	--	--	(351,384)	--	(351,384)	--	(351,384)
Acquisition or Disposal of a Subsidiary (Note 3)	--	--	--	(2,328)	64,264	--	--	--	--	--	(64,675)	--	(2,739)	--	(2,739)
Increase (Decrease) through Treasury share transactions (**)	--	--	(1,899)	--	--	--	--	--	--	--	--	--	(1,899)	--	(1,899)
Balances as of December 31, 2016	**667,081**	**(7,257)**	**(1,899)**	**(131,785)**	**6,236**	**388,923**	**(15,431)**	**192,431**	**(4,699)**	**20,479**	**110,028**	**485,081**	**1,709,188**	**254,316**	**1,963,504**

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

(**) As of December 31, 2016, Akfen REIT purchased 2,409,000 shares of Akfen REIT worth TRY 3,339 within the framework of the "Share Buyback Program" as decided during the Ordinary General Assembly Meeting of Akfen REIT on May 24, 2016.

Consolidated Statement of Changes in Equity for the Year Ended December 31, 2017

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

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

						Other Accumulated Comprehensive Income and Expenses That Will Be Reclassified in Profit or Loss		**Other Accumulated Comprehensive Income and Expenses That Will Not Be Reclassified in Profit or Loss**			**Retained Earnings**				
	Issued capital	*Adjustments to share capital*	*Treasury shares*	*Share premiums or discounts*	*Effects of ombinations of entities or businesses under common control*	*Currency translation differences*	*Losses on hedge*	*Increases/(Revaluation fund*	*Gains/(Losses) on measurements of defined benefit plans*	*Restricted reserves ppropriate d from profits*	*Retained earnings*	*Net profit for the period*	*Total*	*Non-ontrolling interests*	*Total Equity*
Balances as of January 1, 2017	**667,081**	**(7,257)**	**(1,899)**	**(131,785)**	**6,236**	**388,923**	**(15,431)**	**192,431**	**(4,699)**	**20,479**	**110,028**	**485,081**	**1,709,188**	**254,316**	**1,963,504**
Total comprehensive income/(expense)	**--**	**--**	**--**	**--**	**--**	**85,537**	**1,463**	**(358)**	**(983)**	**--**	**(1,409)**	**3,778,303**	**3,862,553**	**(3,457)**	**3,859,096**
Profit/(loss) for the period	--	--	--	--	--	--	--	--	--	--	--	3,778,303	3,778,303	(5,632)	3,772,671
Other comprehensive income / (expense)	--	--	--	--	--	85,537	1,463	(358)	(983)	--	(1,409)	--	84,250	2,175	86,425
Transfers	--	--	--	--	--	--	--	--	--	--	485,081	(485,081)	--	--	--
Capital decrease (Note 1) (*)	(594,588)	--	--	--	--	--	--	--	--	--	--	--	(594,588)	--	(594,588)
Effect of merger or liquidation or division (Note 1) (**)	--	--	1,899	176,434	(5,179)	(30,545)	7,876	(119,499)	1,369	--	337,692	--	370,047	(250,859)	119,188
Increase (decrease) through other changes, equity (***)	--	--	--	--	(1,057)	(443,915)	6,092	(72,574)	4,456	--	69,175	--	(437,823)	--	(437,823)
Balances as of January 1, 2017	**72,493**	**(7,257)**	**--**	**44,649**	**--**	**--**	**--**	**--**	**143**	**20,479**	**1,000,567**	**3,778,303**	**4,909,377**	**--**	**4,909,377**

(*) Following the spin-off procedure of Akfen Holding on February 16, 2017, The Company's capital decreased to 72,493TRY and there is no change in the shares of its shareholders.
(**) Equity transfer adjustments belonging to companies transferred to Akfen Engineering following the spin-off of Akfen Holding on February 16, 2017.
(***) Effect of the consolidated statement of change in the equity of the sale of shares owned by Akfen Holding at Tav Airports and MIP on July 7, 2017 and October 27, 2017, respectively.

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

Consolidated Cash Flow Statement
For the Year Ended December 31, 2017

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

	References	***Audited December 31, 2017***	***Audited December 31, 2016***
A. Cash Flows from Operating Activities		**(1,021,290)**	**63,046**
Profit for the period		**3,772,671**	**359,299**
Profit from continued operations		3,784,523	631,441
Net loss from discontinued operations	10	(11,852)	(272,142)
Adjustments to reconcile (loss)/profit		**(3,817,907)**	**(302,358)**
Adjustments for depreciation and amortization	20-21	2,142	17,375
Adjustments for provisions related with employee benefits		66	580
Adjustments for dividend income	24	(12,783)	--
Adjustments for impairment loss		3,598	29,468
Adjustment for impairment loss of property, plant and equipment	24	3,598	29,468
Adjustments for the undistributed profits of investments accounted using the equity method	11	(66,063)	128,345
Adjustments for unrealized foreign exchange		74,353	376,385
Adjustments regarding (gain) losses related to changes in share or disposal of associates, joint ventures, and financial investments	24	(3,925,030)	(897,162)
Adjustments for interest income and expenses	25-26	1,301	38,736
Adjustments for tax expenses	27	95,994	3,915
Oher adjustment for profit/loss reconciliation		8,515	--
Changes in working capital		**(1,027,272)**	**(97,876)**
Adjustments for decreases/ (increases) in trade receivables		(189)	--
Adjustments for increases in other receivables related with operations		(1,022,227)	(94,123)
Other adjustments for other increase (decrease) in working capital		(4,312)	(198)
Adjustments for increases in trade payables		989	(1,470)
Adjustments for decreases/(increases) in other payables from operations		(1,533)	(2,085)
Cash flows from operations		**(1,072,508)**	**(40,935)**
Tax payments		(613)	(5,501)
Payments related with provisions for employee benefits		(237)	(175)
Dividends received		32,915	77,901
Net cash flows on discontinuing operations		19,153	31,756

Consolidated Cash Flow Statement
For the Year Ended December 31, 2017

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

	References	*Audited December 31, 2017*	*Audited December 31, 2016*
B. Cash Flows from Investment Operations		**3,719,332**	**(23,171)**
Interest received		14,718	686
Purchase of property, plant, equipment and intangible assets		(1,736)	(4,009)
Proceeds from sales of property, plant, equipment and intangible assets		--	3
Cash inflows caused by share sales or capital decrease of associates and / or joint ventures	3	3,806,751	--
Cash receipts from repayment of advances and loans made to other parties	29	(99,000)	--
Net cash flows from discontinued operations		(1,401)	(19,851)
C. Cash Flows from Financing Activities		**(727,616)**	**(16,167)**
Proceeds from borrowings		553,228	388,682
Repayments of borrowings		(1,215,458)	(233,006)
Interest paid		(112,077)	(151,527)
Other cash flow		52,591	--
Net cash flows from discontinued operations		(5,900)	(20,316)
Net increase in cash and cash equivalents		1,970,426	23,708
Cash and cash equivalents at the beginning of the period	5	46,132	22,424
Cash and cash equivalents at the end of the period	5	**2,016,558**	**46,132**

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

1 ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY

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

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

As of December 31, 2017, Akfen Holding has 2 direct joint ventures and 1 financial investment (December 31, 2016: 2 subsidiaries and 7 joint ventures). Consolidated financial statements of the Group as of December 31, 2017 and for the year ended includes the share of Akfen Holding and the equity accounted joint ventures and financial investments. The Company has joint management rights in Akfen Yenilenebilir Enerji A.Ş. ("Akfen Renewable Energy") and PSA Akfen Liman İşletmeciliği ve Yönetim Danışmanlığı A.Ş. ("PSA Port"). Mersin Uluslararası Liman İşletmeciliği A.Ş. ("MIP") is classified as financial investment as of December 31, 2017.

As of December 31, 2017, the Group manages partnerships with nationally and internationally reputed partners such as PSA International ("PSA"), European Bank for Reconstruction and Development ("EBRD") and International Finance Corporation ("IFC").

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

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

As of December 22, 2015, under the "Communique on the Rights to Squeeze-Out and Sell-Out" by the Capital Markets Board of Turkey ("CMB"), it was declared that the rights to sell-out and squeeze-out would be exercised since the total shares, in Akfen Holding, of share holders acting in concert (Hamdi Akın, Selim Akın, Akınısı Makina Sanayi A.Ş., Akfen Turizm Yatırımları ve İşletmecilik A.Ş. and Akfen Altyapı Danışmanlık A.Ş. ("Akfen Infrastructure")) reached 97.11% of the Company's total share/vote ratio. The controlling shareholders of the Company exercised their right to squeeze-out other shareholders at a cost of TRY 10,9998 the arithmetic mean of weighted average prices in the stock exchange within thirty days preceding December 22, 2015, when it was publicly declared that the status of controlling shareholder had been attained within the framework of the provisions of the Communique. After the CMB approval was obtained on April 28, 2016, the trading of AKFEN.E shares pertaining to the Company was suspended by Borsa Istanbul as of April 29, 2016. CSD (Central Securities Depository of Turkey) cancelled those shares that were subject to squeeze-out, and the payment of the squeeze-out fee was performed on May 11, 2016.

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

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

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

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

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

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

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

Akfen Holding's legal residence address is as follows:
Koza Sokak No:22 Gaziosmanpaşa
06700 / Ankara-Türkiye
Tel: 90 312 408 10 00 - Fax: 90 312 441 07 82
Web: http://akfen.com.tr

As of December 31, 2017, the number of employees employed by the Company and the Group is 61 (December 31, 2016: 55) and 1,953 (December 31, 2016: 34,864), respectively.

Subsidiaries and joint ventures of Akfen Holding are listed below:

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

i) Subsidiaries

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

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. *(“Akfen REIT”)*

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

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

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

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

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

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

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

i) Subsidiaries(cont'd)

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

The transfer of Bulvar Loft agreement signed with İller Bankası A.Ş. ("İller Bankası") and Akfen Construction related to the Land Sales Counterpart Revenue Sharing Work of the 120573 Island 1 Parcel in the size of 36,947 m^2 at the Kızılcaşar Quarter of the Ankara Province Gölbaşı District, to the joint venture (Akfen REIT 99% - Akfen Constrcution 1%) established by Akfen REIT and Akfen Construction has been approved by İller Bankası. Within this scope, incorporation of Akfen Construction Tourism and Akfen Real Estate Investment joint venture ("Joint Venture") was completed on November 9, 2017 and all rights and liabilitites regarding to Bulvar Loft project has been transferred to the Joint Venture.

As of December 31, 2017, the total number of rooms in the 20 hotels owned by Akfen REIT is 3,628 while the total number of beds corresponding to such number of rooms is 7,114.

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

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

In addition to hydroelectric power plant investments, Akfen Holding plans other energy investments under Akfen Termik Enerji Yatırımları A.Ş.. The trade name of Akfen Enerji Yatırımları Holding A.Ş., a subsidiary of Akfen Holding, was changed as Akfen Termik Enerji Yatırımları A.Ş. during the Extraordinary General Assembly Meeting held on December 19, 2014.

Affiliated to Akfen Thermal Energy, Akfen Power Generation obtained the power generation licence for a natural gas power plant in Mersin with an installed capacity of 450 MW on March 8, 2012.

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

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

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

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

i) Subsidiaries(cont'd)

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

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

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

ii) Joint Ventures and financial investments

a) Joint ventures and financial investments not included in the division

TAV Airports

Akfen Holding has signed a share sale agreement for all of its 8.119% stake in TAV Airports with Tank ÖWA Alpha GmbH on June 9, 2017, for the amount of USD$ 160 million. The share transfer was completed on 7 July 2017. Hence, as of 31 December 2017, TAV Airports is no longer among the joint ventures of Akfen Holding.

MIP

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

As at July 28, 2017, Akfen Holding signed an agreement with Global InfraCo SP NEUM SLU in order to sell its 40% stake in MIP, for a total consideration of USD 869 million. The sale has been completed as of October 27, 2017. After that date, the value of the MIP's retained stake has been recognised under financial investments with its fair value on the consolidated financial statements.

The first phase of the port expansion project ("EMH") that started at MIP in 2014 in order to enable the port to serve vessels with a capacity of 10,000 twenty-foot equivalent unit ("TEU") and over and emerge as the international transshipment port for the Eastern Mediterranean was completed on August 8, 2016. Thus, the berth capacity has reached 2.6 million TEU while the yard capacity has reached 2.2 million TEU. Once the EMH project is complete, MIP will be able to handle more transshipment cargo.

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

ii) Joint Ventures and financial investments (cont'd)

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

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

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

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

In addition to this, Laleli Enerji Elektrik Üretim A.Ş., a subsidiary of Akfen Renewable Energy, was transferred to Akfen Termik Enerji Yatırımları A.Ş., a subsidiary of the Company, for a fee of full TRY 6,764 on January 25, 2016. In 2017, the name of aforsaid company has been changed to Daire İnşaat ve Ticaret A.Ş. ("Daire İnşaat").

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

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

As of June 9, 2017, Akfen Renewable Energy paid-in capital was increased, on premium, to TRY 793,000 from TRY 705,000, with the EBRD and the IFC transferring USD 55,476,752.80. Thus, the shares of EBRD and IFC increased to 19.99% while the share of our Company was 80.01%.

Akfen Holding has been operating its HEPP investments since January 2007 through its partnerships. As of December 31, 2017, Akfen Holding's HEPP's portfolio is under Akfen Renewable.

