(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, 2018 with the independent auditor's report

Building a better working world

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(Convenience translation of a report and *consolidated* 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 *Consolidated* Financial Statements

1) Opinion

We have audited the consolidated financial statements of Akfen Holding A.Ş. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

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 Consolidated Financial Statements* section of our report. We are independent of the *Group* 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.

3) Key Audit Matters

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

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

Key Audit Matters	**How key audit matter addressed in the audit**
Investment Valuation – Equity method and deferrred tax asset carried from tax losses from joint venture	
As stated in note 11, the Group has 68% shared in Akfen Renewable Energy ("Akfen Renewable "), which has been accounted by using the equity method and reflected with a carrying value of thousand TL 847,134 in the statement of financial position as of December 31, 2018 and, thousand TL 222,089 in statement of comprehensive income for the year ended as of same date. The impairment test for the carrying value of Akfen Renewable was performed by the management. Furthermore, Akfen has a deferred tax asset amounting to thousand TL 34,755 recognised from tax losses. Total tax losses amounts to thousand TL 527,995. Based on the Akfen Renewable management's assumptions, under current conditions, a deferred tax asset has been recognised considering the recoverable tax losses amounting to thousand TRY 171,994. Business plans for the future, the loss amounts incurred in the current years and the expiration dates of unused losses are taken in the consideration during the assessment. This matter has been determined as key audit matter, due to uncertainty involved in management judgment while performing impairment test for Akfen Renewable's carrying value and the uncertainty in estimating future taxable profit that supports the recognition of the extent to which tax assets are recognized.	Our audit procedures include, evaluation of the valuation methods used by management in the impairment test of Akfen Renewable, the discount rates used by the Company management, and the appropriateness of cash flows. To support our assessment, we included valuation experts from another entity that is a part of same audit network to our audit team. In addition, we have evaluated the adequacy of the disclosures in Note 11 that are included in the investments accounted using the equity method. During our audit, we challenged the management's assurnptions on the recoverability of tax assets by controlling the expiration dates of carry forward tax losses with the projected budgets approved by the rnanagement. During the evaluation, we have considered future profit projections, profit or loss in the current period, unused losses and tax assets's expire date. To examine the management's assumptions, we involved tax experts to our audit team from another entity that is a part of the same audit network. In addition, TFRS compliance with the disclosures in the financial statements were also evaluated.

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

Valuation of Financial Assets	
The Group has presented the shares owned in Mersin Uluslararası Liman İşletmeciliği A.Ş as financial investments and recognized at fair value in the accompanying consolidated financial statements (Note 7). As a result of the fair valuation, as of 31 December 2018, the Company reflected the participation in Mersin International Liman İşletmeciliği A.Ş. at value of TL 1.016.551 in the accompanying consolidated financial statements. In our audit work, we have focused on this matter for the following reasons: - Mersin Uluslararası Liman İşletmeciliği A.Ş. carrying value is significant for the accompanying consolidated financial statements and valuation requires expertise. - The use of forward-looking significant management estimates (discount rate and growth rate) in the valuation and the fact that these forward-looking forecasts contain uncertainties regarding the realization of these estimates.	The following audit procedures have been applied during the audit of the fair value calculation of Mersin Uluslararası Liman İşletmeciliği A.Ş.; - We included experts from another entity that is a part of same audit network to our audit team to examine the fair value calculations - The compliance of the valuation calculations with the financial statements and the mathematical appropriateness of the calculations are checked. - The valuation methods and the technical data used were evaluated by our experts through discussions with the Group management and their experts. - The expertise of the appraisers was evaluated in according to BDS 500. - The appropriateness of forward-looking significant management estimates (discount rate and growth rate) used in discounted cash flow models were evaluated with our experts and the sensitivity analyses were checked. - Furthermore, projected revenue estimates used in the modelling are compared with previous year financial results and their budgets for the coming years. - Finally, TFRS compliance of the disclosures in the financial statements were also evaluated.

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Change in the Shareholding Structure of the Company	
As explained in Note 1, the merger of Akfen Mühendislik, which has the same shareholder structure with the Company, was completed on 28 February 2018. As a result of this merger, all the companies which has been demerged in 2017 and other subsidiary and associate of Akfen Mühendislik, namely Akfen Enerji Dağıtım and Acacia Maden, has become the subsidiaries of Akfen Holding and included in the scope of consolidation. As explained in Note 4, this merger was considered as transaction under common control and accounted for using the "Pooling of Interest " method. While applying the method of pooling of interest, the merger has accounted as of the beginning of the period in which the merger has occurred and presented on a comparative basis. This transaction is determined as key audit matter due to significance and complexity.	Contracts and reports related to the merger and important contractual terms regarding the disclosures in accounting and financial statements have been reviewed. Technical appropriateness of the accounting of transaction in TFRS is evaluated. The mathematical correctness of the calculations and the adequacy of the required footnote statements were checked.

Valuation of investment properties and important information disclosed	
As explained in Note 12, after the initial recognition, the Group recognized its investment properties with fair value method. As of 31 December 2018, the fair value of investment properties amounting to TL 2.046.088 thousand has been determined by independent valuation company with CMB license and details are disclosed in Note 12. Due to the fact that investment properties are significant part of the Company's assets and applied valuation methods contain significant judgements and assumptions, we have considered the valuation of investment properties as a key audit matter.	We assessed the qualifications, competencies and independence of the professional appraisers engaged by the management. In our audit we assessed whether the valuation methods as applied by appraisers are acceptable for valuation of the underlying investment property. We reconciled the appraised value for independent sections in the valuation report with disclosed amount in note 12. In addition, we reconciled standing data included in the valuation report such as rental income, duration of lease contracts, occupancy rates and administration expenses to source documents. Among the other audit procedures, we performed, we verified the assumptions used by the external appraisers in their valuations (including the discount rate, the market rent and the expected occupancy rates) against external data. For this assessment we included experts from another entity that is a part of same audit network to our audit team. Due to the existence of high level of judgement and alternative assumptions and valuation methods, we assessed if the result of the external valuation is within an acceptable range. We also examined the suitability of the information in the financial statements and explanatory notes, given the importance of this information for users of the financial statements.

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

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

In preparing the *consolidated* financial statements, management is responsible for assessing the *Group'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 *Group* or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the *consolidated* 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 *consolidated* 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 *consolidated* 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 *Group'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 *Group'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 *consolidated* 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 *Group* to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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

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 *consolidated* 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 4, 2019
İstanbul, Türkiye

AKFEN HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED JANUARY 1 - DECEMBER 31, 2018

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Akfen Holding Anonim Şirketi

Consolidated Balance Sheet as of December 31, 2018

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

ASSETS	***References***	***Audited*** December 31, 2018	***Audited*** *Restated (Note 3)* December 31, 2017	***Audited*** *Restated (Note 3)* January 1, 2017
Current Assets				
Cash and cash equivalents	6	1,793,201	2,226,350	54,611
Financial investments	7	239,882	2,718	60,938
Trade receivables		24,903	15,768	26,677
- Trade receivables from related parties	*9-32*	*7,780*	*2,239*	*7,414*
- Trade receivables from third parties	*9*	*17,123*	*13,529*	*19,263*
Other receivables		1,557	200,395	5,900
- Due from related parties	*10-32*	*995*	*200,212*	*5,611*
- Due from third parties	*10*	*562*	*183*	*289*
Inventories	15	141,893	--	--
Prepaid expenses	20	25,654	100,533	2,275
Current income tax assets	30	21,102	129	538
Other current assets	21	13,226	13,549	6,076
TOTAL CURRENT ASSETS		**2,261,418**	**2,559,442**	**157,015**
Non-Current Assets				
Other receivables		513,649	1,366,711	670,631
- Due from related parties	*10-32*	*478,213*	*1,342,058*	*651,734*
- Due from third parties	*10*	*35,436*	*24,653*	*18,897*
Financial investments	7	1,863,061	882,606	55,648
Investments accounted using the equity method	11	1,963,186	1,347,126	2,278,191
Investment property	12	2,096,928	1,598,791	1,337,994
Property, plant and equipment	13	64,764	64,781	71,652
Intangible assets		2,179	3,806	3,115
- Other intangible assets	*14*	*2,179*	*3,806*	*3,115*
Prepaid expenses	20	9,188	8,489	8,767
Deferred tax assets	30	8,266	5,020	4,598
Other non current assets	21	26,838	31,963	37,635
TOTAL NON-CURRENT ASSETS		**6,548,059**	**5,309,293**	**4,468,231**
TOTAL ASSETS		**8,809,477**	**7,868,735**	**4,625,246**

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

Consolidated Balance Sheet as of December 31, 2018

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

LIABILITIES	*References*	*Audited* December 31, 2018	*Audited* Restated (Note 3 December 31, 2017	*Audited* Restated (Note 3 January 1, 2017
Current Liabilities				
Short term borrowings	8	--	48,836	9,678
Short term portion of long-term borrowings	8	270,593	268,718	964,027
Trade payables		49,662	8,124	5,977
-Due to related parties	*9-32*	*45,214*	*756*	*1,019*
-Due to third parties	*9*	*4,448*	*7,368*	*4,958*
Other payables		24,987	122,530	12,739
-Due to related parties	*10-32*	*3,327*	*115,718*	*230*
-Due to third parties	*10*	*21,660*	*6,812*	*12,509*
Deferred revenue	*20*	46,167	--	--
Employee benefit obligations		531	477	235
Current provisions		4,194	5,955	3,274
-Provision for employee benefits	*17-19*	*4,194*	*3,206*	*3,274*
-Other current provisions	*17*	--	*2,749*	--
Income tax payable	30	263	95,312	--
Other current liabilities	*21*	6,798	1,702	1,608
TOTAL CURRENT LIABILITIES		**403,195**	**551,654**	**997,538**
Non-Current Liabilities				
Long term borrowings	8	2,855,271	1,171,283	955,885
Trade payables		--	240	--
-Due to related parties		--	*240*	--
Other payables		124,188	47,032	131,834
-Due to related parties	*10-32*	*74,363*	*16,733*	*102,062*
-Due to third parties	*10*	*49,825*	*30,299*	*29,772*
Non-current provisions		2,482	18,060	1,547
-Long term provisions for employee benefits	*17-19*	*2,482*	*1,792*	*1,547*
-Other non-current provisions	*17*	--	*16,268*	--
Deferred revenue	20	--	347	--
Deferred tax liabilities	30	136,273	68,181	52,970
Other non current liabilities	21	4,289	30,155	28,139
TOTAL NON-CURRENT LIABILITIES		**3,122,503**	**1,335,298**	**1,170,375**
TOTAL LIABILITIES		**3,525,698**	**1,886,952**	**2,167,913**
EQUITY		**5,283,779**	**5,981,783**	**2,457,333**
Equity attributable to equity holders of the parent		**4,945,557**	**5,698,190**	**2,203,017**
Issued capital	22	667,181	667,181	667,181
Adjustment to share capital		(7,257)	(7,257)	(7,257)
Additional contributions of shareholders	22	20,764	--	--
Share premiums (discounts)		(72,955)	44,649	(131,785)
Treasuary shares (-)	22	(1,289)	(1,289)	(1,899)
Effect of business combinations under common control		(590,887)	139,988	158,158
Other accumulated comprehensive income that will not be reclassified to profit or loss		183,730	(3,146)	187,732
Gains/(loss) on revaluation and remeasurement		*183,730*	*(3,146)*	*187,732*
-(Decreases)/increases on revaluation of property, plant and equipprment		*(1,586)*	--	*192,431*
- Gains on remeasurement of defined benefit plans	*22*	*188,450*	--	--
- Other gains on revaluation and remeasurement		*(3,134)*	*(3,146)*	*(4,699)*
Other accumulated comprehensive income that will be reclassified to profit or loss		270,202	25,238	373,492
-Currency translation difference	*22*	*266,247*	*21,283*	*388,923*
- Gains/(losses) on hedge	*22*	*3,955*	*3,955*	*(15,431)*
Restricted reserves appropriated from profits		2,349,677	21,771	22,378
Retained earnings		1,547,998	963,554	935,017
Net profit for the period		578,393	3,847,501	--
Non-controlling interests	**22**	**338,222**	**283,593**	**254,316**
TOTAL LIABILITIES AND EQUITY		**8,809,477**	**7,868,735**	**4,625,246**

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

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

Akfen Holding Anonim Şirketi

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For The Year Ended December 31, 2018