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

ii) Joint Ventures *(cont'd)*

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

HEPP Companies

As of December 31, 2017, the HEPP Companies have a total of 13 projects with a total installed capacity of 228.2 MW and an annual power generation capacity of 916.8 GWh, with generation operations going on in 12 power plants with a total installed capacity of 213.0 MW and an annual power generation capacity of 874.6 GWh. Having a total installed capacity of 15.3 MW and an annual generation capacity of 42.2 GWh, the construction of Çalıkobası HEPP project (the first two units became operational on June 2, 2017 and the remaining 2 units are still under construction) under HHK Enerji Elektrik Üretim A.Ş. and of Çiçekli I-II HEPP project under Kurtal Elektrik Üretim A.Ş. continues. On the other hand, an application was made to EMRA on July 14,2017 to terminate the licence of a hydroelectric power plant under planning with an installed capacity of 10.0 MW and an annual power generation capacity of 42.5 GWh and the licence termination decision was published in the Official Gazette on September 15, 2017.

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

As of December 31, 2017; Akfen Renewable Energy has 12 subsidiaries it owns directly and via companies within the same controlling structure under HEPP Companies, namely Akörenbeli Hidroelektrik Santral Yatırımları Yapım ve İşletim A.Ş., ("Akörenbeli"), Beyobası Enerji Üretim A.Ş. ("Beyobası"), Bt Bordo Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. ("Bt Bordo"), Çamlıca Elektrik Üretim A.Ş. ("Çamlıca"), Elen Enerji Üretimi Sanayi ve Ticaret A.Ş. ("Elen"), HHK Enerji Elektrik Üretim A.Ş. ("HHK"), Kurtal Elektrik Üretim A.Ş. ("Kurtal"), Memülü Enerji Elektrik Üretim A.Ş., ("Memülü"), Pak Enerji Üretimi Sanayi ve Ticaret A.Ş. ("Pak"), Rize İpekyolu Enerji Üretim ve Dağıtım A.Ş. ("Rize İpekyolu"), Yeni Doruk Enerji Elektrik Üretim A.Ş. ("Yeni Doruk"), and Zeki Enerji Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. ("Zeki"). Of these companies, Akörenbeli, Memülü and Rize İpekyolu are still not operational. HEPP projects under HHK Kurtal are currently being constructed, while the licensing process of the HEPP projects under Zeki have been suspended.

WPP Companies

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

As of December 31, 2017; Akfen Renewable Energy has 16 subsidiaries it owns directly and via companies within the same controlling structure under WPP Companies, namely Ela RES Elektrik Üretim A.Ş., EMD Enerji Üretim Sanayi ve Ticaret A.Ş., İmbat Enerji A.Ş., Kanat Enerji A.Ş., Kavança Elektrik Üretim A.Ş., Kontra Elektrik Üretim A.Ş., Kuzeybatu Elektrik Üretim A.Ş., Mares Elektrik Üretim A.Ş., Nesim Elektrik Üretim A.Ş., Orçaner Elektrik Üretim A.Ş., Pruva Enerji A.Ş., Ruba Elektrik Üretim A.Ş., Seyir Elektrik Üretim A.Ş., Sisam Elektrik Üretim A.Ş., Trim Elektrik Üretim A.Ş. and Uçurtma Elektrik Üretim A.Ş. 14 applications by 12 subsidiaries were evaluated and total 3,000 MW capacity connection right approved by the EMRA. Within the scope of these projects, TEİAŞ completed the tender process for the total 710 MW capacity connection on 21-22-23 June 2017.

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

ii) ***Joint Ventures*** *(cont'd)*

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

WPP Companies *(cont'd)*

No bids have been submitted at these tenders and as a result, the development process for the four plants with a total capacity of 162 MW has been terminated.

TEIAS has completed the tender of the remaining 2,020 MW between 25-29 December. In this context, no bid was submitted for our 10 projects with a capacity of 716 MW.

Furthermore, development work for 10 new projects by 3 subsidiaries started under an additional wind power generation capacity of 2,000 MW as stated by TEİAŞ. To this end, wind measurement work currently continues.

A share purchase agreement was signed on March 31, 2017 regarding the purchase of a total of 4 wind projects, three in Çanakkale and one in Denizli, all of which have a total of 242 MW licenses and are not in operation and the purchase was completed on June 13, 2017 as the necessary permissions were obtained and the preconditions were fulfilled. As of December 31, 2017, the construction of one of these projects has started, while the others are under construction preparations.

SPP Companies

As of December 31, 2017, SPP Companies continued operations with a portfolio of 101.3 MW total installed capacity, consisting of licensed (69.7 MW) projects under development in addition to 23.6 MW of unlicensed and 8 MW of licensed projects (31.7 MW in total) currently operational. There are 41 project companies, with Akfen Renewable Energy holding 100% of shares in all but two (Me-Se Elektrik Üretim A.Ş. ("Me-Se") - 80%, Solentegre Enerji Yatırımları Tic. A.Ş. ("Solentegre") - 90%).

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

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

b) ***Joint ventures transferred by division***

TAV Investment

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

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

***ii) Joint Ventures** (cont'd)*

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

***TAV Investment** (cont'd)*

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

Akfen Water

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

Akfen Water Güllük started operations on August 24, 2006. Akfen Water Güllük completed all relevant investments and serves 7,575 subscribers as of December 31, 2017. Akfen Water-Arbiogaz Dilovası was incorporated on July 19, 2007. The company completed its investments on July 1, 2010 and started operations. It continues serving Dilovası district, which has an approximate population of 40,000, via the factories and plants currently operational at Dilovası Organized Industrial Zone. Akfen Water employs new technologies in line with the needs of its customers to develop and manage sustainable and environmentally-friendly Solid Waste Management systems. Concluding its first contract on Solid Waste Services with İDO, Akfen Water provides İDO with the services of identifying, collecting, sorting, temporarily storing, transporting, recovering and disposing of hazardous and non-hazardous wastes from operations in all vessels, land vehicles, land enterprises, offices and other port areas. Akfen Water also started to provide waste management services for City Hospitals projects run by the Republic of Turkey Ministry of Health within a Public-Private Partnership model. To this end, Akfen Water signed its first contract with Isparta Şehir Hastanesi Yapım ve İşletme A.Ş. and provides the services of managing waste management processes, establishing an appropriate staff structure, procuring the tools and equipment in accordance with regulations, and following up and reporting the types and quantities of wastes. Subsequently, Akfen Water also started to provide waste management services to Mersin Integrated Health Campus and Yozgat City Hospital projects. Furthermore, it began to provide hazardous and non-hazardous waste disposal and recycling services to MIP during 2016.

İDO

Following the spin-off procedure of Akfen Holding on February 16, 2017, the shares held in İDO were transferred to Akfen Engineering. Therefore, İDO, a joint venture of the Company in the previous periods, has ceased to be a joint venture as of February 16, 2017. The tender held by Istanbul Metropolitan Municipality ("IBB"), the former controlling shareholder of İDO, for the block selling of İDO on June 16, 2011 was awarded to Tepe Construction, Akfen Holding, Souter and Sera Gayrimenkul Yatırım ve İşletme A.Ş. Joint Venture Group. İDO carries passengers and vehicles under the name "Sea Bus and Fast Ferry Lines" on intracity and intercity sea routes. Having a modern fleet of 54 vessels (24 sea buses, 20 ferryboats, 8 fast ferries and 2 service ships), İDO carries passengers and vehicles in Marmara Sea on a total of 15 lines comprised of 8 sea bus lines, 3 ferryboat lines and 4 fast ferry lines. As of December 31, 2017, sea buses, fast ferries and ferryboats have a total capacity of 35,983 passengers in summer season and 29,865 passengers in winter season while presenting a vehicle capacity of 2,777 in both seasons.

2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation of Financial Statements

Declaration of conformity

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

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

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

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

The consolidated financial statements of the Group are approved by the Company's Board of Directors on March 9, 2018.

Principles of measurement

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

Applicable currency and reporting currency

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

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

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

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

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

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

(*) Transferred to Akfen Mühendislik as a result of spin-off on February 16, 2017.

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

Principles for consolidation

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

As a result of the spin-off procedures on February 16, 2017, Companies', which was transferred to Akfen Engineering, profit or loss and other comprehensive income items which is realized up to the date of transfer, was included in the consolidated financial statements as at and year ended December 31, 2017.

Subsidiaries and joint ventures are consolidated using the following methods:

Subsidiaries

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

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

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

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

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

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

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

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

Joint agreements

Joint ventures are established through an agreement for the Company and its subsidiaries to undertake an economic activity in a way to be jointly managed by one or more enterprising partners.

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

	December 31, 2017		**December 31, 2016**		
	Shareholding rate (%)	Voting right rate (%)	Shareholding rate (%)	Voting right rate (%)	Main operation
TAV Airports (*)	--	--	8.12	8.12	Airport Management
TAV Investment (**)	--	--	21.68	21.68	Investment, construction and management in aviation
MIP (***)	10.00	10.00	50.00	50.00	Seaport Management
PSA Port	50.00	50.00	50.00	50.00	Consulting
Akfen Water (**)	--	--	50.00	50.00	Construction and Management of Water Treatment Plants
Akfen Renewable	80.01	80.01	90.00	90.00	Energy
İDO (**)	--	--	30.00	30.00	Marine Transportation

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

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

(***)Because of the sale of 40% of Akfen Holding's share in MIP as of October 27, 2017, the value of the MIP held is accounted for at fair value under financial investments on the consolidated financial tables.

Combinations of businesses under joint control

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

Adjustment transactions in consolidation

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

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

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

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

Business combinations for purchasing from third persons

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

Foreign currency

Foreign currency transactions

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

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

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

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

	Average Exchange Rate		Exchange Rate at Period	
	December 31, 2017	December 31 2016	December 31, 2017	December 31, 2016
US Dollar	3.6445	3.0181	3.7719	3.5192
Euro	4.1159	3.3375	4.5155	3.7099
Russian Ruble ("RUB")	0.0625	0.4446	0.0651	0.0573

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

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

Foreign Currency (cont'd)

Foreign operations

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

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

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

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

2.2 Summary of Significant Accounting Policies

Non-derivative financial assets

The Group records its loans and receivables and deposits on the date they arise. All other financial assets including financial assets the fair value difference of which is indicated in profit/loss are recorded on the transaction date when the Group becomes a party to the contractual conditions of the relevant financial instrument.

The Group removes the relevant financial asset from its records when its rights pertaining to cash flows as per the relevant agreement on financial assets expire or it transfers its relevant rights through a trading transaction in which it transfers the ownership of all risks and returns related to such financial asset.

The Group's non-derivative financial assets include cash and cash equivalents, loans and receivables and available-for-sale financial assets.

Cash and cash equivalents

Cash and cash equivalents are comprised of effects, current deposits and time deposits with a maturity of less than 3 months.

Deposits that the Group provides as a guarantee for bank loans are indicated within the restricted bank balances item in the consolidated balance sheet.

Loans and receivables

Loans and receivables are financial assets that are not listed in the active market and are subject to fixed or variable payments. Such assets are initially recognized by adding the transaction costs that can directly be related to their fair values. Following their first recording, loans and receivables are indicated by reducing their impairment over their reduced values, using the effective rates of interest of future principal and interest cash flows.

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

2.2 Summary of Significant Accounting Policies *(cont'd)*

Non-derivative financial assets *(cont'd)*

Loans and receivables are generally comprised of cash equivalents, trade and other receivables and receivables from related parties.

Other

Other non-derivative financial instruments are valued by deducting impairments from their amortized cost using the effective rate of interest.

Non-derivative financial liabilities

The Group accounts its debt securities and secondary liabilities as of the date they initially arose.

Once the Group's contractual commitments regarding the financial liability expire, are performed or cancelled, the Group removes the relevant financial liability from its records.

The Group offsets its financial assets and liabilities only when it has a legal right to offset and it intends to carry out the transaction on a net basis or simultaneously realize the asset and perform the liability, and the net amount is indicated in financial statements.

The Group's non-derivative financial liabilities are borrowings, debts to related parties, trade payables and other payables.

Such financial liabilities are initially recognized by deducting the transaction costs that can directly be related to their fair values. Following their initial recording, financial liabilities are indicated over their reduced values using the effective rate of interest.

Capital

Common stocks are classified as shareholders' equity.

Tangible fixed assets

Accounting and measurement

Tangible fixed assets purchased until December 31, 2004 are adjusted for inflation in TRY denomination as of December 31, 2004 in compliance with TAS 29. Accordingly, tangible fixed assets are indicated by deducting accumulated depreciation and permanent losses in value from the historical costs under inflation. Tangible fixed assets purchased starting from January 1, 2005, on the other hand, are indicated by deducting accumulated depreciation and permanent losses in value from their historical costs.

The cost reflects those expenditures that are directly related to the acquisition of the asset concerned. The cost of the assets constructed by the Group includes the material costs, labor costs and the costs directly related with making that asset available for the use of the Group as well as the costs for disassembly and replacement of parts and the costs for the restoration of the space such parts are in. Any software purchased in order to use the relevant equipment is capitalized as a part of that equipment. Items constituting tangible fixed assets are recognized as separate items (basic components) of tangible fixed assets if they have different economic lives.

Profits or losses regarding the disposal of tangible fixed assets are determined by comparing the disposal fee and the registered value of the asset concerned, and are registered in the consolidated comprehensive income statement under "income and profits/(expenditures and losses) from investment operations".

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

2.2 Summary of Significant Accounting Policies *(cont'd)*

Subsequent expenditures

Expenses that arise from replacing any part of tangible fixed assets and include research, repair and maintenance costs are capitalized if they can increase the future economic benefit of the said tangible fixed asset. The registered values of the replaced parts are removed from records. All other expenses are recognized under profit or loss as they arise.

Depreciation

Tangible fixed assets are depreciated and registered under profit or loss after the estimated surplus value is deducted by using the straight-line method of depreciation on the basis of the date of purchasing or installation according to the estimated useful lives of assets. Terrain and land are not depreciated.

Economic lives in the current period and previous periods are as follows:

Description	***Years***
Buildings	2-50
Furniture and fixtures	2-15
Machinery and Equipment	3-40
Vehicles	5
Special costs	1-15

Special costs are depreciated with straight-line method of depreciation over their relevant rental periods or economic lives, whichever is shorter.