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

		Audited	
PROFIT OR LOSS FROM CONTINUING OPERATIONS	*References*	*December 31, 2018*	*December 31, 2017 Restated (Note 3)*
PROFIT OR LOSS			
Revenue	23	105,095	71,117
Cost of sales (-)	23	(13,837)	(12,819)
GROSS PROFIT		**91,258**	**58,298**
General administrative expenses (-)	24	(66,901)	(70,125)
Marketing, selling and distribution expenses (-)	24	(5,829)	(2,430)
Other income from operating activities	25	422,127	213,271
Other expenses from operating activities (-)	26	(7,631)	(3,103)
Share of profit from investments accounted using the equity method	11	52,196	133,966
OPERATING PROFIT FROM OPERATING ACTIVITIES		**485,220**	**329,877**
Income from investment activities	27	164,425	3,939,348
Expense from investment activities	27	(54,879)	(3,618)
PROFIT BEFORE FINANCE INCOME		**594,766**	**4,265,607**
Finance income	28	756,441	141,890
Finance expenses	29	(585,136)	(409,024)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**766,071**	**3,998,473**
Tax expense		**(143,747)**	**(134,503)**
Current period tax expense	30	(90,395)	(120,390)
Deferred tax expense	30	(53,352)	(14,113)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**622,324**	**3,863,970**
PROFIT FOR THE PERIOD		**622,324**	**3,863,970**
Attributable to			
Non-controlling interests		43,931	16,469
Equity holders of the parent		578,393	3,847,501
Net profit for the period		**622,324**	**3,863,970**
Earnings per share			
Earnings per share from continued operations (TRY in full)	31	0,87	5,77
Diluted earnings per share (TRY in full)	31	0,87	5,77

Consolidated Statement of Profit or Loss and Other Comprehensive Income For The Year Ended December 31, 2018

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

		Audited	
STATEMENT OF OTHER COMPREHENSIVE INCOME/(EXPENSE)	***References***	***December 31, 2018***	***December 31, 2017*** *Restated (Note 3)*
PROFIT FOR THE PERIOD		**622,324**	**3,863,970**
Other comprehensive income/(expense) that will not be reclassified to profit or loss		**186,876**	**(4,550)**
Share of other comprehensive espense of investments accounted using the equity method that will not be reclassified to profit or loss		(1,574)	(4,550)
Other comprehensive income items that will not be reclassified as other profit or loss	*2*	188,450	--
Other comprehensive income that will be reclassified to profit or loss		**250,447**	**111,111**
Currency translation difference		250,447	105,162
Share of other comprehensive income of investments accounted using the equity method that will be reclassified to profit or loss		--	5,949
OTHER COMPREHENSIVE INCOME		**437,323**	**106,561**
TOTAL COMPREHENSIVE INCOME		**1,059,647**	**3,970,531**
Distribution of total comprehensive income			
Non-controlling interests		49,414	21,177
Equity holders of the parent		1,010,233	3,949,354
Total comprehensive income		**1,059,647**	**3,970,531**

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

Consolidated Statement of Changes in Equity for the Year Ended December 31, 2018

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

						Other comprehensive income and expenses accumulated 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)/gain on hedge***	***Increases /(decreases) on revaluation fund***	***Gains/(losses) on remeasurements of defined benefit plans***	***Restricted reserves appropriated from profits***	***Retained earnings/ (losses)***	***Net profit for the period***	***Total***	***Non-controlling interests***	***Total Equity***
Balances as of January 1, 2017 (previously reported)	**667,081**	**(7,257)**	**(1,899)**	**(131,785)**	**6,236**	**388,923**	**(15,431)**	**192,431**	**(4,699)**	**20,479**	**595,110**	**--**	**1,709,189**	**254,316**	**1,963,505**
Other adjusments (Note 3)	*100*	*--*	*--*	*--*	*151,922*	*--*	*--*	*--*	*--*	*1,899*	*339,907*	*--*	*493,828*	*--*	*493,828*
Balances as of January 1, 2017 (restated)	**667,181**	**(7,257)**	**(1,899)**	**(131,785)**	**158,158**	**388,923**	**(15,431)**	**192,431**	**(4,699)**	**22,378**	**935,017**	**--**	**2,203,017**	**254,316**	**2,457,333**
Total comprehensive income/(expense)	**--**	**--**	**--**	**--**	**--**	**100,465**	**5,962**	**(358)**	**(4,216)**	**--**	**--**	**3,847,501**	**3,949,354**	**21,177**	**3,970,531**
Profit for the period	--	--	--	--	--	--	--	--	--	--	--	3,847,501	3,847,501	16,469	3,863,970
Other comprehensive income/(expense)	--	--	--	--	--	100,465	5,962	(358)	(4,216)	--	--	--	101,853	4,708	106,561
Decrease through treasury share transactions	--	--	*(1,289)*	--	--	--	--	--	--	--	--	--	(1,289)	--	(1,289)
Effects of business combinations under common control (*)	--	--	1,899	176,434	(17,113)	(24,191)	7,332	(119,499)	1,314	(607)	(40,638)	--	(15,069)	8,100	(6,969)
(Decrease)/increase through other changes(**)	--	--	--	--	(1,057)	(443,914)	6,092	(72,574)	4,455	--	69,175	--	(437,823)	--	(437,823)
Balances as of December 31, 2017	**667,181**	**(7,257)**	**(1,289)**	**44,649**	**139,988**	**21,283**	**3,955**	**--**	**(3,146)**	**21,771**	**963,554**	**3,847,501**	**5,698,190**	**283,593**	**5,981,783**

(*) The merger transaction on February 28, 2018, detailed in Note 1 and Note 4, the purchase transactions on March 17, 2018 and May 30, 2018 were evaluated as "Effect of transactions under common control" and accounted "Pooling of Interest" method. The "Effects of business combinations under common control" account is used under equity to offset the inconsistency of assets and liabilities arising under common control effects.

(**) The effect of Akfen Holding's sale of shares in TAV Airports and MIP held on July 7, 2017 and October 27, 2017 is reflected in the consolidated statement of changes in equity.

Consolidated Statement of Changes in Equity for the Year Ended December 31, 2018

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

							Other comprehensive income and expenses accumulated that will be reclassified in profit or loss		Other comprehensive income and expenses accumulated that will be reclassified in profit or loss				Retained earnings				
	Issued capital	*Adjustments to share capital*	*Additional capital contributions of shareholders*	*Treasury shares*	*Share premiums or discounts*	*Effects of combinations of entities or businesses under common control*	*Currency translation differences*	*Gain on hedge*	*Other gains on revaluation and remeasurement*	*Decreases on revaluation fund*	*Gains/(losses) on remeasurements of defined benefit plans*	**Restricted reserves appropriated from profits**	**Retained earnings /(losses)**	**Net profit for the period**	*Total*	*Non-controlling interests*	*Total Equity*
Balances as of January 1, 2018 (previously reported)	**72,493**	**(7,257)**	**--**	**--**	**44,649**	**--**	**--**	**--**	**--**	**--**	**143**	**20,479**	**1,000,567**	**3,778,303**	**4,909,377**	**--**	**4,909,377**
Other adjusments (Note 3)	*594,688*	*--*	*--*	*(1,289)*	*--*	*139,988*	*21,283*	*3,955*	*--*	*--*	*(3,289)*	*1,292*	*(37,013)*	*69,198*	*788,813*	*283,593*	*1,072,406*
Balances as of January 1, 2018 (restated)	**667,181**	**(7,257)**	**--**	**(1,289)**	**44,649**	**139,988**	**21,283**	**3,955**	**--**	**--**	**(3,146)**	**21,771**	**963,554**	**3,847,501**	**5,698,190**	**283,593**	**5,981,783**
Total comprehensive income/(expense)	**--**	**--**	**--**	**--**	**--**	**--**	**244,964**	**--**	**188,450**	**(1,586)**	**12**	**--**	**--**	**578,393**	**1,010,233**	**49,414**	**1,059,647**
Loss for the period	--	--	--	--	--	--	--	--	--	--	--	--	--	578,393	578,393	43,931	622,324
Other comprehensive income/(expense)	--	--	--	--	--	--	244,964	--	188,450	(1,586)	12	--	--	-	431,840	5,483	437,323
Transfers	--	--	--	--	--	--	--	--	--	--	-	2,771,164	1,076,337	(3,847,501)	--	--	--
(Decrease)/increase due to changes in shareholding ratio that do not result in loss of control in subsidiaries	--	--	--	--	--	--	--	--	--	--	--	--	(5,215)	--	(5,215)	5,215	--
Other contributions of shareholders	--	--	20,764	--	--	--	--	--	--	--	--	--	-	--	20,764	--	20,764
Effects of business combinations under common control	--	--	--	--	--	(730,875)	--	--	--	--	--	--	(99,457)	--	(830,332)	--	(830,332)
Dividend income	--	--	--	--	(117,604)	--	--	--	--	--	--	(443,258)	(387,221)	--	(948,083)	--	(948,083)
Balances as of December 31, 2018	**667,181**	**(7,257)**	**20,764**	**(1,289)**	**(72,955)**	**(590,887)**	**266,247**	**3,955**	**188,450**	**(1,586)**	**(3,134)**	**2,349,677**	**1,547,998**	**578,393**	**4,945,557**	**338,222**	**5,283,779**

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

Akfen Holding Anonim Şirketi

Consolidated Cash Flow Statement
For the Year Ended December 31, 2018

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

	References	*Audited December 31, 2018*	*Audited December 31, 2017 Restated (Note 3)*
A. Cash Flows from Operating Activities		**131,406**	**(781,164)**
Profit for the period		**622,324**	**3,863,970**
Adjustments to reconcile profit		**58,809**	**(3,854,236)**
Adjustments for depreciation and amortization	23-24	2,338	2,222
Adjustments for provisions related with employee benefits		2,071	204
Adjustments for dividend income	27	(25,347)	(12,783)
Adjustments for participation fee and income from other financial instruments	27	(27,719)	--
Adjustments for fair value profit		(365,408)	(210,881)
Adjustment for fair value loss of financial assets	*27*	*54,879*	--
Adjustment for fair value gain of property, plant and equipment	*25*	*(420,287)*	*(210,881)*
Adjustments for impairment loss	26-27-29	883	3,598
Adjustments for the undistributed profits of investments accounted using the equity method	11	(52,196)	(133,966)
Adjustments for unrealized foreign exchange		414,661	234,300
Adjustments regarding gains related to changes in share or disposal of associates, joint ventures, and financial investments	27	(111,359)	(3,925,030)
Adjustments for interest income and expenses	28-29	73,708	44,726
Adjustments for tax expenses	30	143,747	134,503
Oher adjustment for profit/loss reconciliation		3,430	8,871
Changes in working capital		**(343,928)**	**(782,521)**
Adjustments for (increases)/decreases in trade receivables		(9,507)	10,909
Adjustments for decreases/(increases) in other receivables related with operations		34,724	(880,713)
Adjustments for increases in inventories	15	(146,957)	--
Other adjustments for other decrease in working capital		(11,635)	(990)
Adjustments for increases in trade payables		41,298	2,366
Adjustments for (decreases)/increases in other payables from operations		(251,851)	85,907
Cash flows from/(used in) operations		**337,205**	**(772,787)**
Tax payments		(205,582)	(8,038)
Payments related with provisions for employee benefits		(217)	(339)

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

Consolidated Cash Flow Statement
For the Year Ended December 31, 2018
(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

	References	*December 31, 2018*	*December 31, 2017 Restated (Note 3)*
B. Cash Flows (used in)/from Investment Operations		**(810,679)**	**3,767,630**
Interest received		16,121	39,246
Dividends received	13-14	33,930	32,915
Cash outflow of property, plant, equipment and intangible assets	14	(734)	(2,225)
Proceeds from sales of property, plant, equipment and intangible assets	12	40	--
Cash outflow from the purchase of investment property		(1,596)	(10,057)
Cash receipts from repayment of advances and loans		(5,153)	(99,000)
Cash inflows caused by share sales or capital decrease of associates and / or joint ventures		--	3,806,751
Cash outflow from acquisition of shares or borrowing instruments of other businesses or funds	8	(170,000)	--
Cash outflow from participation fee and other financial instruments		(683,287)	--
C. Cash Flows from/(used in) Financing Activities		**246,149**	**(814,727)**
Proceeds from borrowings	8	1,404,251	646,062
Repayments of borrowings	8	(217,504)	(1,339,618)
Dividend-paid		(948,083)	--
Interest paid	8	(159,735)	(168,857)
Cash inflow from issuing shares and other equity instruments	8	170,000	--
Cash outflow related to the entity's own shares and other equity-based instruments		--	(2,267)
Other cash flow (decreases)/increases		(2,780)	49,953
Net (decrease)/increase in cash and cash equivalents		(433,124)	2,171,739
Cash and cash equivalents at the beginning of the period	6	2,226,350	54,611
Cash and cash equivalents at the end of the period	6	**1,793,226**	**2,226,350**

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, 2018, Akfen Holding has, 3 direct joint ventures, 8 joint ventures and 1 financial investment (December 31, 2017: 2 direct joint ventures and 1 financial investment, January 1, 2017: 2 subsidiaries and 7 joint ventures). Consolidated financial statements of the Group as of December 31, 2018 and for the year ended includes the share of Akfen Holding and the equity accounted joint ventures and financial investments. The main subsidiaries of the Company are Akfen Gayrımenkul Yatırım Ortaklığı A.Ş. ("Akfen REIT"), Akfen Enerji Üretim ve Ticaret A.Ş, ("Akfen Energy Generation") and Akfen International BV ("Akfen International"). The Company has joint management rights in Akfen Yenilenebilir Enerji A.Ş. ("Akfen Renewable Energy"), TAV Yatırım Holding A.Ş. ("TAV Investment"), Acacia Maden İşletmeleri A.Ş. ("Acacia Mine")Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş. ("Akfen Water"), İstanbul Deniz Otobüsleri Sanayi ve Ticaret A.Ş. ("İDO"), IBS Sigorta ve Reasürans Sigorta Brokerliği A.Ş. ("IBS Insurance"), Akfen İnşaat Turizm ve Ticaret A.Ş. ("Akfen Construction"), 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, 2018, the Group manages partnerships with nationally and internationally reputed partners such as, Tepe İnşaat Sanayi A.Ş. ("Tepe Construction"), Souter Investments LLP ("Souter"), İlbak Holding, Kardan N.V., PSA International ("PSA"), European Bank for Reconstruction and Development ("EBRD") and International Finance Corporation ("IFC"). The Group also has a framework agreement with ACCOR S.A. ("Accor"), one of the world's leading hotel chains, for hotel brands Novotel and Ibis, which will have additional hotels constructed in Turkey.

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.

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 Energy 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. The process was completed when the General Assembly resolutions were approved and registered on February 16, 2017.

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

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

Based on the decision of the Board of Directors of Akfen Holding dated 5 January 2018; Akfen Engineering, which has the same partnership with Akfen Holding, does not liquidate in the terms of articles 136 and continuation provisions of 6102 and provisions of articles 19 and 20 of Law 5520 on Corporate Income Tax, and as a whole in accordance with the provisions of Article 155 and the continuation of the TCC in accordance with the "facilitation of the merging of the capital companies" arrangements. The merger process of the Company and Akfen Engineering has been completed with the registration of the transaction on February 28, 2018 in accordance with the provisions of TCC and protection of personal data ("PDP"). With this merger transaction, Acacia Mine and Akfen Energy Distribution companies were transferred to Akfen Holding along with the companies that were subject to partial division on February 16, 2017.

In addition, as of March 17, 2018, 268,250 number of Group A shares of BS Insurance (37% of the company shares) belonging to Akfen Altyapı Holding A.Ş. ("Akfen Infrastructure") were transferred to Akfen Holding with a consideration of TRY 80,000.

A contract was signed between Akfen Holding and Akfen Infrastructure on March,13 2018 for the transfer of the right to capital increase in Akfen İnşaat. According to this contract, Akfen Holding is transferring the right to Akfen Infrastructure with a transfer fee of USD 157,269,796. As of May 30, 2018, Akfen Construction's capital increase registration has been completed. Within this scope, the capital of Akfen Construction increases to TRY 520,267, the share of Akfen Holding in the company after participating in the capital increase with the transfer of priority rights from Akfen Infrastructure is 48,81% and Akfen Infrastructure's share of 100% previously decreased to 51.19%. Since majority of the votes are in Akfen Infrastructure after this transaction, the control is still in Akfen Infrastructure and Akfen Construction is consolidated as investments accounted using the equity method in the financial table of Akfen Holding.

Akfen International was founded as a 100% subsidiary of Akfen Holding on March 13, 2018 in Amsterdam/Netherlands.

The transfer of shares in Akfen Holding was completed on August 6, 2018. According to this transfer, 572,450,967 number of shares of Hamdi Akın, who holds 85.80% of shares of Akfen Holding with a nominal value of TRY 667,180,686, all of the shares of Selim Akın, who holds 3.47% and half of the shares of Akfen Tourism that holds 0.43% of the shares have been transferred to Akfen Infrastructure. After the share transferring transactions, Akfen Infrastructure owns shares with a nominal value of TRY 662,895,383 that corresponds to 99.36% of the capital of Akfen Holding.

On November 30, 2018, Akfen Holding completed the acquisition process with its subsidiaries Akfen Thermal Energy and Akfen Energy Distribution.

As of December 31, 2018, December 31, 2017 and January 1, 2017, the shareholders holding the shares of Akfen Holding and their respective percentage of shares are provided below:

	December 31, 2018		December 31, 2017		January 1, 2017	
	Amount	%	Amount	%	Amount	%
Hamdi Akın (*)	0	0.00	62,200	85.80	572,365	85.80
Akfen Altyapı	662,895	99.36	7,154	9.87	65,829	9.87
Selim Akın	-	-	2,518	3.47	23,174	3.47
Diğer Ortaklar	4,285	0.64	621	0.86	5,713	0.86
Paid-in capital (nominal) (**)	**667,181**	**100**	**72,493**	**100**	**667,081**	**100**

(*) There is 1 B Broup registered share of Hamdi Akın.

(**)After the spin-off procedure on February 16, 2017 and merger transaction on February 28, 2018, there was no change in the shares of its shareholders.

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

The merger transaction on February 28, 2018, the purchase transactions on March 17, 2018 and May 30, 2018 were evaluated as "Effect of transactions under common control" and accounted "Pooling of Interest" method. When the pooling of interest method is applied, the financial statements have been adjusted as if the merger had been occured at the beginning of the reporting period in which under common control occurred and they have been presented comparatively since the beginning of the reporting period in which the under common control occurred.

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, 2018, the number of employees employed by the Company and the Group is 66 (December 31, 2017: 61 and January 1, 2017: 55) and 6,781 (December 31, 2017: 1,935 and January 1, 2017: 34,864), respectively.

Subsidiaries and joint ventures/financial investments of Akfen Holding are listed below:

i) Subsidiaries

Akfen REIT

Akfen REIT 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. After the capital increase on May 18, 2018, the Group's direct and indirect ownership interest in Akfen Karaköy increased from 69.99% to 91.47%.

Akfen Trade holds 97.72% and 95.15% 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.

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

i) Subsidiaries (cont'd)

Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. *("Akfen REIT") (cont'd)*

Akfen Trade holds 97.72% and 95.15% 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.

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, 2018, 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.

On August 6, 2018, Akfen REIT's 1000 Group A and 1000 Group D shares of Akfen Holding were transferred to Hamdi Akın, who is the indirect owner of the management control of these shares. In order for the investor to have a power over the business that invested in, the investor must have the rights that already provided with the oppotunity to manage relevant activities. As of December 31, 2018, the General Assembly did not arrange any meeting and there is no changes on the member of Board of Directors at the date of transfer. As of December 31, 2018, Akfen REIT's control is at Akfen Holding.

Akfen Thermal Energy / Akfen Energy Generation

On November 30, 2018, Akfen Holding merged with its subsidiary Akfen Thermal Energy. After transfer, Akfen Energy Generation became a subsidiary of Akfen Holding.Affiliated to Akfen Thermal Energy,Akfen Energy 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 Energy Generation was examined and found appropriate in line with Article 8 of the EIA Regulation. The application of Akfen Energy Production for the license period of Mersin Natural Gas Combined Cycle Power Plant has been approved by EMRA on 5 September 2017 and the completion date of the facility has been determined as 8 January 2024 with an additional time of 66 months.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.

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

i) Subsidiaries (cont'd)

Akfen Energy Distribution

On November 30, 2018, Akfen Holding merged with its subsidiary Akfen Energy Distribution.

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 Energy Distribution. Following the liquidation process, these companies became direct subsidiaries of Akfen Holding.

Akfen International

Established as a 100% subsidiary of the Company on 13 March 2018, the main objectives of the company are; to buy shares in other companies and businesses, hold and sell, to finance such companies, to borrow and loan, to buy registered properties and other properties, to provide administrative, office and other services to companies, patent, commercial title, trademark, know-how, copyrights and the acquisition of the rights of intellectual and/or industrial property acquiring, using, selling, copyrights and intellectual and / or industrial property rights.

ii) Joint Ventures and financial investments

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 June 30, 2018 and December 31, 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.

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.

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

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

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

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, the shares of EBRD and IFC increased to 19.99% while the share of our Company was 80.01%. As of March 9, 2018, the capital of Akfen Renewable Energy was increased, on premium, to TRY 864,381 from TRY 793,000, with the EBRD and the IFC transferring USD 44,999,998. Thus, the shares of EBRD and IFC increased to 13.297% while the share of our Company was 73.405%.

On June 26, 2018, the capital of Akfen Renewable Energy was increased to TRY 932,590 with a total of USD 42,999,976 transferred to Akfen Renewable Energy by EBRD and IFC and thus the shares of EBRD and IFC increased to 15.982% Akfen Holding's share was 68.036%.

HEPP Companies

As of June 30, 2018, the HEPP Companies have a total of 13 projects with a total installed capacity of 235.7 MW and an annual power generation capacity of 916.8 GWh, with generation operations going on in 13 power plants with a total installed capacity of 228.7 MW and an annual power generation capacity of 894.9 GWh. Having a total installed capacity of 7 MW and an annual generation capacity of 21.9 GWh, the construction of Çiçekli I-II HEPP project under Kurtal Elektrik Üretim A.Ş. continues.

As of December 31, 2018; Akfen Renewable Energy has 9 subsidiaries it owns directly and via companies within the same controlling structure under HEPP Companies, namely 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"), Pak Enerji Üretimi Sanayi ve Ticaret A.Ş. ("Pak"), Yeni Doruk Enerji Elektrik Üretim A.Ş. ("Yeni Doruk"), and Zeki Enerji Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. ("Zeki").

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

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

WPP Companies

As of December 31, 2018; Akfen Renewable Energy has 7 subsidiaries it owns directly and via companies within the same controlling structure under WPP Companies, namely, İmbat Enerji A.Ş., Kanat Enerji A.Ş., Pruva Enerji A.Ş., Derbent Enerji Üretim Paz.İth.ve İhr.A.Ş., Isıder Enerji Üretim Paz.İth.ve İhr.A.Ş., Korda Enerji Üretim Paz.İth.ve İhr.A.Ş. and Kovancı Enerji Üretim Paz.İth.ve İhr.A.Ş.

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 275 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, 2018, the contruction of these winf projects is continuing.

SPP Companies

As of December 31, 2018, SPP Companies continued operations with a portfolio of 120.4 MW total installed capacity, consisting of licensed (25.0 MW) projects under development in addition to 26 MW of unlicensed and 69.5 MW of licensed projects (95.5 MW in total) currently operational. There are 33 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.

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

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

TAV Investment

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").

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 Construction

A contract was signed between Akfen Holding and Akfen Infrastructure on 13 March 2018 for the transfer of the right to capital increase of Akfen Construction which is a 100% subsidiary of Akfen Infrastructure. As a result, Akfen Holding owns a 48.81% stake in Akfen Holding as of the date of capital increase realized on May 30, 2018, and the remaining shares of Akfen Construction are owned by Akfen Infrastructure.

Akfen Construction, one of the oldest companies in the group, was originally set up to realize the feasibility and engineering services of industrial facilities and has expanded its range of services with the manufacturing, installation and erection services of industrial plants.

So far, the company has built a number of infrastructure, including airport terminals and associated infrastructure constructions, natural gas pipelines / distribution systems, hospitals, schools, student residences, residential housing projects, industrial power plants, hydroelectric power plants, water distribution, sewage systems and wastewater treatment plants project.

Currently, Akfen Construction's activities cover the HEPP construction projects as well as the hospital Public Private Partnership projects (currently Isparta, Eskişehir and Tekirdağ hospital projects), various dormitory and real estate / housing projects.

Akfen Water

Akfen Water Güllük started operations on August 24, 2006. Akfen Water Güllük completed all relevant investments and serves 8,036 subscribers as of December 31, 2018. 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, which has 75% shares in Akfen Water-Arbiogaz Dilovası established on July 19, 2007, signed Share Transfer Agreement on December 11, 2018 with tha sale of all of its shares to Kocaeli Gebze Dilovası Organized Industrial Zone. This agreement was approved at the Ordinary General Assembly of Akfen Water held on December 27, 2018 and share transfer process will be realized as the agreement conditions are fulfilled.

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

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

***Akfen Water** (cont'd)*

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 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. 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

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 June 30, 2018, 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.

Acacia Mine

Asya Maden İşletmeleri A.Ş. was founded in 2007. In 2011, Akfen Group became a shareholder with a share of 30% in 2016. The Company is currently operating its Acacia Maden İşletmeleri A.Ş. under the name of Akfen Holding, Ilbak Holding and İzbir Madencilik A.Ş. in partnership. The Company is constructing the Gökirmak copper mine project in the Hanönü district of Kastamonu province.

IBS Insurance

IBS Insurance was established in 1997. In 2002, IBS Insurance, which has partnered with Lloyd's broker, United Insuarance Brokers, has had the opportunity to expand into the world. IBS Insurance is one of the 104 largest companies in the insurance brokerage industry in which the firm's activities in Turkey. The Company currently operates in three regions, namely Istanbul, Adana and Ankara.

As of March 17, 2018, 268,250 Group A IBS Insurance shares (37% of the company's shares) belonging to Akfen Infrastructure were transferred to Akfen Holding at a price of TRY 80,000.

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

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.

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 4, 2019.

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. 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.