Depreciation methods, economic lives and residual values are reviewed at the end of each accounting period.

Intangible fixed assets

Licenses and other intangible fixed assets

Intangible fixed assets that are acquired by the Group and have a limited economic life are reflected after the accumulated amortization and accumulated impairments are deducted from historical cost.

Subsequent expenditures

Other subsequent expenditures may be capitalized if they can increase the future economic benefit of the said intangible fixed asset. All other expenses within the enterprise including those related to goodwill and trademarks are indicated under profit or loss as they arise.

Amortization

During their economic lives, intangible fixed assets are registered under profit or loss through the straight-line method of amortization starting from the date when they become available for use. Out of intangible fixed assets, Licenses are amortized within a range of 3-49 years while other intangible fixed assets are amortized within a range of 3-5 years.

Leasing transactions

The Group as a Lessor

The rental procedure in which a significant portion of the proprietary risks and gains belong to the lessee is classified as financial lease. All other types of leasing are classified as operating lease. In financial lease, the amount of receivables from lessees are registered as receivables at an amount that corresponds to the amount of investment the company makes in net leases.

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

2.2 Summary of Significant Accounting Policies *(cont'd)*

Leasing transactions *(cont'd)*

The Group as a Lessor *(cont'd)*

Operating lease income is registered in profit or loss through the straight-line method during the lease period. The initial direct costs arising while arranging the operational lease and agreeing on the lease are added to the carrying amount of the leased asset and are reflected in profit or loss through the straight-line method during the lease period.

The Group as a Lessee

Financial lease expenditures are registered in the consolidated comprehensive income statement through the straight-line method during the lease period. The benefits received or to be received as an incentive to enter an operating lease are also distributed through the straight-line method during the lease period.

Since the rights pertaining to the land leased in order to develop investment property are also classified as investment property, the rights pertaining to such land are recognized within the framework of the method adopted in financial lease. Therefore, the reduced values of lease fees to be paid for such land are recognized under the other payables account in the consolidated financial statements.

Impairment of assets

Financial assets

Impairment of a financial asset the fair value difference of which is not reflected in profit or loss is evaluated at the end of each reporting period using objective evidence that is believed to be an impairment. If objective evidence points out to one or more incidents indicating that the financial asset concerned has a negative impact on future cash flows, it is considered that the financial asset concerned is impaired.

The objective evidence leading to the impairment of financial assets might include the default of the debtor, the restructuring of an amount on terms that the Group would not consider otherwise, the emergence of a possibility of bankruptcy of the debtor, and the disappearance of an active market for a security. In addition, the decline of the fair value of a security below its cost significantly and permanently is an objective evidence for impairment.

The Group considers the evidence for impairment in receivables and held-to-maturity investments both in terms of the asset concerned and collectively. All individually significant receivables and held-to-maturity investments are assessed separately for impairment. Out of all individually significant receivables and held-to-maturity investments, those that are separately found to be not impaired are assessed on whether they were subject to an impairment that happened collectively later but has not been defined yet. Individually insignificant receivables and held-to-maturity investments are grouped into similar risk characters and assessed collectively for impairment.

The Group makes its collective assessment of impairment by updating the possibility of default, collection timing and the past trend of the loss that arose in accordance with the judgment of the management on the current economic position.

An impairment loss in respect of a financial asset is calculated as the difference between its carrying amount and the present value of the receivables from cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit / loss and receivables are reflected in a reserve account. Interest on the impaired asset continues to be recognized. When an event occurring after the balance sheet date causes the amount of impairment to decrease, such decrease is reversed through profit/loss.

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

2.2 Summary of Significant Accounting Policies *(cont'd)*

Impairment of assets *(cont'd)*

Non-financial assets

The Group reviews at the end of each reporting period whether there is any indication of impairment pertaining to each financial asset other than inventories and deferred tax assets. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount for intangible fixed assets which have an indefinite economic life or are not yet ready for use in addition to goodwill is estimated at the same period during the year.

The recoverable amount of an asset or a 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 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 ("cash generating unit") that generates cash flows from continuing use that are largely independent of the cash flows of other assets. For the purpose of impairment testing, the goodwill from a business combination is apportioned among cash generating units that are expected to benefit the combination synergy. If the carrying amount of an asset or a cash generating unit exceeds the recoverable amount through use or sales, this indicates an impairment loss. Impairment losses are recognized in profit or loss. Impairment losses from cash generating units that are recognized are first discounted on a pro-rata basis from the carrying amounts of the goodwill apportioned to such units and then from the carrying amounts of other assets within the units.

Employee benefits

In accordance with existing labor law in Turkey, the Group is required to make payments of certain amounts to employees who have completed one year of service and who quit due to causes such as retirement and military service or who die. Provision for severance pay represents the present value of future probable obligation of the Group arising from the retirement of employees on a 30-day basis. Provision for severance pay is calculated on the assumption that all employees will receive such payment, and it is recognized in the consolidated financial statements on an accrual basis. Provision for severance pay is calculated in accordance with the severance pay cap announced by the Government. All actuarial gains and losses are recognized under other comprehensive income.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation because of past events, it is probable that an outflow of resources involving economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are calculated by discounting the estimated future cash flows at a pre-tax discount rate to be computed in consideration of the impact of time value of money and the risks associated with such obligation.

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

2.2 Summary of Significant Accounting Policies *(cont'd)*

Discontinued operations

A discontinued operation is a part of the Group's work and constitutes a unit that can clearly be distinguished from other units of the Group and covers cash flows, and;

- It represents a separate main line of business or the geographical area of operations;
- It is a part of the selling of a separate main line of business or the geographical area of operations within the framework of an individually coordinated plan; or
- It is a subsidiary that is acquired exclusively for the purpose of resale.

Classification as a discontinued operation is possible if the operation fulfills the criteria of being an asset held for sale after or before the selling of the operation.

If an operation is classified as a discontinued operation, the profit or loss and other comprehensive income statement is presented once again on the assumption that this operation is discontinued at the beginning of the year.

Assets held for sale

Fixed assets which will possibly be disposed of in priority rather than being used or an asset group which is comprised of assets and liabilities and will be disposed are classified for the purpose of selling or distribution. Such assets or asset group to be disposed of are accounted for at the lower of their carrying amount and fair value less costs to sell. Any impairment in the asset group to be disposed of is first allocated to the goodwill and then apportioned to the remaining assets and liabilities on a pro-rata basis on the condition that no impairment loss is apportioned to the inventories, financial assets, deferred tax assets, assets of employee benefits, investment property or biological assets of the Group that are valued in line with accounting policies. Impairments on the date of initial classification and profits and losses in subsequent measurements in relation to the fixed assets held for sale or distribution are accounted for in profit or loss.

Intangible fixed assets or tangible fixed assets are not subject to depreciation or amortization once they are classified as assets held for sale or distribution.

Revenue

Rental revenues

Rental revenues from investment properties are recognized in the consolidated comprehensive income statement by using the straight-line method during the term of the rental agreement.

Other businesses

Income from sales of goods is recognized after returns and provisions, sales discounts and turnover premiums are deducted from the fair value of the money or receivable to be collected. Income is recognized in cases when risks and benefits are taken over by the buyer, collection is possible, relevant costs and potential returns are reliably measured and the Group has no relationship left with the goods sold. The transfer or risks and rewards vary according to the terms of each sales contract.

Income from delivered services is recognized in the consolidated comprehensive income statement in line with the completion rate of the transaction by the end of the reporting period.

State incentives

State incentives are recognized when a reasonable guarantee is in place that the required conditions will initially be satisfied and the incentive may be obtained by the Group. In return for the expenses incurred, the incentives obtained are accounted for in profit or loss after being discounted from the relevant expenses.

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

2.2 Summary of Significant Accounting Policies *(cont'd)*

Lease payments

Payments made under operating leases are charged to the consolidated profit or loss statement on a straight-line basis over the period of the lease. Lease fee incentives obtained are recognized over the period of the lease as an integral part of the total lease fee expenses. Payments made under operating leases are accounted for in the consolidated profit or loss statement on a straight-line basis over the period of the lease.

Minimum lease fee payments made as per the lease contract are apportioned between the financing expenses and the reduction of residual obligation. Financing expenses are distributed to each period over the period of the lease in order to produce a fixed-term interest rate for the residual balance of the obligation. Conditional lease fee payments are accounted for by changing the minimum lease fee payments over the remaining period of the lease.

Financing income and expenses

Financing income includes interest income, exchange rate difference income, dividend income and gains from derivative instruments accounted for in profit or loss. Interest income is recognized in profit or loss on an accrual basis using the effective interest method.

Financing expenses include the interest expenses from bank loans, impairments accounted for in relation to financial assets (except for trade receivables), and the losses from ineffective portions of derivative hedge instruments accounted for in profit or loss. Borrowing costs which cannot be directly related to the acquisition, construction or production of an asset are recognized in profit or loss by using the effective rate of interest.

Rediscount and exchange rate difference income/expenses pertaining to trade transactions are recognized in other real operating income and expenses.

Earnings per share

Earnings per share disclosed in the consolidated profit or loss statement are determined by dividing net income for the period from parent company shares by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares (bonus shares) to existing shareholders from retained earnings and inflation adjustment. Such distribution of bonus shares is treated as issued shares in the calculation of earnings per share. Accordingly, the weighted average number of shares used in such calculations are determined by giving the said distribution of shares a retroactive effect.

Taxes on income

Taxes include current period income tax liabilities and deferred tax liabilities. Current tax is recognized in consolidated comprehensive income statement except for the taxes of items recognized directly in profit or loss.

Current tax is calculated over the taxable part of the income for the period. The current tax liability of the Group is calculated using the tax rates enacted at the reporting date.

In addition, temporary taxes are levied at a rate of 20% (22% for taxation periods of 2018, 2019 and 2019) over the bases declared in the interim periods during the year to be deducted from the corporation tax.

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

2.2 Summary of Significant Accounting Policies *(cont'd)*

Taxes on income *(cont'd)*

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences of non-tax deductible goodwill, and assets and liabilities that are not accountable and taxable and are recognized for the first time. Deferred tax is not recognized in the initial recognition of goodwill, the initial recognition of assets and liabilities that impact on neither financial profit nor commercial profit in transactions other than business combinations, and in differences pertaining to associates and joint ventures which are unlikely to be reversed in the near future. Deferred tax is calculated on the basis of laws applicable by the end of the reporting period and over the tax rates that are expected to be applied once temporary differences are reversed.

When the deferred tax assets and deferred tax liabilities are levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities and in the event that the acquisition of deferred tax assets and the performance of deferred tax liabilities are simultaneous, deferred tax assets and deferred tax liabilities can be offset.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting period and their carrying amount is reduced to the extent that it is not probable that the relevant tax advantage will be available.

Deferred taxes arising from the fair value measurement for available-for-sale assets and their cash flow hedging is recognized in profit or loss before being recognized in consolidated comprehensive income statement together with other deferred gains that are previously recognized.

Out of the investment incentives the Group enjoys, those that ensure a corporate tax rebate are recognized under TAS 12.

The current tax amounts to be paid are offset with the prepaid tax amounts since they are related to corporate tax. Deferred tax asset and liability are also offset individually for each company.

Tax arrangements in Turkey do not allow a parent company and its subsidiaries to submit consolidated tax statements. Therefore, tax provisions are calculated on a company basis as reflected in the consolidated financial statements attached.

Segment reporting

Operating segments are segments of the Group which engage in operating activities from which the Group can reap revenues and through which it can make expenditures, the operating results of which are regularly reviewed by the chief operating decision maker of the Group for allocating resources and assessing performance of the operating segments, and for which there are separate financial information.

2.3 Amendments to the Turkish Financial Reporting Standards

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

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

2.3 Amendments to the Turkish Financial Reporting Standards *(cont'd)*

New standards, amendments and interpretations effective from 1 January 2017:

- TFRS 11 - Acquisition of Shares in Joint Activities (Amendments)
- TAS 16 and TAS 38 - Recognition of Acceptable Depreciation and Amortization Methods (Amendments on TAS 16 and TAS 38)
- TAS 16 – Tangible Assets ve TAS 41 - Agricultural Activities: Carrier Plants (Amendements)
- TAS 27 - Equity Method in Individual Financial Tables (Amendment on TAS 27)
- TFRS 10 and TAS 28 - Sales or Contributions of an Investor to an Affiliate or a Business - Amendments
- TFRS 10, TFRS 12 and TAS 28 - Investment Establishments: Application of Consolidation Exception (Amendment on TFRS 10 and TAS 28)
- TAS 1 – Disclosure Initiative (Amendment on TAS 1)
- TFRS Annual Improvements - 2012 - 2014 Period

These changes have not had any impact on the Group's financial position and performance.

Standards, amendments and improvements that have been published but not yet implemented and not put into effect early:

- TFRS 15 - Revenue from Contracts Made with Customers
- TFRS 9 - Financial Instruments
- TAS 7 - Statement of Cash Flow Amendments
- TAS 12 - Income Taxes Amendments
- TFRS 2 - Share-based Payment Amendments
- TFRS 16 - Leases Amendments
- TFRS 4 - Insurance Contract Amendments
- TAS 40 - Investment Property Amendments
- TFRS Committee 22 - Foreign Currency Transaction and Advance Consideration
- TFRS Annual Improvements - 2014-2016 Period
- TFRS 17 - New Insurance Contracts Standards
- IFRIC - Uncertainty over Income Tax Treatments

These standards, changes and improvements are assessed on the financial position of the Group and its possible impact on performance.

TFRS 9

Classification and Measurement of Financial Assets:

The Group does not expect any significant effect on the statement of financial position or shareholders' equity due to the classification and measurement requirements of TFRS 9. Financial assets measured at fair value are expected to continue to be measured at fair value.