As of December 31, 2018, December 31, 2017 and January 1, 2017, the applicable currencies for the subsidiaries and joint ventures/financial investment are as follows:

Şirket	Functional Currency
Akfen REIT	TRY
Akfen Thermal Energy (*)	TRY
Akfen Energy Distribution (*)	TRY
Akfen Energy Generation	TRY
Akfen Renewable Energy	TRY
PSA Akfen Liman İşletme ve Yönetim Danışmanlığı A.Ş.	TRY
Akfen Water	TRY
IDO	TRY
IBS Insurance	TRY
Akfen Construction	TRY
TAV Investment	US Dollar
MIP	US Dollar
Acacia Mine	US Dollar
TAV Airports (**)	Euro
Akfen International	Euro

(*) On November 30, 2018, the company has been transferred to Akfen Holding by liquidation.

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

(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)

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, 2018 ,2017 and January 1, 2017 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.

The merger transaction on February 28, 2018 and the purchase transactions on March 17, 2018 and May 30, 2018 were evaluated as "Effect of transactions under common control" and accounted "Pooling of Interest" method. When the pooling of interest method is applied, the financial statements have been adjusted as if the merger had been realized at the beginning of the reporting period in which under common control occurred and they have been presented comparatively since the beginning of the reporting period in which the under common control occurred.

Subsidiaries and joint ventures are consolidated using the following methods:

Subsidiaries

Subsidiaries are exposed to, or are eligible for, returns on variable returns due to the relationship Akfen Holding invests in refers to the companies in which it has control authority because it has the ability to influence it with its power on the enterprise.

The rates for shareholding and voting rights of the subsidiaries subject to consolidation as of December 31, 2018,2017 and January 1, 2017 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			
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017	Main Operations
Akfen REIT(*)	56.88	--	56.88	56.88	--	56.88	16.41	--	16.41	73.29	--	73.29	Real Estate Investment
Akfen Thermal Energy(*) (**)	--	--	99.64	--	--	99.64	--	--	0.36	--	--	100.00	Energy
Akfen Energy Distribution(*) (**)	--	--	--	--	--	--	--	--	--	--	--	--	Energy
Akfen Energy Generation (*) (***)	99.25	--	99.25	99.25	--	99.25	--	--	--	99.25	--	99.25	Energy
Akfen International	100.00	--	--	100.00	--	--	--	--	--	100.00	--	--	Holding

(*) *Following the merger procedure of Akfen Engineering shares were transferred to Akfen Holding on February 28, 2018.*

(**) On November 30, 2018, the company has been transferred to Akfen Holding by liquidation.

(***) On November 30, 2018, after the transfer of Akfen Thermal Energy by liquidation, the company became a direct subsidiary of Akfen Holding.

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

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.

(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 (cont'd)

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, 2018, 2017 and January 1, 2017 are as follows:

	December 31, 2018		**December 31, 2017**		**January 1, 2017**		
	Shareholding rate (%)	Voting right rate (%)	Shareholding rate (%)	Voting right rate (%)	Shareholding rate (%)	Voting right rate (%)	Main operation
TAV Investment (*)	21.68	21.68	--	--	21.68	21.68	Investment, construction and management in aviation
MIP (**)	10.00	10.00	10.00	10.00	50.00	50.00	Seaport Management
PSA Liman	50.00	50.00	50.00	50.00	50.00	50.00	Consulting
Akfen Water (*)	50.00	50.00	--	--	50.00	50.00	Construction and Management of Water Treatment Plants
Akfen Renewable (***)	68.04	68.04	80.01	80.01	90.00	90.00	Energy
İDO (*)	30.00	30.00	--	--	30.00	30.00	Marine Transportation
Acacia Mine (*)	30.00	30.00	--	--	--	--	Mining
IBS Insurance (****)	37.00	37.00	--	--	--	--	Insurance
Akfen Construction (*****)	48.81	48.81	--	--	--	--	Construction
TAV Airpots (******)	--	--	8.12	8.12	8.12	8.12	Airport Management

(*) *Following the merger procedure of Akfen Engineering shares were transferred to Akfen Holding on February 28, 2018.*

(**) *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.*

(***) *The ownership rate of Akfen Holding in Akfen Renewable is decreased from 100% to 90% in 2016, from 90% to 80.01% in 2017 and from 80.01% to 73.41% as of March 31, 2018 and from 73.41% to 68.04% as of December 31, 2018, and the adjustments related to this change were reflected in the consolidated financial statements.*

(****) *As of March 17, 2018, 268,250 Group A IBS Insurance shares (37% of the company shares) belonging to Akfen Altyapı Holding A.Ş. ("Akfen Infrastructure") were transferred to Akfen Holding.*

(*****) *On May 30, 2018, the shares of Akfen Holding became 48.81% with the registration of Akfen Construction,after Akfen Insrastructure joined to the capital increase with the transfer of pre-emptive rights.*

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

Financial assets at fair value through other comprehensive income

Investments, in which the Group has controlling interests equal to or above 20%, or over which are either immaterial or where a significant influence is not exercised by the Group, that do not have quoted market prices in active markets and whose fair values cannot be reliably measured are measured by its costs.

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

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

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.

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.

(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)

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, 2018,2017 and January 1, 2017 are as follows:

	Average Exchange Rate		**Exchange Rate at Period End**		
	December 31, 2018	**December 31 2017**	**December 31, 2018**	**December 31, 2017**	**January 1, 2017**
US Dollar	4.8301	3.6445	5.2609	3.7719	3.5192
Euro	5.6789	4.1159	6.0280	4.5155	3.7099
Russian Ruble ("RUB")	0.0761	0.0625	0.0759	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.

The merger transaction on February 28, 2018 and the purchase transactions on March 17, 2018 and May 30, 2018 were evaluated as "Effect of transactions under common control" and accounted "Pooling of Interest" method. When the pooling of interest method is applied, the financial statements have been adjusted as if the merger had been realized at the beginning of the reporting period in which under common control occurred and they have been presented comparatively since the beginning of the reporting period in which the under common control occurred.

Changes in prior periods' financial statements

As of December 31, 2017 and January 1, 2017, the financial statements of the Group, profit or loss on the consolidated year ended December 31, 2018 and the reclassifications and adjustments made in the consolidated statement of cash flows and other comprehensive income statements are disclosed in Note 3.

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

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

2.2 Summary of Significant Accounting Policies

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".

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.

2 KONSOLİDE FİNANSAL TABLOLARIN SUNUMUNA İLİŞKİN ESASLAR *(devamı)*

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

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.

Investment properties

Investment properties are those which are held either to earn income or for capital appreciation or for both. Investment properties are stated at fair value. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The fair value of the investment properties determined by discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease. Fair value models are designed by taking into consideration the type and the credibility of current or potential tenants, the allocation of maintenance and insurance expenses among lessor and lessee; and the remaining economic life of the property. Fair values of the Group's investment properties are calculated by a real estate appraisal Group included in the list of authorized companies to offer appraisal services within the framework of the CMB legislation once in a year. It has been assumed that all notices and where appropriate counter notices have been served validly and within the appropriate time.

Any gain or loss arising from a change in fair value is recognized in profit or loss.

The Group classifies its investment in real estate for investment purposes as investment property. In such a case, the right of the related land is recognized as if it were a financial lease and in addition, the fair value method is used for the related land that is recognized. Since the fair value of the investment properties developed on the leases of the Group is made by deducting the estimated cash flows of the rentals to be paid for these lands, the discounted values of rentals payable related to the related land are accounted in investment property and other liabilities accounts.

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

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

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.

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.

Financial assets

Classification

Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase. Financial assets are not reclassified after initial recognition unless the business model that the Group uses in the management of financial assets has changed; In the event of a change in business model, the financial assets are reclassified on the first day of the following reporting period.

Recognition and Measurement

"Financial assets measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group's financial assets measured at amortized cost comprise "cash and cash equivalents", "trade receivables" and "financial investments". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated statement of income.

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

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

***Financial assets** (cont'd)*

Recognition and Measurement (cont'd)

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified to retained earnings. Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

Derecognition

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

Impairment

Impairment of the financial and contractual assets measured by using "Expected credit loss model" (ECL). The impairment model applies for amortized financial and contractual assets.

Provision for loss measured as below;

- 12- Month ECL: results from default events that are possible within 12 months after reporting date.
- Lifetime ECL: results from all possible default events over the expected life of financial instrument

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12 month ECL measurement if it has not.

The Group may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

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

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

***Financial assets** (cont'd)*

Trade Receivables

Trade receivables, generated by the Group by providing goods or services to a buyer,are presented as netted off unaccrued financing income. Trade receivables that are not accrued after the unearned financing income are calculated by discounting the amounts to be obtained in the subsequent periods from the original invoice amount. Short-term receivables with no stated interest rate are measured at the cost value unless the effect of the original effective interest rate is significant.

In case there is objective evidence that there is no possibility of collection, the Group provides provision for doubtful receivables for trade receivables. The amount of this provision is the difference between the carrying amount of the receivable and the amount that can be collected. The amount that can be collected is the discounted value of all cash flows, including the amounts collected from guarantees and colleteral, based on the original effective interest rate of the trade receivable.

After the collection of doubtful receivable, in case of collecting all or part of the doubtful receivable amount, the collected amount is deducted from the provisioned doubtful receivable and recordedin other income.

For the purpose of calculating the depreciation of trade receivables, which are accounted for at amortized cost and which do not include a significant financing component (less than a year), the simplified approach is implemented. In cases where the trade receivables are not impaied due to certain reasons (except fort he realized impairment losses), the provision for losses related to trade receivables are measured by an amount equal to the expected loan losses.

Cash and cash equivanlents

Cash and cah equivalents are cash in hand, demand deposits and other short-term investments with a maturity of 3 months or less than 3 months, which are easily convertible into cash and do not carry a significant risk of change in value. Bank deposits with a maturity of longer than 3 months and less than 1 year are classified as short-term financial investments.

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

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

Financial liabilities

Financial liabilities are measured at fair value at initial recognition. Transaction costs directly attributable to the burden of related financial liability are also added to the fair value.

Financial liabilities are classified as equity instruments and other financial liabilities.

Financial liabilities and borrowing costs

Financial liabilities are recognized initially at the proceeds received, netted off transaction costs incurred. Financial liabilities are followed in the consolidated financial statements with their discounted values calculated with effective interest rate.

Financial liabilities are debts arising from the disappearance of this obligation, the expiration of the cancellation period and the situation is derecognized.

During the initial recognition of the convertible bond as financial liability, the fair value (the present value of the repurchase amount) is reclassified from equity. In accordance with TMS 32 standard, financial instrument components that create the financial liability of the entity and provide the privilege to convert the entity to a financial instrument based on equity are presented seperately as debt and equity components in the balance sheet. When the first carrying amount of compound financial instrument is allocated to equity an d liability components, the remaining amount of the liability component is deducted from the total fair value of the instrument and remaining amount is transferred to the equity component.

The difference between the fair value of the consideration to be paid or to be converted into a share by using the current market interest rate and the amount of the original export cost is reclassified to "Shareholders' additional capital contributions" under equity. In the initial recognition process, the total book value distributed to the debt and equity components is always equal to the fair value attributable to the entire instrument. The fair value is calculated as of the reporting date on the cash flow under the equity, and the interest expense related to the resulting liability is recognized in profit or loss and other comprehensive income of the consolidated financial statements.

Trade payables

Trade payables are the debts arising from the purchase of products and services directly from the suppliers. Trade payables and other liabilities are carried at amortized cost. Trade payables and other liabilities after unaccrued financial expenses are calculated by discounting the amounts payable from the original invoice value in the following periods by using the effective inteerst method. Short-term payables with no stated interest rate are measured at cost unless the effect of the original effective interest rate is significant.

Equity

Ordinary shares

Ordinary shares are classified as equity. The additional costs directly associated with the export of ordinary shares and stock options are recognized as a decrease in equity after deducting the tax effect.

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

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

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories consist of the assets held by the Company for the purpose of building residential buildings for sale and the costs of the ongoing residential construction on these land. The cost of inventories includes all procurement costs, conversion costs and other costs incurred to bring the inventories to their present state and position. The unit cost of inventories is determined using either the cost of acquisition or the net realizable value. Inventories are classified as short term considering the probable end date of housing construction.

Employee benefits

Provision for severance pay

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.

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. Revenue is measured at the fair value of the consideration received or receivable. Income is realized when the economic benefits obtained by the Group and amount of the related income is measured confidingly.

Other transactions

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 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.

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

2.2 Summary of Significant Accounting Policies (cont'd)

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.

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

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

Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Fair value, according to valuation techniques used is classified into the following levels:

Level 1: For identical assets or liabilities in active markets (unadjusted) prices;

Level 2: 1st place other than quoted prices and asset or liability, either directly (as prices) or indirectly (i.e. derived from prices) observable data;

Level 3: Asset or liability is not based on observable market data in relation to the data (non-observable data).

The fair value of investment properties and other long-term investments given in Note 7 is based on the valuation method techniques and the income discounting method.

2.3 Amendments to the Turkish Financial Reporting Standards

January 1, –December 31, 2018 for the period consolidated as a basis accounting policies used in the preparation of financial statements, the following new and effective as of January 1, 2018 and amended IAS / IFRS standards and Turkey Financial Reporting Interpretations Committee ("IFRIC") reviews, except December 31, It has been applied consistently with the financial statements prepared as of 2017.

The Group has begun to apply the Revenue Standards from TFRS 9 Financial Instruments and TFRS 15 Revenue from Contracts with Customers for the period beginning on January 1, 2018. The financial statement effects of the TFRS 9 Financial Instruments and TFRS 15 Revenue from Contracts with Customers and the accounting policies applied are explained below.

In the application of TFRS 9 Financial Instruments Standard, the Group benefited from the exemption allowing for the restatement of comparative information on prior periods' changes in classification and measurement (including impairment). The effect of such differences has been recognized in the Consolidated Financial Statements at December 31, 2018 as differences in the carrying amount of financial assets and financial liabilities arising from the application of TFRS 9 are not material to the Consolidated Financial Statements at January 1, 2018.

The Standard of Revenue from TFRS 15 Revenue from Contracts with Customers has been evaluated by the Group and has had no significant effect on the financial statements of the Group in question.

The statement of financial position of the application of TFRS 9 at December 31, 2018 and the consolidated income statement for the six-month interim period ended on the same date and the other comprehensive income statement in the table below are presented below. The application of the standard does not have a significant effect on the consolidated cash flow statement.

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

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

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

ASSETS	December 31, 2018	Effect of TFRS 9	*Excluding affects* December 31, 2018
Current Assets			
Cash and cash equivalents	1,793,201	(25)	1,793,226
Trade receivables	24,903	(131)	25,034
- Trade receivables from related parties	*7,780*	--	*7,780*
- Trade receivables from third parties	*17,123*	*(131)*	*17,254*
Other current assets	443,314	--	443,314
TOTAL CURRENT ASSETS	**2,261,418**	**(156)**	**2,261,574**
Non-Current Assets			
Other receivables	513,649	(722)	514,371
- Due from related parties	*478,213*	*(661)*	*478,874*
- Due from third parties	*35,436*	*(61)*	*35,497*
Financial investments	1,863,061	198,366	1,664,695
Other non current assets	4,171,349	--	4,171,349
TOTAL NON-CURRENT ASSETS	**6,548,059**	**197,644**	**6,350,415**
TOTAL ASSETS	**8,809,477**	**197,488**	**8,611,989**

LIABILITIES	December 31, 2018	Effect of TFRS 9	*Excluding affects* December 31, 2018
Current Liabilities			
TOTAL CURRENT LIABILITIES	**403,195**	**--**	**403,195**
Non-Current Liabilities			
Deferred tax liabilities	136,273	9,767	126,506
Other non current liabilities	2,986,230	--	2,986,230
TOTAL NON-CURRENT LIABILITIES	**3,122,503**	**9,767**	**3,112,736**
TOTAL LIABILITIES	**3,525,698**	**9,767**	**3,515,931**
EQUITY	**5,283,779**	**187,721**	**5,096,058**
Equity attributable to equity holders of the parent	**4,945,557**	**187,721**	**4,757,836**
Other accumulated comprehensive income that will not be reclassified to profit or loss	183,730	188,450	(4,720)
Gains/(losses) on revaluation and remeasurement	183,730	188,450	*(4,720)*
- Losses on revaluation of intangible assets	*(1,586)*	--	*(1,586)*
- Gains on revaluation of intangible assets	*188,450*	*188,450*	--
- Losses on remeasurement of defined benefit plans	*(3,134)*	--	*(3,134)*
Other equity items	4,183,434	--	4,183,434
Net profit/(loss) for the period	578,393	(729)	579,122
Non-controlling interests	**338,222**	**--**	**338,222**
TOTAL LIABILITIES AND EQUITY	**8,809,477**	**197,488**	**8,611,989**

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

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

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

Income Statements

PROFIT OR LOSS	December 31, 2018	Effect of TFRS 9	*Excluding affects* December 31, 2018
Revenue	105,095	--	105,095
Cost of sales (-)	(13,837)	--	(13,837)
GROSS PROFIT	**91,258**	**--**	**91,258**
General administrative expenses (-)	(66,901)	--	(66,901)
Selling and marketing expenses (-)	(5,829)	--	(5,829)
Other income from operating activities	422,127	--	422,127
Other expenses from operating activities (-)	(7,631)	(856)	(6,775)
Share of profit from investments accounted using the equity method	52,196	--	52,196
PROFIT/(LOSS) FROM OPERATING ACTIVITES	**485,220**	**(856)**	**486,076**
Income from investment activities	164,425	--	164,425
Expense from investment activities	(54,879)	--	(54,879)
LOSS BEFORE FINANCE INCOME/(EXPENSES)	**594,766**	**(856)**	**595,622**
Finance income	756,441	(25)	756,466
Finance expenses	(585,136)	--	(585,136)
PROFIT/(LOSS) BEFORE TAX	**766,071**	**(881)**	**766,952**
Tax (expense)/ income	**(143,747)**	**152**	**(143,899)**
Current period tax expenses	(90,395)	--	(90,395)
Deferred tax (expense) / income	(53,352)	152	(53,504)
PROFIT/(LOSS) FOR THE PERIOD	**622,324**	**(729)**	**623,053**
PROFIT/(LOSS) FOR THE PERIOD	**622,324**	**(729)**	**623,053**
Attributable to			
Non-controlling interests	43,931	--	43,931
Equity holders of the parent	578,393	(729)	579,122
Net profit/(loss) for the period	**622,324**	**(729)**	**623,053**
Earnings Per Share			
Earnings per share (TRY in full)	0.87	--	0.87
Diluted Earnings Per Share (TRY in full)	**0.87**	**--**	**0.87**

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

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

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

STATEMENT OF OTHER COMPREHENSIVE INCOME	December 31, 2018	Effect of TFRS 9	*Excluding affects* December 31, 2018
PROFIT/(LOSS) FOR THE PERIOD	**622,324**	**(731)**	**623,055**
Other Comprehensive income that will not be reclassified to profit or loss	**186,876**	**188,450**	**(1,574)**
Share of other comprehensive income of investments accounted using the equity method that will not be reclassified to profit or loss	12	--	12
Other comprehensive income/(loss) items that will not be reclassified as other profit or loss	186,864	188,450	(1,586)
Other comprehensive income that will be reclassified to profit or loss	**250,447**	**--**	**250,447**
Currency translation difference	250,447	--	250,447
OTHER COMPREHENSIVE INCOME	**437,323**	**188,450**	**248,873**
TOTAL COMPREHENSIVE INCOME	**1,059,647**	**187,719**	**871,928**
Distribution of Total Comprehensive Income			
Non-controlling interests	49,414	--	49,414
Equity holders of the parent	1,010,233	187,719	822,514
Total Comprehensive Income	**1,059,647**	**187,719**	**871,928**

TFRS 9 Financial Instruments Impact Measurement and Applied Accounting Policies

The final version changes the current application of TFRS 9 "Financial Instruments" Standard, TAS 39 "Financial Instruments: Recognition and Measurement" issued on 19 January 2017. Applications related to the accounting, classification, measurement and derecognition of financial instruments in TAS 39 are now carried forward to TFRS 9. The latest version of TFRS 9 also includes applications published in previous versions of TFRS 9, including a new anticipated credit loss model for the calculation of impairment in financial assets, as well as updated applications for new general hedge accounting requirements . TFRS 9 is effective for annual periods beginning on or after January 1, 2018.

The Group has changed the methodology for the separation of impairment of financial assets in accordance with TFRS 9's new anticipated credit loss model.

The Group allocates impairment provision for the following financial assets according to expected credit loss model:

- Trade receivables
- Cash and cash equivalents
- Other receivables

The Group uses the simplified approach in TFRS 9 to calculate the expected credit losses of such financial assets. This method requires the recognition of expected life-time losses for all trade receivables.

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

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

TFRS 9 Financial Instruments Impact Measurement and Applied Accounting Policies *(cont'd)*

Classification and Measurement - Financial Assets

The classification and measurement of financial assets in accordance with TFRS 9 Financial Instruments standard is determined by the business model in which the financial asset is managed and whether it is based on contractual cash flows, including interest payments on principal and principal balance only.

TFRS 9 contains three basic categories of financial assets: amortized cost (AC), fair value other comprehensive income (FVOCI) and fair value gain or loss (IFRIC). The standard eliminates the categories of financial assets that are held to maturity, loans and receivables and available-for-sale financial assets in the current TAS 39 standard.

There are new classification criteria, consumer financing credits, trade receivables, borrowing instruments, cash and cash equivalents and other financial asset accounting effects. In order to assess the Group's management, some of the related assets may be held or held in a business model and require fair value measurement.

The fair value of the assets recognized as financial investments in the Group's financial statements has been assessed within the scope of TFRS 9 standard as of December 31, 2018 and the change in the value of the financial investment is reflected to the Group's other comprehensive (expenses)/ revenues under revaluation and measurement gains.

Impairment - Financial assets and contract assets

TFRS 9 replaces the "realized loss" model in IAS 39 with the forward "expected credit loss" (ECL) model. In this context, it has been necessary to evaluate how the economic factors that will be determined by weighting according to the probabilities of realization affect the DBAs.

The new impairment model is applied to financial assets measured at amortized cost or FVOCI (excluding investments in equity instruments) and contract assets.

In accordance with TFRS 9, loss provisions are measured on the following basis;

- 12-month ECL's: ECL's arising from possible default events within 12 months after the reporting date; and
- Lifetime ECL's: ECL's arising from all possible default events during the expected lifetime of a financial instrument.

The lifetime ECL measurement is applied at the reporting date if the credit risk associated with a financial asset increases substantially after the first accounting date. In all other cases where there is no related increase, a 12-month ECL calculation is applied.

If the financial asset has a low credit risk at the reporting date of the credit risk, the Group can determine that the credit risk of the financial asset has not increased significantly. However, the lifetime ECL measurement (simplified approach) is always valid for commercial receivables and contract assets, without significant financing. The group applied the lifelong ECL measurement.

Transition

The Group benefited from an exemption allowing for the reclassification of comparative information on prior periods for changes in classification and measurement (including impairment). Since the differences in the book value of the financial assets and financial liabilities arising from the application of TFRS 9 have no material impact on the consolidated financial statements as of January 1, 2018, the effects of these differences are accounted in the consolidated financial statements as of December 31, 2018.

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

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

The new standards, amendments and interpretations which are effective as at January 1, 2018 are as follows:

- TFRS 15 Revenue from Contracts with Customers
- TFRS 9 Financial Instruments
- TFRS 4 Insurance Contracts (Amendments)
- TFRIC 22 Foreign Currency Transactions and Advance Consideration
- TFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments)
- TAS 40 Investment Property: Transfers of Investment Property (Amendments)
- TFRS Annual Improvements – 2014-2016 Periods

The effects of the TFRS 9 standard have been reviewed and accounted for in the Consolidated Financial Statements, and other standards have had no effect on the Group's financial position and performance.

Standards issued but not yet effective and not early adopted:

- TFRS 16 - Leases
- Amendments to TAS 28 Investments in Associates and Joint Ventures (Amendments)
- TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
- TFRIC 23 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. The fair values of the investment properties developed on the leased land have been deducted from the estimated cash flows to be paid for the rents and therefore the discounted values of rentable rentals related to the related land are accounted for in the investment property and other liabilities accounts.The effects of the amendments, adjustments and improvements in the financial position and performance of the Group are evaluated and there are no significant impacts on the consolidated financial statements of the Group.

3 RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS

Impact of business combinations

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 Energy 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 was completed when the General Assembly resolutions were approved and registered on February 16, 2017. As of January 1, 2017, all assets of Akfen REIT, Akfen Thermal Energy, TAV Investment, Akfen Water and IDO which were previously published as of January 1, 2017 are shown as assets held for sale and liabilities as assets held for sale. As of December 31, 2017, the assets and liabilities of the companies subject to the previously announced reports division process were excluded from the scope of consolidation.

Based on the decision of the Board of Directors of Akfen Holding dated 5 January 2018; the merger of Akfen Engineering, which has the same partnership with the Company, was completed on February 28, 2018, with no liquidation and participation in the Company as a whole. As a result of this merger, Akfen Energy Distribution, one of the other subsidiaries and affiliates of Akfen Engineering, and Acacia Mine became Akfen Holding's subsidiary and joint ventures together with all companies subject to partial division in 2017 and included in the consolidation scope. The merger transaction on February 28, 2018 and the purchase transactions on March 17, 2018 and May 30, 2018 were evaluated as "Effect of transactions under common control" and accounted "Pooling of Interest" method (Note 4). When the pooling of interest method is applied, the financial statements have been adjusted as if the merger had been realized at the beginning of the reporting period in which under common control occurred and they have been presented comparatively since the beginning of the reporting period in which the under common control occurred.

The companies subject to merger and transfer on February 28, 2018 were subject to the division in 2017 due to their presence in the Company's financial statements as of January 1, 2017 and comparative presentation in the financial statements as of January 1, 2017 As of January 2017, "Effect of transactions under common control" under equity is not used in the consolidated financial statements.