Loans and receivables are held to provide contingent cash flows and lead to cash flows from principal and interest. The Group has analyzed the contingent cash flow characteristics of these financial instruments and decided that they should be presented at amortized cost in accordance with TFRS 9. Therefore, the classification of these financial instruments will not be relevant.

Impairment

TFRS 9 records any impairment of the Group's borrowing instruments, loans and receivables as 12-month expected credit losses or expected credit losses for life. The Group will apply the facilitated method and recognize the expected life-time losses on trade receivables. Although the credit and trade receivables are unsecured, the Group expects that the impact of the financial statements will not be significant, as a large portion of the receivables are due from related parties.

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

3 SALE OF SHARE OF SUBSIDIARIES AND JOINT VENTURES

Sale of Subsidiary's shares

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

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

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

The balance of TRY 64.264 in the "Effects of business combinations under common control" account is classified under "Retained earnings" due to the fact that Akfen Renewable is excluded from consolidation scope and started to be accounted by equity method.

Since the transfer of 10% of Akfen Renewable Energy shares are considered as a transaction giving rise to a loss of control, the Company's remaining shares in Akfen Renewable Energy were recognized by their fair value and are accounted for by the equity method.

As of June 9, 2017, Akfen Renewable Energy paid-in capital was increased, on premium, to TRY 793,000 from TRY 705,000, with the EBRD and the IFC transferring USD 55,476,752.80. Thus, the shares of EBRD and IFC increased to 19.99% while the share of our Company was 80.01%.
Due to this transaction, the effect of change in the net assets of Akfen Renewables amounting to TRY 44,147 has been accounted in the income statement under income from investment activities in the Group's consolidated financial statements (Note 24).

Spin-off

Based on the resolutions dated June 1, 2016 and June 20, 2016 by the Board of Directors, it was decided to be determined whether it would be convenient to split the shares of Akfen Thermal Energy, İDO, Akfen Water, TAV Investment, Akfen REIT, Adana İpekyolu, Akfen Energy Gas, Akfen Power Generation, Akfen Wind Power, Akfen Karaköy, Akfen Water Güllük, Akfensu-Arbiogaz Dilovası, Akfen Solar Power and Batı Karadeniz Elk. Dağ. Ve Sis. A.Ş. and be invested as in-kind capital in Akfen Engineering. The process of publishing a notice regarding the procedure of spin-off based on such resolution as per Article 174 of the Turkish Commercial Code was started. The process was completed when the General Assembly resolutions were approved and registered on February 16, 2017. In addition to the related partners, the financing loan amounting to TRY 72.047 was transferred to Akfen Engineering and capital reduction was carried out at the rate of difference between the participation value of the transferred partnerships and the financing amount.

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

3 SALE OF SHARE OF SUBSIDIARIES AND JOINT VENTURES *(cont'd)*

Spin-off *(cont'd)*

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

Sale of share of joint venture

TAV Airports

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

Sales price	579,568
De-recognized net asset	(253,296)
Share classified to net income/(loss) from other comprehensive income	77,612
Gain on sale of share of joint venture (Note 24)	**403,884**

MIP

Akfen Holding signed an agreement with Global InfraCo SP NEUM SLU , to sell 40% of its stake in MIP for a consideration of USD 869 million on July 28, 2017. The sale has been completed as of October 27, 2017. The positive difference between the sale price and the net assets derecognised is recorded as income from investment activities consolidated statement of profit or loss and other comprehensive income

Sales price	3,272,741
Cost of sales (-)	(45,558)
Net Sales Price	**3,227,183**
De-recognized net asset	(742,864)
Share classified to net income/(loss) from other comprehensive income	360,211
Gain on sale of share of joint venture (Note 24)	**2,844,530**

4 SEGMENT REPORTING

On February 16, 2017, following Akfen Thermal Energy, İDO, Akfen Water, Tav Investment, Akfen REIT, Adana İpekyolu, Akfen Enerji Gaz, Akfen Enerji Üretim, Akfen Rüzgar Enerji, Akfen Karaköy, Akfen Su Güllük, Akfensu-Aribogaz Dilovası, Akfen Güneş Enerji ve Batı Karadeniz Elk.Dağ.Ve Sis.A.Ş. transfer and on December 26, 2016 following Akfen Energy Distribution transfer to Akfen Engineering, all companies were de-recognized from consolidation together with all their subsidiaries and affiliates as of December 31, 2017. However, since these transfer transactions were completed as of Februay 16, 2017, profit or loss and other comprehensive income items which were realized up to the date of transfer, were included in the consolidated financial statements. According to TFRS 5, Akfen REIT's income and expenses are classified under discontinued operations in financial statements. TAV Investment, Akfen Water and IDO's profit and loss statement items are shown under Share of loss from investments accounted using the equity method, Akfen Thermal Energy's profit and loss was included consolidated financial statements with full consolidation method. As of December 31, 2017 and 2016, the results of all companies included in consolidation are presented in the following tables based on income and expense items. Consolidation adjustments and classifications of joint ventures accounted using the equity method in accordance with the reporting standards as well as of the companies shown in the income and expense items discontinued operations are also presented in the following tables.

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

4 SEGMENT REPORTING(cont'd)

January 1-December 31, 2017			Investments accounted using the equity method							
	Akfen Holding	Akfen REIT(*)	Renewable (****)	MIP (*****)	Other investments accounted using the equity method (**)	Other(***)	Intersegment eliminations	Total	Consolidation Adjustment and Classification	Report Total
Out-of-segment revenue	2,385	6,524	166,963	441,279	227,136	--	--	844,287	(840,105)	4,182
Intersegment revenue	1,797	--	1,239	--	1,317	--	(4,353)	--	--	--
Total revenue	4,182	6,524	168,202	441,279	228,453	--	(4,353)	844,287	(840,105)	4,182
Cost of sales	--	(1,182)	(114,736)	(184,056)	(168,108)	--	(42,781)	(510,863)	510,863	--
Gross profit/(loss)	4,182	5,342	53,466	257,223	60,345	--	(47,134)	333,424	(329,242)	4,182
General administrative expenses	(62,103)	(755)	(15,000)	(34,316)	(29,235)	(79)	3,339	(138,149)	75,967	(62,182)
Other operating income	951	32	41,430	--	22,816	132	(20,165)	45,196	(44,114)	1,082
Other operating expenses	(2,040)	(13)	(1,480)	(14,377)	(5,697)	--	12,783	(10,824)	8,784	(2,040)
Share of profit/(loss) from investments accounted using the equity method	--	--	--	--	114	--	--	114	65,949	66,063
Operating profit/(loss)	(59,010)	4,606	78,416	208,530	48,343	53	(51,177)	229,761	(222,656)	7,105
Investment activity income	3,722,197	--	--	--	1,472	--	224,501	3,948,170	(8,822)	3,939,348
Investment activity expenses	(20)	--	--	--	--	(3,598)	--	(3,618)	--	(3,618)
Finance income	101,892	6,529	6,993	9,893	1,100	3,549	(14,620)	115,336	(9,972)	105,364
Finance expenses	(167,584)	(22,447)	(110,334)	(44,425)	(39,561)	(176)	14,620	(369,907)	202,225	(167,682)
(Loss)/profit before tax from continuing operations	3,597,475	(11,312)	(24,925)	173,998	11,354	(172)	173,324	3,919,742	(39,225)	3,880,517
Tax expenses for the year	(95,945)	(539)	(11,921)	(38,146)	(8,728)	(49)	8,765	(146,563)	50,569	(95,994)
(Loss)/profit after tax from continuing operations	3,501,530	(11,851)	(36,846)	135,852	2,626	(221)	182,089	3,773,179	11,344	3,784,523
Period Loss After Tax from Discontinued Operations	--	--	--	--	--	--	--	--	(11,852)	(11,852)
(Loss)/profit for the year	3,501,530	(11,851)	(36,846)	135,852	2,626	(221)	182,089	3,773,179	(508)	3,772,671
Profit/(loss) for the period from parent company shares	3,501,530	(10,910)	(36,763)	135,852	2,036	(237)	221,857	3,813,365	(35,062)	3,778,303
Depreciation and amortization expenses	2,142	4	38,497	65,979	23,228	--	43,827	173,677	(171,535)	2,142
Tangible and intangible fixed asset, investment property and other investments **December 31, 2017**	1,736	1,401	314,076	30,577	8,839	--	--	356,629	(353,492)	3,137
Segment assets	4,396,827	--	1,304,411	409,387	--	--	(870,625)	5,240,000	252,645	5,492,645
Segment liabilities	583,269	--	975,784	224,893	--	--	(123,062)	1,660,884	(1,077,616)	583,268

(*) As a result of the spin-off procedures on February 16, 2017, Companies', which were transferred to Akfen Engineering, profit or loss and other comprehensive income items which was realized up to the date of transfer, were included in the consolidated financial statements as at and year ended December 31, 2017. According to TFRS 5, Akfen REIT's income and expenses are classified under discontinued operations in financial statements.

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

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

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

(*****) As the shareholding ratio of Akfen Holding in MIP has decreased from 50% to 10% on October 27, 2017, profit or loss and other comprehensive income and expense items regarding to MIP have been included int consolidated financial tables at the rate of 50% until the nearest reporting period of which is 31 October 2017. After that date, the value of the MIP's retained value has been recognised for at fair value under financial investments with fair value on the consolidated financial statements.

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

4 SEGMENT REPORTING(cont'd)

January 1-December 31, 2016	Akfen Holding	Akfen REIT(*)	Renewable (****)	MIP	Other investments accounted using the equity method (**)	Other(***)	Intersegment eliminations	Total	Consolidation Adjustment and Classification	Report Total
			Investments accounted using the equity method							
Out-of-segment revenue	1,529	54,180	196,461	411,150	977,231	--	--	1,640,551	(1,504,965)	135,586
Intersegment revenue	2,813	--	4,649	--	17,580	--	(25,042)	--	--	--
Total revenue	4,342	54,180	201,110	411,150	994,811	--	(25,042)	1,640,551	(1,504,965)	135,586
Cost of sales	--	(9,504)	(132,035)	(172,656)	(827,436)	--	22,904	(1,118,727)	1,053,501	(65,226)
Gross profit/(loss)	4,342	44,676	69,075	238,494	167,375	--	(2,138)	521,824	(451,464)	70,360
General administrative expenses	(59,104)	(7,580)	(15,947)	(33,488)	(80,256)	(1,570)	3,666	(194,279)	127,922	(66,357)
Other operating income	80,052	143	2,020	--	39,400	2,875	(78,989)	45,501	(37,096)	8,405
Other operating expenses	(1,078)	(239,364)	(3,155)	(2,937)	(19,751)	(10)	1,686	(264,609)	263,966	(643)
Share of profit/(loss) from investments accounted using the equity method	--	--	--	--	5,099	--	--	5,099	(133,444)	(128,345)
Operating profit/(loss)	24,212	(202,125)	51,993	202,069	111,867	1,295	(75,775)	113,536	(230,116)	(116,580)
Investment activity income (*****)	897,725	--	--	--	2,441	--	--	900,166	(2,440)	897,726
Investment activity expenses	--	--	--	--	(9,222)	(29,960)	--	(39,182)	9,222	(29,960)
Finance income	57,746	1,344	6,148	6,026	9,472	24,341	(10,621)	94,456	(3,938)	90,518
Finance expenses	(156,586)	(82,201)	(183,461)	(46,980)	(194,302)	(8,903)	11,509	(660,924)	454,576	(206,348)
(Loss)/profit before tax from continuing operations	823,097	(282,982)	(125,320)	161,115	(79,744)	(13,227)	(74,887)	408,052	227,304	635,356
Tax expenses for the year	--	10,840	(11,823)	(36,866)	(14,837)	1,048	--	(51,638)	47,723	(3,915)
(Loss)/profit after tax from continuing operations	823,097	(272,142)	(137,143)	124,249	(94,581)	(12,179)	(74,887)	356,414	275,027	631,441
Period Loss After Tax from Discontinued Operations	--	--	--	--	--	--	--	--	(272,142)	(272,142)
(Loss)/profit for the year	823,097	(272,142)	(137,143)	124,249	(94,581)	(12,179)	(74,887)	356,414	2,885	359,299
Profit/(loss) for the period from parent company shares	823,095	(256,909)	(136,733)	124,249	(93,246)	(12,980)	36,443	483,919	1,162	485,081
Depreciation and amortization expenses	542	26	33,859	52,817	61,079	5	--	148,328	(130,953)	17,375
Tangible and intangible fixed asset, investment property and other investments	3,118	22,870	85,861	199,079	49,068	891	--	360,887	(330,778)	30,109
December 31, 2016										
Segment assets	2,026,546	1,193,466	1,205,303	1,789,209	2,400,489	379,551	(734,761)	8,259,803	(4,240,708)	4,019,095
Segment liabilities	1,111,147	937,223	970,877	1,055,188	2,072,593	45,972	(45,163)	6,147,837	(4,092,246)	2,055,591

(*) As a result of the spin-off procedures on February 16, 2017, Companies', which were transferred to Akfen Engineering, profit or loss and other comprehensive income items which was realized up to the date of transfer, were included in the consolidated financial statements as at and year ended December 31, 2017. According to TFRS 5, Akfen REIT's income and expenses are classified under discontinued operations in financial statements.

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

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

(****) Revenues and expenses until June 30, 2016, which is the nearest reprting period to the date of transfer are subjected to full consolidation, the profit or loss aftrer this date is proportionally (90%) reflected in the report notes (Note 3).

(*****) As a result of the sale of shares of subsidiaries resulting in loss of control by Akfen Holding, the difference between the fair value of Akfen Renewables and the net book value at the date of transfer of shares is accounted for as a gain on the sale of subsidiary shares (Note 3).