As a result of this merger; the explanations for the adjustments made in the statement of cash flows for the years ended December 31, 2017 and January 1, 2017 in the consolidated financial statements, in the statement of income, profit and loss and other comprehensive income and expense are as follows:

Akfen Engineering merger result

As a result of the merger, the assets, liabilities, profit or loss and other comprehensive income statement items related to Akfen Engineering and its subsidiaries and affiliates are included in the consolidation and the prior period financial statements have been restated.

3 RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS

Impact of business combinations (cont'd)

Elimination and adjustments due to Akfen Engineering merger

The necessary eliminations and consolidation adjustments have been made between Akfen Holding and Akfen Holding's subsidiaries and affiliates in the pre-merger period and the companies that have taken over as a result of the inclusion of Akfen Engineering and its subsidiaries and affiliates in the consolidation on the previous financial statements.

Classification of held for sale assets and liabilities

As of January 1, 2017, all assets and liabilities items related to Akfen REIT, Akfen Thermal Energy, TAV Investment, Akfen Water and IDO, which are previously accounted for under assets and liabilities held for sale in accordance with the method of consolidation

Have been restated as of January 1, 2017 and the necessary classifications have been made to the financial statement items within the scope of consolidation.

Classifications from discontinued operations

As of January 1, 2017, profit and loss items of Akfen REIT, previously classified as assets and liabilities, assets and liabilities held for sale and classified as a separate segment of operations, have been disclosed in discontinued operations as of December 31, 2017. In accordance with the method of unifying the rights,

As of December 31, 2017, the prior year profit or loss statement has been restated and the required profit or loss items have been classified according to full consolidation.

Sale of Subsidiary's shares

IBS Insurance

As of March 17, 2018, IBS Insurance shares (37% of the company shares) belonging to Akfen Altyapı Holding A.Ş. ("Akfen Infrastructure") were transferred to Akfen Holding with a price of TRY 80,000 (Note 4).

Akfen Construction

Akfen Holding's share's increased by 48.81% in Akfen Construction after capital registration on May 30, 2018 (Note 4).

The acquisitions mentioned above were evaluated as " Effect of transactions under common control" and accounted for using the " Pooling of Interest " method. Accordingly, the consolidated statement of financial position at December 31, 2017 and January 1, 2017 and the profit or loss for the six-month interim period ended at December 31, 2017 and the statement of other comprehensive income have been restated.

3 RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS (cont'd)

Impact of business combinations (cont'd)

Other Restatements

Reference A – As of December 31, 2017, "Short term other payables" and "Long term other payables" accounts in consolidated statement of financial position of the Group, amounting respectively to TRY 1,687 and TRY 3,750 (TRY 5,437 in total) classified under "Land leasing payables" is reclassified to "Land rents" amounting to TRY 5,437 classified under "Investment properties" with decreasing at the same amount.

Reference B – As of January 1, 2017, the undiscounted shares of Akfen REIT in the relevant year and amounting to TRY 1,899 per share in consolidated statement of financial position and changes in equity of the Group is presented in restricted reserves and retained earning.

Reference C – As a result of the Akfen Holding spin-off on February 16, 2017 the registered values of Akfen REIT and TAV Investment, whose net asset values, which are carried at higher than the value of the associates, have been decreased by TRY 348,075 due to the fact that the acquisitions to be transferred to Akfen Engineering will be devolved with the participation values included in the legal records and they are accounted in the previously issued reports dated January 1, 2017. As a result of the merger which took place on February 28, 2018, the amount of TRY 348,075 allocated to the previously published rapord has been canceled due to the cancellation of the previously transferred companies.

Reference D – As of December 31, 2017, dividend received amounting to TRY 32,915 classified under "Cash flows from operating activities" in the consolidated statement of cash flows is reclassified under "Cash flows from investing activities".

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

3 RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS (cont'd)

December 31, 2017:

	Previously reported	*Effect of Akfen Engineering merger*	*Elimination and adjustments due to Akfen Engineering merger*	*Purchase of Subsidiary's shares*		*Other adjustments (Reference A)*	*Restated*
				Akfen Construction	*IBS Insurance*		
ASSETS							
Current Assets							
Cash and cash equivalents	2,016,558	209,792	--	--	--	--	2,226,350
Trade receivables	189	15,579	--	--	--	--	15,768
- Trade receivables from related parties	*189*	*2,050*	--	--	--	--	2,239
- Trade receivables from third parties	--	*13,529*	--	--	--	--	13,529
Other receivables	258,059	84,666	(142,330)	--	--	--	200,395
-- Due from related parties	*258,059*	*84,483*	*(142,330)*	--	--	--	*200,212*
-- Due from third parties	--	*183*	--	--	--	--	*183*
Prepaid expenses	99,388	1,145	--	--	--	--	100,533
Financial investments	--	2,718	--	--	--	--	2,718
Current income tax assets	--	129	--	--	--	--	129
Other current assets	4,300	9,249	--	--	--	--	13,549
TOTAL CURRENT ASSETS	**2,378,494**	**323,278**	**(142,330)**	**--**	**--**	**--**	**2,559,442**
Non-Current Assets				--	--	--	
Other receivables	1,308,803	58,033	(125)				1,366,711
- Due from related parties	*1,308,801*	*33,382*	*(125)*	--	--	--	*1,342,058*
- Due from third parties	*2*	*24,651*	--	--	--	--	*24,653*
Financial investments	818,185	64,421	--	--	--	--	882,606
Investments accounted using the equity method	981,649	76,012	--	277,123	12,342	--	1,347,126
Investment property	--	1,604,229	--	--	--	(5,437)	1,598,791
Property, plant and equipment	1,144	63,637	--	--	--	--	64,781
Intangible assets	3,605	201	--	--	--	--	3,806
-Other intangible assets	*3,605*	*201*	--	--	--	--	*3,806*
Prepaid expenses	4	8,485	--	--	--	--	8,489
Deferred tax assets	761	4,259	--	--	--	--	5,020
Other non current assets	--	31,963	--	--	--	--	31,963
TOTAL NON-CURRENT ASSETS	**3,114,151**	**1,911,240**	**(125)**	**277,123**	**12,342**	**(5,437)**	**5,309,293**
TOTAL ASSETS	**5,492,645**	**2,234,518**	**(142,455)**	**277,123**	**12,342**	**(5,437)**	**7,868,735**

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

3 RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS (cont'd)

December 31, 2017:

LIABILITIES	***Previously reported***	***Effect of Akfen Engineering merger***	***Elimination and adjustments due to Akfen Engineering merger***	***Other Adjustments (Reference A)***	***Restated***
Current Liabilities					
Short term borrowings	--	48,836	--	--	48,836
Short term portion of long-term borrowings	174,839	93,879	--	--	268,718
Trade payables	3,727	4,397	--	--	8,124
-Due to related parties	*756*	--	--	--	*756*
-Due to third parties	*2,971*	*4,397*	--	--	*7,368*
Other payables	716	282,564	(159,063)	(1,687)	122,530
-Due to related parties	--	*274,781*	*(159,063)*	--	*115,718*
-Due to third parties	*716*	*7,783*	--	*(1,687)*	*6,812*
Employee benefit obligations	236	241	--	--	477
Current provisions	3,206	2,749	--	--	5,955
-Provision for employee benefits	*3,206*	--	--	--	*3,206*
-Other current provisions	--	*2,749*	--	--	*2,749*
Income tax payable	95,112	200	--	--	95,312
Other current liabilities	*14*	*1,688*	--	--	*1,702*
TOTAL CURRENT LIABILITIES	**277,850**	**434,554**	**(159,063)**	**(1,687)**	**551,654**
Non-Current Liabilities					
Long term borrowings	303,828	*867,455*	--	--	1,171,283
Trade payables	--	240	--	--	240
-Due to related parties	--	*240*	--	--	*240*
Other payables	--	34,174	16,608	(3,750)	47,032
-Due to related parties	--	*125*	*16,608*	--	*16,733*
-Due to third parties	--	*34,049*	--	*(3,750)*	*30,299*
Non-current provisions	1,590	16,470	--	--	18,060
-Long term provisions for employee benefits	*1,590*	*202*	--	--	*1,792*
-Other non-current provisions	--	*16,268*	--	--	*16,268*
Deferred tax liabilities	--	68,181	--	--	68,181
Deferred revenue	--	347	--	--	347
Other non current liabilities	--	30,155	--	--	30,155
TOTAL NON-CURRENT LIABILITIES	**305,418**	**1,017,022**	**16,608**	**(3,750)**	**1,335,298**
TOTAL LIABILITIES	**583,268**	**1,451,576**	**(142,455)**	**(5,437)**	**1,886,952**

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

3 RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS (cont'd)

December 31, 2017:

	Previously reported	*Effect of Akfen Engineering merger*	*Elimination and adjustments due to Akfen Engineering merger*	*Purchase of subsidiary's shares* Akfen Construction	*Purchase of subsidiary's shares* IBS Insurance	*Other adjustments (Reference A)*	*Restated*
EQUITY	**4,909,377**	**782,941**	**--**	**277,123**	**12,342**	**--**	**5,981,783**
Equity attributable to equity holders of the parent	**4,909,377**	**499,348**	**--**	**277,123**	**12,342**	**--**	**5,698,190**
Issued capital	72,493	594,688	--	--	--	--	667,181
Adjustment to share capital	(7,257)	--	--	--	--	--	(7,257)
Share premiums (discounts)	44,649	--	--	--	--	--	44,649
Treasuary shares (-)	--	(1,289)	--	--	--	--	(1,289)
Effect of business combinations under common control	--	(11,679)	(13,261)	158,658	6,270	--	139,988
Other accumulated comprehensive income that will not be reclassified to profit or loss	143	(3,352)	9	97	(43)	--	(3,146)
Gains/(losses) on revaluation and remeasurement	*143*	*(3,352)*	*9*	*97*	*(43)*	--	*(3,146)*
- Gains/(losses) on remeasurement of defined benefit plans	*143*	*(3,352)*	*9*	*97*	*(43)*	--	*(3,146)*
Other accumulated comprehensive income that will be reclassified to profit or loss	--	*18,833*	*(33)*	6,438	--	--	25,238
-Currency translation difference	--	*14,878*	*(33)*	*6,438*	--	--	*21,283*
- Gains on hedge	--	*3,955*	--	--	--	--	*3,955*
Restricted reserves appropriated from profits	20,479	--	1,292	--	--	--	21,771
Retained earnings/(losses)	1,000,567	(25,450)	(11,563)	--	--	--	963,554
Net profit/(loss) for the period	3,778,303	(72,403)	23,556	111,930	6,115	--	3,847,501
Non-controlling interests	--	283,593	--	--	--	--	**283,593**
TOTAL LIABILITIES AND EQUITY	**5,492,645**	**2,234,517**	**(142,455)**	**277,123**	**12,342**	**(5,437)**	**7,868,735**

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

3 RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS (cont'd)

January 1, 2017:

ASSETS	Previously reported	Assets held for sale classifications	Effect of Akfen Engineering merger	Elimination and adjustments due to Akfen Engineering merger	Purchase of subsidiary's shares		Restated
					Akfen Construction	IBS Insurance	
Current Assets							
Cash and cash equivalents	46,132	8,152	327	--	--	--	54,611
Financial investments	60,938	--	--	--	--	--	60,938
-Restricted cash	*60,938*	--	--	--	--	--	*60,938*
Trade receivables	--	26,677	--	--	--	--	26,677
- Trade receivables from related parties	--	*7,414*	--	--	--	--	*7,414*
- Trade receivables from third parties	--	*19, 263*	--	--	--	--	*19,263*
Other receivables	5,611	289	--	--	--	--	5,900
-- Due from related parties	*5,611*	--	--	--	--	--	*5,611*
-- Due from third parties	--	*289*	--	--	--	--	*289*
Prepaid expenses	308	1,967	--	--	--	--	2,275
Current income tax assets	93	430	15	--	--	--	538
Other current assets	--	12,344	(6,268)	--	--	--	6,076
SUB-TOTAL	**113,082**	**49,859**	**(5,926)**	**--**	**--**	**--**	**157,015**
Assets held for sale	**1,520,583**	**(1,520,583)**	**--**	**--**	**--**	**--**	**--**
TOTAL CURRENT ASSETS	**1,633,665**	**(1,470,724)**	**(5,926)**	**--**	**--**	**--**	**157,015**
Non-Current Assets							
Other receivables	401,359	227,548	72,961	(31,237)	--	--	670,631
- Due from related parties	*401,092*	*208,918*	*72,961*	*(31,237)*	--	--	*651,734*
- Due from third parties	*267*	*18,630*	--	--	--	--	*18,897*
Financial investments	--	55,648	--	--	--	--	55,648
Investments accounted using the equity method	1,978,045	78,166	55,548	--	157,116	9,316	2,278,191
Investment property	--	1,337,994	--	--	--	--	1,337,994
Property, plant and equipment	4,848	66,804	--	--	--	--	71,652
Intangible assets	308	2,807	--	--	--	--	3,115
-Other intangible assets	*308*	*2,807*	--	--	--	--	*3,115*
Prepaid expenses	--	8,767	--	--	--	--	8,767
Deferred tax assets	--	4,329	269	--	--	--	4,598
Other non current assets	870	36,736	29	--	--	--	37,635
TOTAL NON-CURRENT ASSETS	**2,385,430**	**1,818,799**	**128,807**	**(31,237)**	**157,116**	**9,316**	**4,468,231**
TOTAL ASSETS	**4,019,095**	**348,075**	**122,881**	**(31,237)**	**157,116**	**9,316**	**4,625,246**

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

3 RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS (cont'd)

January 1, 2017:

LIABILITIES	***Previously reported***	***Liabilities held for sale classifications***	***Effect of Akfen Engineering merger***	***Elimination and adjustments due to Akfen Engineering merger***	***Restated***
Current Liabilities					
Short term borrowings	4,504	5,174	--	--	9,678
Short term portion of long-term borrowings	884,961	79,066	--	--	964,027
Trade payables	2,736	7,372	(4,131)	--	5,977
-Due to related parties	*1,019*	*4,134*	*(4,134)*	--	*1,019*
-Due to third parties	*1,717*	*3,238*	*3*	--	*4,958*
Other payables	2,298	9,870	571	--	12,739
-Due to related parties	--	--	*230*	--	*230*
-Due to third parties	*2,298*	*9,870*	*341*	--	*12,509*
Employee benefit obligations	175	60	--	--	235
Current provisions	3,001	273	--	--	3,274
-Provision for employee benefits	*3,001*	*273*	--	--	*3,274*
Other current liabilities	*50*	*1,558*	--	--	*1,608*
SUB-TOTAL	**897,725**	**103,373**	**(3,560)**	--	**997,538**
Liabilities related to assets held for sale	**944,445**	**(944,445)**	--	--	--
TOTAL CURRENT LIABILITIES	**1,842,170**	**(841,072)**	**(3,560)**	--	**997,538**
Non-Current Liabilities					
Long term borrowings	201,430	754,455	--	--	955,885
Trade payables	--	235	(235)	--	--
-Due to related parties	--	*235*	*(235)*	--	--
Other payables	10,581	29,772	122,718	(31,237)	131,834
-Due to related parties	*10,581*	--	*122,718*	*(31,237)*	*102,062*
-Due to third parties	--	*29,772*	--	--	*29,772*
Non-current provisions	1,410	137	--	--	1,547
-Long term provisions for employee benefits	*1,410*	*137*	--	--	*1,547*
Deferred tax liabilities	--	52,970	--	--	52,970
Other non current liabilities	--	3,503	24,636	--	28,139
TOTAL NON-CURRENT LIABILITIES	**213,421**	**841,072**	**147,119**	**(31,237)**	**1,170,375**
TOTAL LIABILITIES	**2,055,591**	--	**143,559**	**(31,237)**	**2,167,913**

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

3 RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS (cont'd)

January 1, 2017:

	References	*Previously reported*	*Effect of Akfen Engineering merger*	*Elimination and adjustments due to Akfen Engineering merger*	*Purchase of Subsidiary's shares*		*Other Adjustments*	*Restated*
					Akfen Construction	*IBS Insurance*		
EQUITY		**1,963,504**	**(20,678)**	**--**	**157,116**	**9,316**	**348,075**	**2,457,333**
Equity attributable to equity holders of the parent		**1,709,188**	**(20,678)**	**--**	**157,116**	**9,316**	**348,075**	**2,203,017**
Issued capital		667,081	100	--	--	--	--	667,181
Adjustment to share capital		(7,257)	--	--	--	--	--	(7,257)
Share premiums (discounts)		(131,785)	--	--	--	--	--	(131,785)
Treasuary shares (-)		(1,899)	--	--	--	--	--	(1,899)
Effect of business combinations under common control		6,236	(14,510)	--	157,116	9,316	--	158,158
Other accumulated comprehensive income that will not be reclassified to profit or loss		187,732	--	--	--	--	--	187,732
Gainson revaluation and remeasurement		*187,732*	--	--	--	--	--	*187,732*
- Increases on revaluation of property, plant and equipment		*192,431*	--	--	--	--	--	*192,431*
-Losses on remeasurement of defined benefit plans		*(4,699)*	--	--	--	--	--	*(4,699)*
Other accumulated comprehensive income that will be reclassified to profit or loss		373,492	--	--	--	--		373,492
-Currency translation difference		*388,923*	--	--	--	--		*388,923*
- Losses on hedge		*(15,431)*	--	--	--	--	--	*(15,431)*
Restricted reserves appropriated from profits	**B**	20,479	--	--	--	--	1,899	22,378
Retained earnings	**B-C**	595,109	*(6,268)*	--	--	--	346,176	935,017
Non-controlling interests		**254,316**	**--**	**--**	**--**	**--**	**--**	**254,316**
TOTAL LIABILITIES AND EQUITY		**4,019,095**	**122,881**	**(31,237)**	**157,116**	**9,316**	**348,075**	**4,625,246**

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

3 RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS (cont'd)

December 31, 2017:

	References	Previously reported	Effect of Akfen Engineering merger	Elimination and adjustments due to Akfen Engineering merger	Purchase of Subsidiary's shares		Restated
					Akfen Construction	IBS Insurance	
CONTINUING OPERATIONS							
PROFIT OR LOSS							
Revenue	4,182	6,524	60,411	--	--	--	71,117
Cost of sales (-)	--	(1,182)	(11,637)	--	--	--	(12,819)
GROSS PROFIT	**4,182**	**5,342**	**48,774**	**--**	**--**	**--**	**58,298**
General administrative (-)	(62,182)	(755)	(7,188)				(70,125)
Marketing, selling and distribution expenses (-)	--	--	(2,430)	--	--	--	(2,430)
Other income from operating activities	1,082	32	212,157		--	--	213,271
Other expenses from operating activities (-)	(2,040)	(13)	(1,050)	--	--	--	(3,103)
Share of profit from investments accounted using the equity method	66,063		(50,142)	--	111,930	6,115	133,966
(LOSS)/PROFIT FROM OPERATING ACTIVITES	**7,105**	**4,606**	**200,121**	**--**	**111,930**	**6,115**	**329,877**
Income from investment activities	3,939,348	--	--	--	--	--	3,939,348
Expense from investment activities	(3,618)	--	--	--	--	--	(3,618)
(LOSS)/ PROFIT BEFORE FINANCE (EXPENSES)/INCOME	**3,942,835**	**4,606**	**200,121**	**--**	**111,930**	**6,115**	**4,265,607**
Finance income	105,364	6,529	38,687	(8,690)	--	--	141,890
Finance expenses	(167,682)	(22,447)	(227,585)	8,690	--	--	(409,024)
PROFIT/(LOSS) BEFORE TAX	**3,880,517**	**(11,312)**	**11,223**	**--**	**111,930**	**6,115**	**3,998,473**
Tax expense	**(95,994)**	**(539)**	**(37,970)**	**--**	**--**	**--**	**(134,503)**
Current period tax expenses	(96,705)	(219)	(23,466)	--	--	--	(120,390)
Deferred tax (expense) / income	711	(320)	(14,504)	--	--	--	(14,113)
PROFIT/(LOSS) FROM CONTINUED OPERATIONS	**3,784,523**	**(11,851)**	**(26,747)**	**--**	**111,930**	**6,115**	**3,863,970**
DISCONTINUED OPERATIONS							
Profit/(Loss) after tax for the period from discontinued operations	(11,851)	11,851	--	--	--	--	--
PROFIT/(LOSS) FOR THE PERIOD	**3,772,672**	**--**	**(26,747)**	**--**	**111,930**	**6,115**	**3,863,970**
Attributable to							
Non-controlling interests	(5,632)	(942)	23,043	--	--	--	16,469
Equity holders of the parent	3,778,303	942	(49,789)	--	111,930	6,115	3,847,501
Net profit/(loss) for the period	**3,772,671**	**--**	**(26,746)**	**--**	**111,930**	**6,115**	**3,863,970**

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

3 RESTATEMENT OF PREVIOUS YEAR FINANCIAL STATEMENTS (cont'd)

December 31, 2017:

STATEMENT OF OTHER COMPREHENSIVE INCOME	*Previously reported*	*Effect of Akfen Engineering merger*	*Purchase of Subsidiary's shares* Akfen Construction	*Purchase of Subsidiary's shares* IBS Insurance	*Restated*
PROFIT/(LOSS) FOR THE PERIOD	**3,772,671**	**(26,746)**	**111,930**	**6,115**	**3,863,970**
Other comprehensive income that will not be reclassified to Profit or Loss	**(1,341)**	**(2,947)**	**97**	**(359)**	**(4,550)**
Other comprehensive income that will be reclassified to profit or loss	**87,766**	**16,949**	**6,438**	**(42)**	**111,111**
OTHER COMPREHENSIVE INCOME/(LOSS)	**86,425**	**14,002**	**6,535**	**(401)**	**106,561**
TOTAL COMPREHENSIVE INCOME/(LOSS)	**3,859,096**	**(12,744)**	**118,465**	**5,714**	**3,970,531**
Distribution of Total Comprehensive Income/(Loss)					
Non-controlling interests	(3,457)	24,634	--	--	21,177
Equity holders of the parent	3,862,553	(37,378)	118,465	5,714	3,949,354
Total Comprehensive Income/(loss)	**3,859,096**	**(12,744)**	**118,465**	**5,714**	**3,970,531**

December 31, 2017:

	References	*Previously reported*	*Effect of Akfen Engineering merger*	*Assets held for sale classifications*	*Purchase of Subsidiary's shares* Akfen Construction	*Purchase of Subsidiary's shares* IBS Insurance	*Other Adjustments*	*Restated*
A. Cash Flows from Operating Activities	**D**	**(1,021,290)**	**273,041**	**--**	**--**	**--**	**(32,915)**	**(781,164)**
Profit/(loss) for the period		3,772,671	(26,744)	--	111,930	6,113	--	3,863,970
Adjustments to reconcile (loss)/profit		(3,817,909)	81,716	--	(111,930)	(6,113)	--	(3,854,236)
Changes in working capital		(1,027,272)	244,751	--	--	--	--	(782,521)
Cash flows from operations		(1,072,508)	1,064,131	--	--	--	--	(8,377)
B. Cash Flows from Investment Operations	**D**	**3,719,332**	**15,383**	**--**	**--**	**--**	**32,915**	**3,767,630**
C. Cash Flows from Financing Activities		**(727,616)**	**(87,111)**	**--**	**--**	**--**	**--**	**(814,727)**
Net increase in cash and cash equivalents		**1,970,426**	**201,313**	**--**	**--**	**--**	**--**	**2,171,739**
Cash and cash equivalents at the beginning of the period		**46,132**	**327**	**8,152**	**--**	**--**	--	54,611
Cash and cash equivalents at the end of the period		**2,016,558**	**201,640**	**8,152**	**--**	**--**	**--**	**2,226,350**

4 BUSINESS COMBINATIONS AND SALE OF SUBSIDIARY SHARES

Sale of subsidiary shares

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.

As of March 9, 2018, the share capital of Akfen Renewable has increased from TRY 793,000 to TRY 864,381, which has been transferred by EBRD and IFC to a total of USD 44,999,998 in Akfen Renewable. Thus, in Akfen Renewable, the shares of EBRD and IFC increased to 13.297% while Akfen Holding's share was 73,405%. In addition, on June 26, 2018, the capital of Akfen Renewables increased from TRY 864,381 to TRY 932,590, which was transferred by EBRD and IFC to a total of USD 42,999,975 in Akfen Renewable. Thus, in Akfen Renewable, the shares of EBRD and IFC increased to 15.982% while Akfen Holding's share was 68.036%. Due to these transactions, the effect of change in the net assets of Akfen Renewables amounting to TRY 111,359 has been accounted under income from investment activities in the Group's consolidated financial statements (Note 27).

Business combination and purchase of subsidiary shares

Based on the decision of the Board of Directors of Akfen Holding dated January 5, 2018; the merger of Akfen Engineering, which has the same partnership with the Company, was completed on February 28, 2018, with no liquidation and participation in the Company as a whole. As a result of this merger, Akfen Energy Distribution, one of the other subsidiaries and affiliates of Akfen Engineering, and Acacia Mine became Akfen Holding's subsidiary and joint ventures together with all companies subject to partial division in 2017 and included in the consolidation scope. The merger transaction on February 28, 2018 was evaluated as "Effect of transactions under common control" and accounted "Pooling of Interest" method.

On March 17, 2018, the Company acquired 37% of IBS Insurance from Akfen Infrastructure with a price of TRY 80,000. This purchase merger transaction was evaluated as " Effect of transactions under common control " and accounted for using the " Pooling of Interest " method.

A contract was signed between Akfen Holding and Akfen Infrastructure on March 13, 2018 for the transfer of the right to capital increase in Akfen Construction. According to this contract, Akfen Holding is transferring the right to Akfen Infrastructure with a transfer fee of USD 157,269,796.