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

5 CASH AND CASH EQUIVALENTS

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

	December 31, 2017	December 31, 2016
Cash on hand	270	150
Banks	1,986,194	45,982
-Demand deposits	*21,929*	*3,209*
-Time deposits	*1,964,265*	*42,773*
Other cash and cash equivalents(*)	*30,094*	--
Cash and cash equivalents	**2,016,558**	**46,132**

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

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

Currency	**December 31, 2017**	**December 31, 2016**
US Dollar	20,552	2,229
Euro	832	186
TRY	545	794
	21,929	**3,209**

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

Currency	**Maturity**	**Interest rate%**	**December 31, 2017**
US Dollar	January 2018	0.25-4.10	1,963,629
TRY	January 2018	3.50 – 12.44	636
			1,964,265

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

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

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

6 FINANCIAL INVESTMENTS

Short-term financial investments

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

Currency	December 31, 2017	December 30, 2016
US Dollar	--	60,938
	--	**60,938**

Long-term financial investments

Akfen Holding signed an agreement with Global InfraCo SP NEUM SLU , to sell 40% of its stake in MIP for a consideration of USD 869 million on July 28, 2017. The sale has been completed as of October 27, 2017. Because the Company has no significant control over the MIP as a result of the sales transaction, the fair value of the MIP is accounted for under the long term financial investment item.

Sales price (A) (Note 3)	3,272,741
Fair value of remaining shares at sales date (B=A / %40 x %10)	818,185
Book value of remaining shares at sales date (C) (Note 11)	185,716
Fair value increase (D=B-C) (Note 24)	**632,469**

7 SHORT-TERM AND LONG-TERM BORROWING

This footnote includes information on the contractual terms of financial borrowings that are measured in line with the discounted cost method. The interest, foreign currency and liquidity risks as well sensitivity analyses of the Group are provided in Note 30.

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

	Nominal Value	Carrying value
Short term portion of long-term financial liabilities		
Short term portion of long-term collateralized bank loans	118,758	120,750
Short term portion of long-term bonds	--	54,089
	118,758	**174,839**
Long-term financial liabilities		
Long-term bonds	344,583	303,828
	344,583	**303,828**

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

7 SHORT-TERM AND LONG-TERM BORROWING *(cont'd)*

As at December 31, 2016, the details of the Group's financial liabilities are as follows:

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

As of December 31, 2017, total liabilities of the Group consisting of bank loans and issued bonds are as follows:

	Nominal Value	**Carrying value**
Bank loans	118,758	120,750
Bond	344,583	357,917
	463,341	**478,667**

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

	Nominal Value	**Carrying value**
Bank loans	668,567	679,924
Bond(*)	400,000	410,971
	1,068,567	**1,090,895**

(*)As of December 31, 2017, TRY 105,777 portion of bonds issued with a nominal value of TRY 450,360 has been taken back by the Company and the nominal and book values of these bonds have been deducted from the nominal value and book value of the issued bonds.

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

	Nominal Value		**Carrying Value**	
	December 31, 2017	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Less than a year	118,758	860,293	174,839	889,465
1 to 2 years	--	208,274	46,718	201,430
2 to 3 years	344,583	--	257,110	--
	463,341	**1,068,567**	**478,667**	**1,090,895**

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

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

Terms and repayment schedules

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

	Nominal Value		Carrying Value	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
TRY	344,583	404,500	357,917	415,475
Euro	118,758	370,693	120,750	374,653
US Dollar	--	293,374	--	300,767
	463,341	**1,068,567**	**478,667**	**1,090,895**

Movements of financial borrowings for the period 1 January – 31 December 2017 is stated as follows:

	2017
Financial liabilities at the beginning of the year	**1,090,895**
Proceeds from borrowings	*553,228*
Repayments of borrowings	*(1,215,458)*
Interest paid	*(112,077)*
Accrual	*105,076*
Exchange difference	*77,044*
Transfer (*)	*(20,041)*
Financial liabilities at the end of the year	**478,667**

(*)It is loan balance transferred to Akfen Mühendislik as a result of spin-off at Febrary 16, 2017.

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

December 31, 2017(*)				December 31, 2016(*)			
Fixed rate loans	**TRY**	**US Dollar**	**Euro**	**Fixed rate loans**	**TRY**	**US Dollar**	**Euro**
Minimum	--	--	4,15%	Minimum	14.00%	3.75%	3.80%
Maximum	--	--	5.50%	Maximum	14.00%	6.00%	5.50%
Floating rate loans	**TRY**	**US Dollar**	**Euro**	**Floating rate loans**	**TRY**	**US Dollar**	**Euro**
Minimum	4.50%	--	--	Minimum	3.00%	5.25%	5.50%
Maximum	4.50%	--	--	Maximum	3.50%	5.25%	5.50%

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

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

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

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

	Currency	Nominal Interest rate	Maturity	Nominal value	Carrying amount
Collateralized bank loans(1)	Euro	4.15	2018	79,021	80,156
Collateralized bank loans(1)	Euro	5.5	2018	39,737	40,594
Bond(3)	TRY	GDDS(*) + 4.50	2020	252,570	264,560
Bond(4)	TRY	GDDS(*) + 4.50	2020	92,013	93,357
				463,341	**478,667**

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

(2) This indicates the liability arising from the issuance of floating-rate bond in the amount of TRY 300,000 on January 9, 2017 on a 3-year maturity with a quarterly coupon payment. The date for the coupon payment for period 3 is January 8, 2018. In line with the additional yield rate finalized, the coupon interest to be allocated in relation to the coupon payment period 3 is 3.95%. Akfen Holding has bought back TRY 47,430 share of the bond from the market as of December 31, 2017.

(4) This indicates the liability arising from the issuance of floating-rate bond in the amount of TRY 150,360 on March 23, 2017 on a 3-year maturity with a quarterly coupon payment. The date for the coupon payment for period 3 is March 21, 2018. In line with the additional yield rate finalized, the coupon interest to be allocated in relation to the coupon payment period 3 is 4.3026%. Akfen Holding has bought back TRY 58,347 share of the bond from the market as of December 31, 2017.

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

As of December 31, 2016, the details of financial liabilities are as follows:

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

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

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

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

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

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

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

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

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

8 TRADE PAYABLES

Short-term trade payables

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

	December 31, 2017	December 31, 2016
Trade payables due to related parties (Note 29)	756	1,019
Trade payables due to third parties	2,971	1,717
	3,727	**2,736**

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

	December 31, 2017	December 31, 2016
Suppliers	2,971	1,717
	2,971	**1,717**

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

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

	December 31, 2017	December 31, 2016
0 - 3 months maturity	2,971	1,588
3 months - 1 year maturity	--	129
	2,971	**1,717**

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

9 OTHER RECEIVABLES AND PAYABLES

Other short-term receivables

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

	December 31, 2017	December 31, 2016
Other receivables due from related parties (Note 29)	258,059	5,611
	258,059	**5,611**

Other long-term receivables

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

	December 31, 2017	December 31, 2016
Other receivables due from related parties (Note 29)	1,308,801	401,092
Other receivables due from third parties	2	267
	1,308,803	**401,359**

Other short-term payables

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

	December 31, 2017	December 31, 2016
Other payables to third parties	716	2,298
	716	**2,298**

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

	December 31, 2017	December 31, 2016
Tax payables	695	2,298
Other	21	--
	716	**2,298**

Other long-term payables

	December 31, 2017	December 31, 2016
Other payables to related parties (Note 29)	--	10,581
	--	**10,581**

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

10 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

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

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

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

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

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

Discontinued operations

As of December 31, 2017 and 2016, the profit and loss statement items of Akfen REIT, the assets and liabilities of which were transferred to Akfen Engineering as of January 16, 2017, considered as a separate segment, are indicated under discontinued operations. As per TFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations, Akfen REIT's profit and loss statement items for the previous period are also classified comparatively under discontinued operations.

As of December 31, 2017 and 2016 the details of period loss after tax from discontinued operations are as follows:

Akfen REIT

	December 31, 2017 (*)	December 31, 2016
Revenue	6,524	54,180
Cost of sales	(1,182)	(9,504)
Gross Profit	**5,342**	**44,676**
General administrative expenses	(755)	(7,581)
Other income from operating activities	32	143
Other expenses from operating activities	(14)	(239,364)
Operating profit/(loss)	**4,605**	**(202,126)**
Finance income	6,529	1,345
Finance expenses	(22,447)	(82,201)
Profit before tax	**(11,313)**	**(282,982)**
Tax (Expense)/ income	(539)	10,840
Loss from discontinued operations after tax	**(11,852)**	**(272,142)**

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

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

11 INVESTMENTS ACCOUNTED USING THE EQUITY METHOD

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

	Shareholding Rates (%)	December 31, 2017	Shareholding Rates (%)	December 31, 2016
Akfen Renewable	80,01	981,649	90,00	1,009,327
MIP (*)	--	--	50,00	734,024
TAV Airports (**)	--	--	8,12	234,696
TAV Investment(***)	--	--	21,68	59,038
İDO(***)	--	--	30,00	2,790
Akfen Water(***)	--	--	50,00	16,338
		981,649		**2,056,213**
Transfer to assets held for sale		--		(78,168)
		981,649		**1,978,045**

(*) As of December 31, 2017, it is recognised under long-term financial investments (Note 6).

(**) As at July 7, 2017, the share transfer realized (Note 3).

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

The Group's shares in the profits of its investments accounted using the equity method in the profit or loss statement for years ended on December 31 are as follows:

	2017	2016
MIP (*)	135,852	124,250
TAV Airports(**)	19,150	34,453
TAV Investment(***)	673	(32,135)
Akfen Water(***)	80	(339)
Akfen Renewable(****)	(71,825)	(159,348)
İDO(***)	(17,867)	(95,226)
	66,063	**(128,345)**

(*)As the shareholding ratio of Akfen Holding in MIP has decreased from 50% to 10% on October 27, 2017, profit or loss and other comprehensive income and expense items regarding to MIP have been included int consolidated financial tables at the rate of 50% until the nearest reporting period of which is 31 October 2017. After that date, the value of the MIP's retained value has been recognised for at fair value under financial investments with fair value on the consolidated financial statements at the new ownership rate which is 10%. The method of taking shares from equity has been stopped. However, as explained in Note 6, profit arising from the exchange of fair value of the shares held at the time of sale is included in the consolidated financial statements under income from investment activities.

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

(***)As a result of partial division on February 16, 2017, realized profit or loss and other comprehensive income items of transferred Company's to Akfen Engineering included in consolidated financial statements for the year ended December 31, 2017.

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

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

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

As of December 31, 2017, the movements in investments accounted using the equity method are as follows:

	January 1, 2017	Period profit/ loss	Other equity movements	Dividend distribution	Transfer	Gains due to the change in the share of partnership	Transfer to assets held for sale	December 31, 2017
Akfen Renewable	1,009,327	(71,825)	--	--	--	44,147	--	981,649
MIP(*)	734,024	135,852	58,704	--	(742,864)	--	(185,716)	--
TAV Airports(**)	234,696	19,150	19,582	(20,132)	(253,296)	--	--	--
TAVInvestment(***)	59,038	673	903	--	(60,614)	--	--	--
İDO(***)	2,790	(17,867)	(544)	--	15,621	--	--	--
Akfen Water(***)	16,338	80	517	--	(16,935)	--	--	--
	2,056,213	**66,063**	**79,162**	**(20,132)**	**(1,058,088)**	**44,147**	**(185,716)**	**981,649**

(*) Sale of shares realized on October 27, 2017 (Note 1 and Note 3).

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

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

As of December 31, 2016, the movements in investments accounted using the equity method are as follows:

	January 1, 2016	Joint ventures account with fair value	Period profit/ loss	Other equity movements	Dividend distribution	December 31, 2016
MIP	536,906	--	124,250	122,550	(49,682)	734,024
TAV Airports	199,634	--	34,453	28,828	(28,219)	234,696
TAV Investment	76,021	--	(32,135)	15,152	--	59,038
İDO	37,851	--	(95,226)	60,165	--	2,790
Akfen Renewable	--	1,168,560	(159,348)	115	--	1,009,327
Akfen Water	13,837	--	(339)	2,840	--	16,338
	864,249	**1,168,560**	**(128,345)**	**229,650**	**(77,901)**	**2,056,213**

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

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

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

MIP:

Summary financial information on MIP is provided below:

	December 31, 2017 (*)	December 31, 2016
Assets Total	--	3,578,428
Liabilities Total	--	2,110,380
Net Assets	--	1,468,048
Group's share in MIP's net assets	**--**	**734,024**

	1 January – 31 October 2017 (**)	1 January – 31 December 2016
Revenue	882,560	822,302
Gross profit	514,446	476,989
General administrative expenses	(68,633)	(66,977)
Other operating expense, (net)	(28,751)	(5,873)
Operating profit	417,062	404,139
Profit before tax	347,997	322,230
Profit after tax	271,705	248,498
Profit for the year from parent company shares	271,705	248,498
Group's share in MIP's profit for the year	**135,852**	**124,250**
Depreciation and amortization expenses	131,959	105,634

(*) The shares were sold on October 27, 2017 and are accounted under long-term financial investments as of December 31, 2017 (Note 6).

(**)Profit or loss and other comprehensive income and expense items of the MIP are recognised under share of profit from investments accounted using the equity method item until 31 October 2017, the nearest reporting period to the acquisition date.

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

11 INVESTMENTS ACCOUNTED USING THE EQUITY METHOD (cont’d)

TAV Airpots:

Summary financial information on TAV Airports is provided below:

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

	1 January – 30 June 2017 (*)	**1 January – 31 December 2016**
Revenue	1,900,771	3,450,223
Gross profit	696,457	1,378,080
General administrative expenses	(297,861)	(601,849)
Other operating income, (net)	217,542	349,934
Share of profit from investments accounted using the	2,512	56,986
Operating profit	618,650	1,183,151
Profit before tax	360,548	702,051
Profit after tax	241,924	399,379
Profit for the year from parent company shares	235,868	424,341
Group's share in TAV Airports' profit for the year	**19,150**	**34,453**
Depreciation and amortization expenses	231,329	351,465

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

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

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

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

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

TAV Investment:

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

	December 31, 2016
Assets Total	3,901,566
Liabilities Total	3,629,250
Net Assets	272,316
Group's share in TAV Investment's net assets	**59,038**

	1 January-16 February 2017	1 January-31 December 2016
Revenue	277,336	2,473,210
Gross profit/(loss)	24,508	(22,445)
General administrative expenses	(15,017)	(58,842)
Other operating expense, (net)	(2,212)	(41,312)
Operating profit/(loss)	7,279	(122,599)
Loss before tax	(1,658)	(198,374)
Profit/(loss) after tax	3,103	(148,259)
Profit/(loss) for the year from parent company shares	3,103	(148,259)
Group's share in the profit/(loss) of TAV Investment for the year	**673**	**(32,135)**
Depreciation and amortization expenses	3,951	32,641
Letter of guarantee commission expenses within the cost of sales	2,147	27,491

İDO:

As of February 16, 2017, IDO was transferred to Akfen Engineering. As a result of the spin-off procedure on February 16, 2017, profit or loss and other comprehensive income items which were realized up to the date of transfer, were included in the consolidated financial statements as at and year ended December 31, 2017.

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

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

İDO *(cont'd)***:**

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

	December 31, 2016
Assets Total	1,893,358
Liabilities Total	1,884,058
Net Assets	9,300
Group's share in İDO's net assets	**2,790**

	1 January- 16 February 2017	1 January- 31 December 2016
Revenue	42,703	568.372
Gross profit/(loss)	(7,104)	186.366
General administrative expenses	(5,190)	(56.304)
Other operating income, (net)	408	2.329
Share of (loss)/profit from investments accounted using the equity method	(299)	1.572
Operating (loss)/profit	(12,185)	133.963
Loss before tax	(59,556)	(316.755)
Loss after tax	(59,556)	(317.420)
Loss for the year from parent company shares	(59,556)	(317.420)
Group's share in İDO's loss for the year	**(17,867)**	**(95.226)**
Depreciation and amortization expenses	11,851	84.067

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

Akfen Water:

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

	December 31, 2016
Assets Total	105,307
Liabilities Total	72,631
Net Assets	32,676
Group's share in the net assets of Akfen Water (*)	**16,338**

	1 January- 16 February 2017	1 January- 31 December 2016
Revenue	2,405	16,202
Gross profit	1,235	8,881
General administrative expenses	(479)	(3,490)
Other operating expense, (net)	(372)	(1,016)
Operating profit	384	4,375
Profit before tax	615	2,557
Profit after tax	357	708
Profit/(loss) for the year from parent company shares	160	(677)
Group's share in Akfen Water's profit/(loss) for the year	**80**	**(339)**
Depreciation and amortization expenses	68	495

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

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

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

Akfen Renewable:

Summary financial information on Akfen Renewable Energy is provided below:

	December 31, 2017	December 31,2016
Assets Total	1,630,256	1,339,227
Liabilities Total	1,219,538	1,078,977
Net Assets	410,718	260,250
Group's share in Akfen Renewable Energy's net assets	**328,627**	**234,225**
Fair value increase of tangible assets (*)	425,936	446,328
Fair value increase of intangible assets (*)	604,023	627,458
Deferred tax liabilities (*)	(205,992)	(214,757)
Carrying amount	**981,649**	**1,009,327**

	January 1- December 31, 2017 (**)	July 1- December 31, 2017 (**)
Revenue	194.416	67.816
Gross profit/(loss)	59.033	(3.365)
General administrative expenses	(17.665)	(9.000)
Other operating expense, (net)	49.856	49.264
Operating profit	91.224	36.899
Profit before tax	(34.300)	(59.513)
Profit after tax	(48.454)	(67.705)
Profit for the year from parent company shares	(48.353)	(67.629)
Group's share in Akfen Renewable's loss for the year	**(36.763)**	**(54.111)**
Group share in period loss of Renewable after allocation of purchase price (*)	**(71.825)**	**(71.642)**
Depreciation and amortization expenses	45.663	26.034

(*)The amount of goodwill carried at Group level provisionally reflected in the financial statements as of 31 December 2016 is allocated to the related financial statements as of 31 December 2017 and 2016 as a result of the valuation study made in 2017 and in 2017 depreciation expense amounting to TRY 43,827 based on emerging tangible and intangible assets and deferred tax income amounting to TRY 8,765 based on the depreciation has been recognised.

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

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

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

Akfen Renewable *(cont'd)***:**

	Total Profit/(Loss) Items (*)	**Full Consolidated Profit/(Loss) Items(**)**	**Shares In Profit On Investments Accounted Using The Equity Meyhod(***)**
	January 1-December 31, 2016	*Up to The Purchase Date*	*After Purchase Date*
Revenue	208,869	131,282	77,587
Gross profit/(loss)	69,411	66,056	3,355
General administrative expenses	(17,075)	(5,795)	(11,280)
Other operating expense, (net)	(1,330)	614	(1,944)
Operating profit	51,006	60,875	(9,869)
Profit before tax	(142,306)	27,556	(169,862)
Profit after tax	(154,891)	22,593	(177,484)
Profit for the year from parent company shares	(154,438)	22,615	(177,053)
Group's share in Akfen Renewable's loss for the year	**(136,733)**	**22,615**	**(159,348)**
Depreciation and amortization expenses	35,754	16,802	18,952

(*) As of December 31, 2017, the amounts consist of all profit and loss items of Akfen Renewable .
(**) The amounts consist of all profit or loss items up to purchase date of Akfen Renewable.
(***) The amounts consist of all profit or loss items which was calculated the ownership ratio (%90) of Akfen Renewable.

Kuzeybatu Elektrik Üretim A.Ş. ("Kuzeybatu"), which is subsidiary of Akfen Renewable, has purchased 4 WEPP project, which are Derbent Enerji Üretim Pazarlama İthalat ve İhracat A.Ş. ("Derbent"), Isıder Enerji Üretim Pazarlama İthalat ve İhracat A.Ş. ("Isıder), Korda Enerji Üretim Pazarlama İthalat ve İhracat A.Ş. ("Korda"), Kovancı Enerji Üretim Pazarlama İthalat ve İhracat A.Ş. (Kovancı) from Turquoise Investments B.V. for USD 33,500,000 as of 13 June 2017. Akfen Renewable has completed the "Purchase Price Allocation" report required by TFRS 3 - "Business Combinations" standard as of December 31, 2017.

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

12 PROPERTY, PLANT AND EQUIPMENT

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

	Land and buildings	Plants machinery and equipment	Furnishings and fixtures	Ongoing investments	Leasehold improvements	Total
Cost value						
Opening balance on January 1, 2017	**213**	**166**	**2,534**	**4,071**	**649**	**7,633**
Additions	--	--	700	--	29	729
Transfer (*)	--	--	--	(4,071)	--	(4,071)
Closing balance on December 31, 2017	**213**	**166**	**3,234**	**--**	**678**	**4,291**
Minus: Accumulated depreciation						
Opening balance on January 1, 2017	**(26)**	**(163)**	**(2,125)**	**--**	**(471)**	**(2,785)**
Depreciation for the current period	(4)	(2)	(291)	--	(65)	(362)
Closing balance on December 31, 2017	**(30)**	**(165)**	**(2,416)**	**--**	**(536)**	**(3,147)**
Net book value						
Net book value as of December 31, 2016	**187**	**3**	**409**	**4,071**	**178**	**4,848**
Net book value as of December 31, 2017	**183**	**1**	**818**	**--**	**142**	**1,144**

(*) This is the impact of the transfer of cost of SAP program, which is completed and started to be used as of December 31, 2017.

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

12 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The movements in property, plant and equipment and related accumulated depreciation for the year ended December 31, 2016 are as follows:

	Land and buildings	Plants machinery and equipment	Vehicles	Furnishings and fixtures	Ongoing investments	Leasehold improvements	Total
Cost value							
Opening balance on January 1, 2016 (previously reported)	**213**	**172**	**129**	**2,789**	**62,168**	**649**	**66,120**
Adjustments	--	--	67	(69)	1,414	--	1,412
Opening balance on January 1, 2016 (following classification)	**213**	**172**	**196**	**2,720**	**63,582**	**649**	**67,532**
Additions	--	--	--	189	3,540	--	3,729
Impact of change in the Group structure (*)	--	--	--	--	3,598	--	3,598
Transfers (**)	--	(5)	(196)	(374)	(66,649)	--	(67,224)
Disposals	--	--	--	(2)	--	--	(2)
Closing balance on December 31, 2016	**213**	**167**	**--**	**2,533**	**4,071**	**649**	**7,633**
Minus: Accumulated depreciation							
Opening balance on January 1, 2016	**(22)**	**(164)**	**(117)**	**(2,231)**	**--**	**(374)**	**(2,908)**
Depreciation for the current year	(4)	(3)	(1)	(190)	--	(99)	(297)
Trasnferss	--	3	118	299	--	--	420
Closing balance on December 31, 2016	**(26)**	**(164)**	**--**	**(2,122)**	**--**	**(473)**	**(2,785)**
Net book value							
Net book value as of December 31, 2015	**191**	**8**	**79**	**489**	**63,582**	**275**	**64,624**
Net book value as of December 31, 2016	**187**	**3**	**--**	**411**	**4,071**	**176**	**4,848**

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

(**) As of December 31, 2016, all assets related to Akfen REIT, Akfen Thermal Energy and Akfen Energy Distribution are classified as assets and liabilities held for sale.

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

13 INTANGIBLE ASSETS

The movements in intangible fixed assets and related accumulated amortization for the year ended December 31, 2017 are as follows:

	Licenses	**Other intangible assets**	**Total**
Cost value			
Opening balance on January 1, 2016	**745**	**30,852**	**31,597**
Impact of change in the Group structure (*)	2,569	--	2,569
Additions	3	312	315
Transfers to assets held for sale(***)	(3,317)	--	(3,317)
Impairment of intangible assets	--	(29,468)	(29,468)
Closing balance on December 31, 2016	--	**1,696**	**1,696**
Opening balance on January 1, 2017	**--**	**1,696**	**1,696**
Additions	934	73	1,007
Transfers (**)	4,071	--	4,071
Closing balance on December 31, 2017	**5,005**	**1,769**	**6,774**

	Licenses	**Other intangible assets**	**Total**
Amortization			
Opening balance on January 1, 2016	**(140)**	**(1,117)**	**(1,257)**
Impact of change in the Group structure (*)	(365)	--	(365)
Current amortization expense	(5)	(271)	(276)
Transfers to assets held for sale (***)	510	--	510
Closing balance on December 31, 2016	**--**	**(1,388)**	**(1,388)**
Opening balance on January 1, 2017	**--**	**(1,389)**	**(1,389)**
Current amortization expense	(1,579)	(201)	(1,780)
Closing balance on December 31, 2016	**(1,579)**	**(1,590)**	**(3,169)**
Net book value			
Net book value as of December 31, 2016	**--**	**308**	**308**
Net book value as of December 31, 2017	**3,426**	**179**	**3,605**

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

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

(***)As of December 31, 2016, all assets related to Akfen REIT, Akfen Thermal Energy and Akfen Energy Distribution are classified as assets and liabilities held for sale.

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

14 GOVERNMENT INCENTIVES AND GRANTS

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

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

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

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

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

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

15 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions for short term liabilities

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

	December 31, 2017	December 31, 2016
Employee benefits (Note 17)	3,206	3,001
	3,206	**3,001**

Provisions for long term liabilities

	December 31, 2017	December 31, 2016
Non-current provisions for employee benefits (Note 17)	1,590	1,410
	1,590	**1,410**

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

16 COMMITMENTS

Letters of guarantee, pledges and mortgages given

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

GPM given by the Group	December 31, 2017	December 31, 2016
A.Total Amount of GPM Given on Behalf of Own Legal Entity	67,580	1,226,956
B.Total Amount of GPM Given in Favor of Partnerships which are Fully Consolidated	--	653,322
C.Total Amount of GPM Given for Assurance of Third Parties Debts in Order to Conduct Usual Business Activities	--	--
D.Total Amount of Other GPM Given	1,003,484	1,026,461
i. Total Amount of GPM Given in Favor of the Parent Company	--	--
ii. Total Amount of GPM Given in Favor of Other Group Companies which B and C do not comprise	1,003,484	1,026,461
iii. Total Amount of GPM Given in Favor of Third Parties which C does not comprise	--	--
Total	**1,071,064**	**2,906,739**

As of December 31, 2017, the ratio of other GPM given by the Company to equity is 20% (December 31, 2016: 52%). As of December 31, 2017, GPM's of Akfen REIT which was transferred to Akfen Engineering, has been exclusion from the Group's consolidation.

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

	December 31, 2017(*)			December 31, 2016(*)		
	TRY	Euro	US Dollar	TRY	Euro	US Dollar
GPM given on behalf of the Group's own legal entity	3,081	--	64,499	42,449	1,121,513	62,994
GPM given in favor of companies under full consolidation	--	--	--	245,233	408,089	--
Total of other GPMs given	137,634	8,281	857,569	164,509	28,035	833,917
	140,715	**8,281**	**922,068**	**452,191**	**1,557,637**	**896,911**

(*) All amounts are TRY denominated.

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

17 EMPLOYEE BENEFITS

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

	December 31, 2017	December 31, 2016
Provision for unused vacation - short-term	3,206	3,001
Provision for employee termination benefits - long-term	1,590	1,410
	4,796	**4,411**

18 PREPAID EXPENSES/OTHER CURRENT ASSETS

Prepaid expenses

As of December 31, 2017 , short term prepaid expenses are stated as follows::

	December 31, 2017	December 31, 2016
Advances given(*)	99,029	25
Other	359	283
	99,388	**308**

(*) As at December 31, 2017, TRY 99,000 of advances given is related to the advances given as a result of the agreement between Akfen Holding and Akfen Infrastructure dated December 25, 2017, that is for transfer of all shares regarding to Ibs Sigorta ve Reasürans Brokerliği A.Ş. ("IBS Sigorta") and Travelex Döviz Ticaret A.Ş. ("Travelex") which are subsidiries of Akfen Infrastructure (December 31, 2016: None). Related transfer transaction was not completed as of report date.

Other current assets

As of December 31, 2017, other current assets in amount of TRY 4,300 is composed of VAT carried forward of the Company (December 31, 2016: None).

19 EQUITY

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

	December 31, 2017	December 31, 2016
Issued capital	72,493	667,081

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

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

19 EQUITY (cont’d)

Through the letter of the CMB dated December 18, 2015, the required CMB approval was obtained in terms of decreasing the issued capital of Akfen Holding by the cancellation of the shares bought back during the Holding's second buyback program.

The act of cancelling shares with a nominal value of TRY 14,819 in an effort to decrease the Company capital from TRY 261,900 to TRY 247,081 was approved during the Extraordinary General Assembly Meeting of January 20, 2016, and the said capital decrease was performed on January 28, 2016. As of May 27, 2016, the Company capital standing at TRY 247,081 was increased by TRY 420,000 to TRY 667,081 through provisions from internal resources.

Following the spin-off procedure of Akfen Holding on February 16, 2017, the Company’s capital decreased to TRY 72.493. The Company’s 16,858,186 Group A shares are priveleged shares and have the right to three votes in the General Assembly.

Treasuary shares

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

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

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

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

Exchange differences on translation

There is no exchange differences on translation as of December 31, 2017 (December 31, 2016: TRY 388,923; TAV Investment, MIP, Akfen Water, Akfen Construction, Akfen REIT and TAV Airports).

Restricted reserves appropriated from profits

For shares bought back as per Article 520 of the Law No. 6102, contingency reserves at an amount that meets the acquisition value are earmarked. The Group allocated reserves in the amount of TRY 76,029 for buyback shares within the amount of reserves on retained earnings included in the consolidated financial statements as of January1, 2016. Following the capital decrease of January 28, 2016, the reserves allocated were cancelled.

Losses on hedge

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

19 EQUITY (cont'd)

Effect of bussiness combinations under common control

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

Increases on revaluation of property, plant and equipment

As of December 31, 2017, the Group has no increase on revaluation of property, plant and equipment (December 31, 2016: TRY 192,431).

Share premium/(discounts)

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

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

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

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

Non-controlling interests

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

As of December 31, 2016, Akfen Holding subsidiaries that are subject to minority interest accounting are Akfen Thermal Power (0.36%) and Akfen REIT (43.12%). As of December 31, 2017, there is no amounts classified within "Non-controlling interests" in the balance (December 31, 2016: TRY 254,316). Similarly, out of the net profits or losses of subsidiaries for the period, the portions corresponding to the shares out of direct and/or indirect control of the parent company are classified within "Non-controlling interests" in the consolidated comprehensive income statement. Losses for non-controlling interests in years ended December 31, 2017 and 2016 are TRY 5,632 and TRY 4,790 respectively.

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

20 SALES AND COST OF SALES

20.1 Sales

The breakdown of revenue for the years ended December 31 is as follows:

	2017	2016
Electiricity sales income	--	131,024
Other (*)	4,182	4,562
	4,182	**135,586**

(*) As of December 31, 2017, other income consist of reflection income which is cost that are folded for the Group's companies.

20.2 Cost of sales

The breakdown of the cost of sales for the years ended December 31 is as follows:

	2017	2016
Outsourced benefits and services	--	37,126
Depreciation and amortization expenses	--	16,736
Personnel costs	--	5,060
Insurance expenses	--	3,481
Other	--	2,823
	--	**65,226**

21 GENERAL ADMINISTRATIVE EXPENSES

The breakdown of general administrative expenses for the years ended December 31 is as follows:

	2017	2016
Personnel costs	21,496	38,626
Consultancy expenses	20,964	8,922
Rent expenses	3,760	3,460
Representation expenses	3,337	3,060
Travelling expenses	2,614	2,292
Depreciation and amortization giderleri	2,142	639
General office expenses	1,247	1,134
Office materials expenses	1,076	1,182
Advertising expenses	265	87
Donations	263	384
Taxes, levies and duties	182	2,969
Insurance expenses	118	210
Other expenses	4,718	3,392
	62,182	**66,357**

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

22 OTHER INCOME FROM OPERATING ACTIVITIES

The breakdown of other income from operating activities for the years ended December 31 is as follows:

	2017	2016
Foreign exchange difference income from trade receivables and trade payables	459	221
Rent income	120	2,244
Other	503	5,940
	1,082	**8,405**

23 OTHER EXPENSE FROM OPERATING ACTIVITIES

The breakdown of other expense from operating activities for the years ended December 31 is as follows:

	2017	2016
Foreign exchange difference income from trade receivables and trade payables	420	36
Other	1,620	607
	2,040	**643**

24 INCOME / EXPENSE FROM INVESTMENT ACTIVITIES

Income from investment activities

The breakdown of income from investment activities for the years ended December 31 is as follows:

	2017	2016
Gains due to the sale in the share of partnership (Note 3)	*3,248,414*	--
Gains due to the change in the share of partnership (Note 3)	*44,147*	--
Gain due to accounted from fair value (Note 3 and note 6)	*632,469*	*897,162*
Gains regarding (gain) losses related to changes in share or disposal of associates, joint ventures, and financial investments	**3,925,030**	**897,162**
Dividend income(*)	*12,783*	--
Other	1,535	564
	3,939,348	**897,726**

(*) As of December 31, 2017, dividend income is composed of dividends obtained from MIP (December 31, 2016: None).

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

24 INCOME / EXPENSE FROM INVESTMENT ACTIVITIES (cont'd)

Expense from investment activities

The breakdown of expense from investment activities for the years ended December 31 is as follows:

	2017(*)	2016(**)
Impairment on tangible assets	3,598	29,468
Other	20	492
	3,618	**29,960**

(*)As of December 31, 2017, the value cancellation consist of the expenses incurred by the Environmental Impact Assessment (EIA) process is over as of January 19, 2017 and cancelling the production license of Laleli Dam and HEPP project which is exist within the structure of Energy Thermal. (December 31, 2016: None).

(**) Note 13

25 FINANCE INCOME

The breakdown of finance income for the years ended December 31 is as follows:

	2017	2016
Finance income	105,364	90,518
	105,364	**90,518**

26 FINANCE EXPENSES

The breakdown of finance expense for the years ended December 31 is as follows:

	2017	2016
Interest expenses	106,665	129,254
Foreign exchange difference losses	52,542	74,964
Other	8,475	2,130
	167,682	**206,348**

27 TAX ASSETS AND LIABILITIES

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In such case, the tax is also recognised in shareholders' equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associates of the Group operate. Under the Turkish Tax Code, companies having head office or place of business in Turkey are subject to corporate tax.

27 TAX ASSETS AND LIABILITIES (cont'd)

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

Furthermore, provisional corporate taxes are paid at 20% (will be applied as 22% for 2018, 2019 and 2020 tax periods) over profits declared for interim periods in order to be deducted from the final corporate tax.

As of December 31, 2017 and 2016, income tax provisions have been accrued in accordance with the prevailing tax legislation.

75% of the income derived by the Company from the sale of participation shares, preferential rights, founders' shares and redeemed shares and 50% of the income derived by the Company from the sale of immovable property which are carried in assets for at least for two years is exempt from corporate tax with the condition that the relevant income should be added to the share capital or kept under a special reserve account under equity for 5 years in accordance with the Corporate Tax Law.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

Since the applicable tax rate has been changed to 22% for the 3 years beginning from 1 January 2018, 22% tax rate is used in the deferred tax calculation of 31 December 2017 for the temporary differences expected to be realized/closed within 3 years (for the years 2018, 2019 and 2020). However, since the corporate tax rate after 2020 is 20%, 20% tax rate is used for the temporary differences expected to be realized/closed after 2020.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Provided that deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and it is legally eligible, they may be offset against one another.

27 TAX ASSETS AND LIABILITIES (cont'd)

Corporation tax:

The Group is subject to taxation in accordance with the tax regulation and the legislation effective in Turkey.

In Turkey, the corporate tax rate is 20%. However, in accordance with the addition of temporary 10^{th} article to the Corporate Tax Law, 20% corporate tax rate will be applied to the profits of the entities related to their to 2018, 2019 and 2020 tax periods (for the entities with special accounting period, tax periods commenced in the related year) rather than 22%. This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid by the end of the fourth month.

The tax legislation provides for a temporary tax of 20% (will be applied as 22% for 2018, 2019 and 2020 tax periods) to be calculated based on earnings generated for each quarter. Temporary tax is declared by the 14th day of the second month following each quarter and corresponding tax is payable by the 17th day of the same month. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If there is excess temporary tax paid even if it is already offset, this amount may be refunded or offset. Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

15% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax.

Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. As of December 31, 2017 and 2016, current income tax payables have been offset against the prepaid taxes in entity basis but such offset amounts have been classified in gross basis in the consolidated financial statements.

Transfer pricing arrangements:

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

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

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

27 TAX ASSETS AND LIABILITIES (cont'd)

27.1 Tax income/(expense)

The details of tax income/expenses for the years ended December 31 is as follows:

	2017	2016
Current corporate tax expense	(96,705)	(5,407)
Deferred tax income	711	1,492
Tax expense recognized under continued operations	**(95,994)**	**(3,915)**
Tax expense from discontinued operations	(539)	10,840
Total tax (expense)/income	**(96,533)**	**6,925**

27.2 Current period tax expenses

As of December 31, 2017 detail of current tax liabilities is stated as follows (31 Aralık 2016: None):

	(%)	2017
Profit before tax		3,880,517
Income tax using the domestic tax expense rate	(20)	(776,103)
Non-deductible expenses	(0.19)	(7,331)
exceptions (*)	14.45	560,816
Deductible accumulated deficits	1.20	46,480
Permanent differences not subject to deferred tax income	2.07	80,144
Tax expense		**(95,994)**
Deferred tax income		711
Current tax expense		(96,705)
Deductible tax		1,593
Current tax liability		**(95,112)**

(*) Exceptions are realted to shares' sale of Tav Airports and MIP.

27.3 Deferred tax asset and liability

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

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

28 EARNINGS PER SHARE

Since the capital increase by the Company during the year ended December 31, 2017 was covered from equity, such bonus shares are considered as preferred shares while calculating the monthly revenue. Therefore, the weighted average shares employed in the calculation of earnings per share are obtained by retrospectively considering the bonus shares issued.

	2017	2016
Net profit for the year from continued operations belonging to the shareholders of the parent company	3.784.523	631.441
Net loss for the year from discontinued operations belonging to the shareholders of the parent company	(6.220)	(146.360)
Net profit for the year belonging to the shareholders of the parent company	3.778.303	485.081
Number of shares available during the year	72.492.580	72.492.580
Earnings per share from continued operations (full TRY)	52,21	8,71
Losses per share from discontinued operations (full TRY)	(0,09)	(2,02)
Earnings per share (full TRY)	52,12	6,69

29 RELATED PARTY DISCLOSURES

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

29.1 Related party balances

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

	December 31, 2017	December 31, 2016
Trade receivables	189	--
Other receivables	258,059	5,611
	258,248	**5,611**
Trade payables	756	1,019
	756	**1,019**

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

	December 31, 2017,	December 31 2016
Other receivables	1,308,801	401,092
	1,308,801	**401,092**
Other payables	--	10,581
	--	**10,581**

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

29 RELATED PARTY DISCLOSURES (cont'd)

29.1 Related party balances *(cont'd)*

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

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

Trade and other short-term receivables due from related parties:	**December 31, 2017**	**December 31, 2016**
Akfen Engineering (*)	142,330	--
Akfen Construction (**)	114,992	--
Akfen Infrastructure	378	5,571
Other	548	40
	258,248	**5,611**

(*)As of December 31, 2017, trade and other short-term receivables due from related parties consist of the amounts that the division on February 16 2017, the Company calculates the financing income for the related receivables at the same level of interest rates as the market conditions.

(**)As of December 31, 2017, trade and other short-term receivables due from related parties consist of the amounts that the Company has given to the companies in the group to finance their capital and ongoing investments and the Company calculates the financing income for the related receivables at the same level of interest rates as the market conditions (December 31, 2016: None).

The advances given balances of the Group concerning related parties as of December 31, 2017 and 2016 are as follows:

Short-term advances given to related parties:	**December 31, 2017**	**December 31, 2016**
Akfen Infrastructure (Note 18)	99,000	--
	99,000	**--**

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

Trade and other short-term receivables due to related parties:	**December 31, 2017**	**December 31, 2016**
MIP	723	971
Other	33	48
	756	**1,019**

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

Other long-term receivables due from related parties:	**December 31, 2017**	**December 31, 2016**
Akfen Construction (*)	737,833	279,520
Company's Main Shareholder	189,883	--
Akfen Renewable Energy (*)	154,049	96,934
Akfen Infrastructure(*)	137,754	--
Acacia (*)	60,693	--
İDO (*)	28,044	86
Akfen Power Distribution	--	16,637
Akfen Water	--	7,213
Other	545	702
	1,308,801	**401,092**

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

29 RELATED PARTY DISCLOSURES (cont'd)

29.1 Related party balances (cont'd)

Other long-term receivables due from related parties: *(cont'd)*

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

(**)As of December 31, 2017, other long-term receivables due from related parties consist of the amounts that the division on February 16, the Company calculates the financing income for the related receivables at the same level of interest rates as the market conditions.

Other long-term payables to related parties:

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

29.2 Related party transactions

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

İlişkili taraflara verilen hizmetler:	**31 Aralık 2017**		**31 Aralık 2016**	
Şirket	**Tutar**	**İşlem**	**Tutar**	**İşlem**
Akfen Infrastructure	61,549	Financing income	--	Financing income
Akfen Renewable Energy	16,099	Financing income	4,898	Financing income
Akfen Engineering	8,382	Financing income	--	Financing income
Akfen Construction	--	Financing income	55,938	Financing income
MIP	--	Rent income	2,244	Rent income
Akfen Water	--	Electricity Sales Income	729	Electricity Sales Income
Akfen Construction	--	Other	1,041	Other
Akfen Renewable Energy	--	Other	3,080	Other
Other	656	Financing income	240	Financing income
Other	373	Other	--	Other
	87,059		**68,170**	

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

Services received due from related parties:	**December 31, 2017**		**December 31, 2016**	
Company	**Amount**	**Transaction**	**Amount**	**Transaction**
Ibs Sigorta ve Reasürans Brokerliği A.Ş.	30	Procurement	1,011	Procurement
	30		**1,011**	

29.3 Benefits to senior executives

Total short-term benefits provided to senior managers for Akfen Holding and subsidiaries for the year ended on December 31, 2017 is TRY 4,853 (December 31, 2016: TRY 15,101)

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

30 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS

Credit risk

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

December 31, 2017	Receivables				Bank Deposits (*)
	Trade receivables		Other receivables		
	Related Party	Other Party	Related Party	Other Party	
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	**189**	**--**	**1,566,860**	**2**	**2,016,288**
- Portion of the maximum risk that is guaranteed with a collateral, etc,	--	--	--	--	--
A. Net book value of financial assets that are not overdue or not impaired	189	--	1,566,860	2	2,016,288
B. Book value of financial assets, the terms of which are re-negotiated, and which will otherwise be considered to be overdue or impaired	--	--	--	--	--
C. Net book value of assets that are overdue but not impaired	--	--	--	--	--
- Portion guaranteed with a collateral, etc.	--	--	--	--	--
D. Net book value of impaired assets	--	--	--	--	--
- Overdue (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Not overdue (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
E. Elements including off-balance-sheet financing	--	--	--	--	--

December 31, 2017	Receivables	
	Related Party	Other Party
0-3 months overdue	--	--
3-12 months overdue	--	--
1-5 years overdue	--	--
More than 5 years overdue	--	--
Total receivables overdue	--	--
Total provisions reserved	--	--
Portion guaranteed with a collateral, etc.	--	--

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

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

Credit risk (cont'd)

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

December 31, 2016	**Receivables**	
	Trade receivables	**Other receivables**
0-3 months overdue	--	--
3-12 months overdue	--	--
1-5 years overdue	--	--
More than 5 years overdue	--	--
Total receivables overdue	--	--
Total provisions reserved	--	--
Portion guaranteed with a collateral, etc.	--	--

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

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

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

Liquidity risk

The maturities of financial liabilities of the Group including estimated interest payments that are set according to the repayment schedule as of December 31, 2017 are as follows:

	December 31, 2017						
	Note	Carrying amount	Contractual cash outflows total	Less than 3 months	03 - 12 months	1 - 5 years	More than 5 years
Financial liabilities							
Borrowings	7	120,750	(122,745)	(81,868)	(40,877)	--	--
Bonds	7	357,917	(476,467)	(13,935)	(44,231)	(418,301)	--
Trade payables	8	2,971	(2,971)	(2,971)	--	--	--
Payables to related parties	8-9-29	756	(756)	(33)	(723)	--	--
Other payables (*)		716	(716)	(716)	--	--	--
Total		**483,110**	**(603,655)**	**(99,523)**	**(85,831)**	**(418,301)**	**--**

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

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

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

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

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

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

Foreign currency risk

Exchange risk exposure

The Group's foreign currency position as of December 31, 2017 is based on the foreign currency-based assets and liabilities indicated in the statement below:

December 31, 2017	TRY Equivalent	US Dollar	Euro	Other (*)
1. Trade receivables	--	--	--	--
2a. Monetary Financial Assets (including safe and bank accounts)	2,015,245	534,035	199	20
2b. Non-Monetary Financial Assets	--	--	--	--
3. Other	175,787	27,647	15,835	2
4. Current Assets (1+2+3)	**2,191,032**	**561,682**	**16,034**	**22**
5. Trade Receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non-Monetary Financial Assets	--	--	--	--
7. Other	753,392	199,738	--	--
8. Non-Current Assets (5+6+7)	**753,392**	**199,738**	**--**	**--**
9. Total Assets (4+8)	**2,944,424**	**761,420**	**16,034**	**22**
10. Trade Payables	2,122	431	110	--
11. Financial Liabilities	120,750	--	26,741	--
12a. Other Monetary Liabilities	--	--	--	--
12b. Other Non-Monetary Liabilities	--	--	--	--
13. Current Liabilities (10+11+12)	**122,872**	**431**	**26,851**	**--**
14. Trade Payables	--	--	--	--
15. Financial Liabilities	--	--	--	--
16a. Other Monetary Liabilities	--	--	--	--
16b. Other Non-Monetary Liabilities	--	--	--	--
17. Non-Current Liabilities (14+15+16)	**--**	**--**	**-**	**--**
18. Total Liabilities (13+17)	**122,872**	**431**	**26,851**	**--**
19. Net Asset/(Liability) Position of Foreign Currency-Denominated Derivatives Excluded from Financial Position Statement (19a-19b)	**--**	**--**	**--**	**--**
19a. Amount of Foreign Currency-Denominated Derivatives of an Active Nature Excluded from the Financial Position Statement	**--**	**--**	**--**	**--**
19b. Amount of Foreign Currency-Denominated Derivatives of a Passive Nature Excluded from the Financial Position Statement	**--**	**--**	**--**	**--**
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	**2,821,552**	**760,989**	**(10,817)**	**22**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**1,892,373**	**533,604**	**(26,652)**	**20**
22. Total Fair Value of Financial Instruments Employed for Foreign Exchange Hedge	**--**	**--**	**--**	**--**
23. Amount of the Hedged Portion of Foreign Exchange Assets	**--**	**--**	**--**	**--**
24. Amount of the Hedged Portion of Foreign Exchange Liabilities	**--**	**--**	**--**	**--**

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

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

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

Foreign currency risk (cont'd)
Exchange risk exposure (cont'd)

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

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

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

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

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

Foreign currency risk (cont'd)
Sensitivity analysis

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

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

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

Exchange Rate Sensitivity Analysis Statement				
December 31, 2017				
	Profit/Loss		**Equity**	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In the event that USD appreciates/depreciates by 10% against TRY				
1- US Dollar net asset/liability	287,037	(287,037)	--	--
2- Portion hedged for USD (-)	--	--	--	--
3- USD Net Impact (1+2)	287,037	(287,037)	--	--
In the event that EUR appreciates/depreciates by 10% against TRY				
4- Net asset/liability in Euro	(4,885)	4,885	--	--
5- Portion hedged for EUR (-)	--	--	--	--
6- Euro Net Impact (4+5)	(4,885)	4,885	--	--
In the event that other foreign currencies appreciate/depreciate by 10% against TRY				
7- Other foreign currency net asset/liability	3	(3)		
8- Portion hedged for other foreign currency (-)	--	--	--	--
9- Other Foreign Currency Assets Net Impact (7+8)	3	(3)	--	--
TOTAL (3+6+9)	282,155	(282,155)	--	--

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

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

Foreign currency risk (cont'd)
Sensitivity analysis (cont'd)

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

Interest risk

Profile

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

	December 31, 2017	**December 31, 2016**
Fixed-interest items		
Financial assets	1,964,265	42,773
Financial liabilities	120,750	624,802
Floating-interest items		
Financial assets	30,094	**--**
Financial liabilities	357,917	466,093

Fair value risk of fixed-interest items:

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

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

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

Interest risk(cont'd)

Cash flow risk of floating-interest items:

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

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

Interest Position Statement			
		December 31, 2017	**December 31, 2016**
Fixed-Interest Financial Instruments			
Financial assets	Assets the fair value of which is recognized in profit/loss	--	--
	Financial assets available for sale	--	--
Financial liabilities		--	--
Floating-Interest Financial Instruments		--	--
Financial assets		--	--
Financial liabilities		(3.579)	(4,661)

Capital Risk Management

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

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

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

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

	December 31, 2017	**December 31, 2016**
Total financial liabilities	478,667	1,090,895
Cash reserves and banks (*)	(2,016,558)	(107,070)
Net financial liability	(1,537,891)	983,825
Equity	4,909,377	1,963,504
(Net cash)/Net financial liability / equity ratio	**(0.31)**	**0.50**

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

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

31 THE FAIR VALUE EXPLANATIONS

The fair value is described as a price that will be obtained from sales of an asset or paid on transfer of a debt, in an ordinary transaction on the date of calculation among the market attendants.

Financial Instruments

The Group has determined the estimated fair values of the financial instruments by employing current market information and appropriate valuation methods. However, interpretation and reasoning are required to estimate the fair values by evaluating the market information. As a result, the estimations presented herein may not be indicative of the amounts that the Group can obtain in a current market transaction.

The following methods and assumptions have been used to estimate the fair value of the financial instruments for which estimation of the fair values in practice is possible:

Financial Assets

It is foreseen that book values of the cash and cash equivalents are close to their fair values since they are short term cash assets.

It is also foreseen that their book values reflect the fair value since the trade receivables are short-term.

It is foreseen that the fair values of the balances in foreign currency that are converted with the period-end rates are close to their book values.

Financial Liabilities

It is considered that fair values of the trade payables and other monetary liabilities approach to the values that they bear due to the fact that they are short-term.

The bank credits are expressed with their amortized cost values and transactional costs are added into the first cost of the credits. As the floating rate bank credits of the Group have been repriced in the recent history, it is considered that its fair values reflect the value that they bear.

Financial Instrument classifications and fair values

December 31, 2017	**Credits and receivables (including cash and cash equivalents)**	**Financial liabilities increasing in value with the effective interest method**	**Book value**	**Fair Value**	**Note**
Financial Assets					
Cash and cash equivalents	**2,016,558**	**--**	**2,016,558**	**2,016,558**	**5**
Trade receivables from related parties	**189**	**--**	**189**	**189**	**29**
Financial Liabilities					
Financial borrowings	**--**	**478,667**	**478,667**	**478,667**	**7**
Trade payables to non-related parties	**--**	**2,971**	**2,971**	**2,971**	**8**
Trade payables to related parties	**--**	**756**	**756**	**756**	**29**

December 31, 2016	Krediler ve alacaklar (nakit ve nakit benzerleri dahil)	Etkin faiz yöntemi ile değerlenen finansal yükümlülükler	Defter değeri	Gerçeğe uygun değeri	Not
Financial Assets					
Cash and cash equivalents	46,132	--	46,132	46,132	5
Trade receivables from related parties	--	--	--	--	29
Financial Liabilities					
Financial borrowings	--	1,090,895	1,090,895	1,090,895	7
Trade payables to non-related parties	--	1,717	1,717	1,717	8
Trade payables to related parties	--	1,019	1,019	1,019	29

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

31 THE FAIR VALUE EXPLANATIONS *(devamı)*

Long term financial investments

Akfen Holding signed an agreement with Global InfraCo SP NEUM SLU , to sell 40% of its stake in MIP for a consideration of USD 869 million on July 28, 2017. The sale has been completed as of October 27, 2017. Because the Company has no significant control over MIP as a result of the sales transaction, the fair value of the MIP is accounted for under the long term financial investment item. As of December 31, 2017, in determining the fair value of long-term financial investments, which is recognised by fair value, the selling price of MIP shares was taken as of October 27, 2017 on the consolidated financial statements. Since the relevant sales transaction did not contain the control premium and there was no significant change in MIP activities and investments over the period, it was the result that reflected the fair value.

As of December 31, 2017, the fair value classifications of the long term financial investments which are calculated with their fair values are as follows: (December 31, 2016: None):

December 31, 2017			**Fair Value Level**
	Level 1 TRY	**Level 2 TRY**	**Level 3 TRY**
Long term financial investments	--	--	**818.,185**

The fair value of the assets and liabilities are determined as follows:

- First level: It increases in value from the stock exchange prices that are traded on the active market in terms of the identical assets and liabilities.
- Second level: It increases in value from the inputs which are used in order to find the price that can be directly or indirectly observed other than the stock exchange rate of the related asset or liability which is specified in the first level.
- Third Level: It increases in value from the inputs which are used in order to find the fair value of the asset or liability and which do not depend on any observable data in the market.

32 SUBSEQUENT EVENTS

Akfen Holding and joint ventures:

Akfen Holding

Based on the decision of the Board of Directors of Akfen Holding dated 5 January 2018; it was decided that Akfen Engineering, which has the same shareholding structure with Akfen Holding, would be merged with no liquidation in accordance with the provisions of Article 136 of the Turkish Commercial Code No 6102 and the continuation provisions and the provisions of Articles 19 and 20 of the Tax Law No.5520, and the merger would take place in accordance with the provisions of Article 155 and the continuation of the Turkish Commercial Code, i.e. in accordance with the "facilitation of capital companies' arrangement". The merger process of our company and Akfen Engineering was completed with the registration of the transaction on February 28, 2018 in accordance with the provisions of Turkish Commercial Code and Turkish Tax Law.

Akfen Renewable

As of March 9, 2018, the share capital of Akfen Renewable has been increased, on a premium, from TRY 793,000 to TRY 864,381, and a total of USD 44,999,998 has been transferred by EBRD and IFC to to Akfen Renewable. Thus, the shares of EBRD and IFC in Akfen Renewable, has increased to 13.297%, while Akfen Holding's share became 73.405%