As of May 30, 2018, Akfen Construction's capital increase registration has been completed. Within this scope, the capital of Akfen Construction increases to TRY 520,267, Akfen Holding's share in the company is 48.81%. This acqusition merger is considered as "Joint Controlled based on Business Combinations" and accounted as "Pooling of Interest" method.

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

4 BUSINESS COMBINATIONS AND SALE OF SUBSIDIARY SHARES (cont'd)

Under common control transactions effects

To offset asset and liability inconsistency which is occurred from under common control effect, "Effects of business combinations under common control" account is used under equity.

Akfen Energy Distribution	**January 1, 2017**
Assets total	15,180
Liabilities total	(16,729)
Net assets obtained from operation	**(1,549)**
Carrying value of investment in Akfen Holding	**(1)**
Akfen Energy Distribution liquidation adjustment	**752**
Under common control effect	**(798)**

Akfen REIT	**January 1, 2017**
Assets total	1,0504,286
Liabilities total	(937,224)
Net assets obtained from operation	**567,062**
Non-controlling interests	16,236
Owners of parent	550,826
Carrying value of investment in Akfen Holding	**(202,341)**
Minority of Akfen REIT in Akfen Holding	**234,822**
Under common control effect	**113,663**

Akfen Thermal Energy	**January 1, 2017**
Assets total	288,853
Liabilities total	(15,978)
Net assets obtained from operation	**272,875**
Non-controlling interests	11,403
Owners of parent	261,472
Carrying value of investment in Akfen Holding	**(315,090)**
Akfen Thermal Energy liquidation adjustment	**91,139**
Minority of Akfen Thermal Energy in Akfen Holding	**932**
Under common control effect	**36,589**

TAV Investment	**January 1, 2017**
Assets total	3,901,566
Liabilities total	(3,629,250)
Net assets obtained from operation	**272,316**
Group's share in TAV Investment's net assets (Note 11)	**59,038**
Carrying value of investment in Akfen Holding	**(21,783)**
Under common control effect	**37,255**

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

4 BUSINESS COMBINATIONS AND SALE OF SUBSIDIARY SHARES (cont'd)

Under common control transactions effects (cont'd)

İDO	**January 1, 2017**
Assets total	1,893,358
Liabilities total	(1,884,058)
Net assets obtained from operation	**9,300**
Group's share in İDO's net assets (Note 11)	**2,790**
Carrying value of investment in Akfen Holding	**(100,026)**
Under common control effect	**(97,236)**

Akfen Water	**January 1, 2017**
Assets total	105,307
Liabilities total	(72,631)
Net assets obtained from operation	**32,676**
Group's share in Akfen Water's net assets (Note 11)	**16,338**
Carrying value of investment in Akfen Holding	**(25,900)**
Under common control effect	**(9,562)**

IBS Insurance	**January 1, 2017**
Assets total	199,923
Liabilities total	(174,745)
Net assets obtained from operation	**25,178**
Group's share in IBS Insurance's net assets	**9,316**
Other adjustments	**(3,045)**
Carrying value of investment in Akfen Holding	**(80,000)**
Under common control effect	**(73,729)**

Acacia Mine	**January 1, 2017**
Assets total	477,339
Liabilities total	(482,790)
Net assets obtained from operation	**(5,451)**
Group's share in Acacia Mine's net assets	**(1,635)**
Mining property reserves (Note 11)	53,514
Goodwill carried at Group level (Note 11)	3,670
Total (Note 11)	**55,549**
Carrying value of investment in Akfen Holding	**(37,561)**
Contingent obligation (Note 21)	(24,635)
Total carrying value of investment in Akfen Holding	**(62,196)**
Under common control effect	**(6,648)**

Akfen Construction	**January 1, 2017**
Assets total	2,697,277
Liabilities total	(2,375,384)
Net assets obtained from operation	**321,893**
Group's share in Akfen Construction's net assets (Not 11)	**157,116**
Carrying value of investment in Akfen Holding	**(1,098,225)**
Effect of capital increase realized in Akfen Construction	**366,075**
Other adjustments	**(15,387)**
Under common control effect	**(590,421)**

4 BUSINESS COMBINATIONS AND SALE OF SUBSIDIARY SHARES (cont'd)

Business combinations

Based on the decision of the Board of Directors of Akfen Holding dated January 5, 2018; the merger of Akfen Engineering, which has the same partnership with the Company, was completed on February 28, 2018, with no liquidation and participation in the Company as a whole. The merger transaction on February 28, 2018 was evaluated as "Effect of transactions under common control" and accounted "Pooling of Interest" method.

5 SEGMENT REPORTING

A share sale agreement was signed on July 28, 2017 regarding the sale of 40% of Akfen Holding's share in MIP to Global InfraCo SP NEUM SLU for a price of USD 869 million. The sale was completed on 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. As of December 31, 2018, the MIP is not included in the segment reporting notes.

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

5 SEGMENT REPORTING(cont'd)

January 1-December 31, 2018	Akfen Holding	Akfen REIT	Other(*)	Akfen Renewable (**)	Akfen Construction	İDO	Akfen Water	TAV Investment	Acacia Mine	IBS Insurance	Total	Consolidation Adjustment and Classification	Report Total
				Investments accounted using the equity method									
Out-of-segment revenue	285	98,124	--	178,919	580,717	162,236	18,685	684,193	--	21,404	1,744,563	(1,639,468)	105,095
Intersegment revenue	6,686	--	--	336	61,566	--	-	-	--	--	68,588	(68,588)	--
Total revenue	**6,971**	**98,124**	**--**	**179,255**	**642,283**	**162,236**	**18,685**	**684,193**	**--**	**21,404**	**1,813,151**	**(1,708,056)**	**105,095**
Cost of sales	--	(13,837)	--	(92,254)	(416,005)	(160,527)	(9,261)	(658,410)	--	(7,156)	(1,357,450)	1,343,613	(13,837)
Gross profit/(loss)	**6,971**	**84,287**	**--**	**87,001**	**226,278**	**1,709**	**9,424**	**25,783**	**--**	**14,248**	**455,701**	**(364,443)**	**91,258**
Selling and marketing expenses (-)	--	(5,829)	--	--	(4,255)	(3,545)	-	-	--	(490)	(14,119)	8,290	(5,829)
General administrative expenses	(57,127)	(7,819)	(1,955)	(15,665)	(18,861)	(11,939)	(2,227)	(22,167)	(1,105)	(3,028)	(141,893)	74,992	(66,901)
Other operating income	692	421,432	4	9,724	391,222	569	11	589	(388)	36,351	860,206	(438,079)	422,127
Other operating expenses	(6,187)	(1,446)	--	(5,832)	(95,021)	(17,304)	(11,772)	(16,032)	--	(33,765)	(187,359)	179,728	(7,631)
Share of profit/(loss) from investments accounted using the equity method	--	--	--	--	--	(185)	-	-	--	--	(185)	52,381	52,196
Operating (loss)/profit	**(55,651)**	**490,625**	**(1,951)**	**75,228**	**499,363**	**(30,695)**	**(4,564)**	**(11,827)**	**(1,493)**	**13,316**	**972,351**	**(487,131)**	**485,220**
Investment activity income	61,563	--	7,796	--	82,808	4	---	-	--	--	152,171	12,254	164,425
Investment activity expenses	(42,799)	--	(19,876)	--	(1,670)	--	---	-	--	--	(64,345)	9,466	(54,879)
Finance income	548,522	124,065	97,362	6,035	300,557	6,450	11,708	3,650	12,649	--	1,110,998	(354,557)	756,441
Finance expenses	(138,996)	(454,676)	(91)	(319,000)	(712,470)	(280,477)	(14,760)	(24,307)	--	--	(1,944,777)	1,359,641	(585,136)
Profit/(loss) before tax from continuing operations	**372,639**	**160,014**	**83,240**	**(237,737)**	**168,588**	**(304,718)**	**(7,616)**	**(32,484)**	**11,156**	**13,316**	**226,398**	**539,673**	**766,071**
Tax (expenses)/income for the year	(65,687)	(57,352)	(20,706)	15,037	52,332	--	(1,619)	1,083	144,363	(2,934)	64,517	(208,264)	(143,747)
Profit/(loss) after tax from continuing operations	**306,952**	**102,662**	**62,534**	**(222,700)**	**220,920**	**(304,718)**	**(9,235)**	**(31,401)**	**155,519**	**10,382**	**290,915**	**331,409**	**622,324**
Profit/(loss) for the period from parent company shares	306,952	104,492	61,829	(222,087)	231,502	(304,717)	(8,552)	(31,400)	155,519	10,380	303,918	274,475	578,394
Depreciation and amortization expenses	2,269	45	24	37,435	2,901	27,461	307	4,188	--	325	74,955	(72,617)	2,338
Tangible and intangible fixed asset, investment property and other investments	530	148,579	178	734,914	475,422	17,942	279	3,122	209,420	69	1,590,455	(1,441,168)	149,287
December 31, 2018													
Segment assets	5,594,641	2,436,937	1,020,050	2,010,705	3,169,133	614,918	91,238	1,096,802	666,972	84,912	16,786,308	(7,976,831)	8,809,477
Segment liabilities	1,971,977	1,692,941	18,451	1,690,532	2,274,057	928,699	69,747	1,086,305	463,075	70,713	10,266,497	(6,740,799)	3,525,698

(*) The other subsidiaries are Akfen Thermal Energy, Akfen Energy Distribution and Akfen International.

(**) Due to the capital increases on March 9, 2018 and June 26, 2018, the profit or loss items of Akfen Renewables are subject to consolidation by 80.01% in the first quarter of 2018 and 73.41% in the second quarter and ve 68.04% in the second half year.

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

5 SEGMENT REPORTING(cont'd)

				Investments accounted using the equity method											
January 1-December 31, 2017	*Akfen Holding*	*Akfen REIT*	*Other(*)*	*Akfen Renewable*	*Akfen Constructi on*	*MIP*	*TAV Airports*	*İDO*	*Akfen Water*	*TAV Investme nt*	*Acacia Mine*	*IBS Insurance*	*Total*	*Consolidation Adjustment and Classification*	*Report Total*
Out-of-segment revenue	2,385	63,539	3,396	164,611	582,644	441,278	154,327	143,721	12,782	615,540	-	15,976	2,200,199	(2,129,082)	71,117
Intersegment revenue	1,797	--	--	3,591	14,584	--	--	--	--	8,165	-	--	28,137	(28,137)	-
Total revenue	**4,182**	**63,539**	**3,396**	**168,202**	**597,228**	**441,278**	**154,327**	**143,721**	**12,782**	**623,705**	**-**	**15,976**	**2,228,336**	**(2,157,219)**	**71,117**
Cost of sales	--	(9,589)	(3,230)	(114,736)	(482,597)	(184,056)	(97,780)	(131,774)	(6,388)	(605,352)	--	(6,131)	(1,641,633)	1,628,814	(12,819)
Gross profit/(loss)	**4,182**	**53,950**	**166**	**53,466**	**114,631**	**257,222**	**56,547**	**11,947**	**6,394**	**18,353**	**-**	**9,845**	**586,703**	**(528,405)**	**58,298**
Selling and marketing expenses (-)	--	(2,430)	--	--	(19,213)	--	--	--	--	--	--	(546)	(22,189)	19,759	(2,430)
General administrative expenses	(62,103)	(5,690)	(2,331)	(15,000)	(21,469)	(34,316)	(24,184)	(14,380)	(1,923)	(18,155)	(445)	(3,059)	(203,055)	132,930	(70,125)
Other operating income	950	212,049	273	41,430	23,600	--	22,605	1,865	39	4,480	--	18,091	325,382	(112,111)	213,271
Other operating expenses	(2,040)	(1,049)	(15)	(1,480)	(19,233)	(14,377)	(4,943)	(5,721)	(629)	(3,166)	(1,158)	(16,659)	(70,470)	67,367	(3,103)
Share of profit/(loss) from investments accounted using the equity method	--	--	--	--	(4,532)	--	204	(681)	--	--	--	--	(5,009)	138,975	133,966
Operating profit/(loss)	**(59,011)**	**256,830**	**(1,907)**	**78,416**	**73,784**	**208,529**	**50,229**	**(6,970)**	**3,881**	**1,512**	**(1,603)**	**7,672**	**611,362**	**(281,485)**	**329,877**
Investment activity income	3,722,197	--	--	--	--	--	1,472	--	--	--	--	--	3,723,669	215,679	3,939,348
Investment activity expenses	(20)	--	(5,351)	--	--	--	--	(46,713)	--	--	--	--	(52,084)	48,466	(3,618)
Finance income	101,892	14,129	36,304	6,993	134,426	9,893	--	3,932	1,858	3,201	--	--	312,628	(170,738)	141,890
Finance expenses	(167,584)	(198,809)	(51,298)	(110,334)	(211,662)	(44,425)	(22,429)	(79,389)	(3,177)	(18,803)	(2,833)	--	(910,743)	501,719	(409,024)
(Loss)/profit before tax from continuing operations	**3,597,474**	**72,150**	**(22,252)**	**(24,925)**	**(3,452)**	**173,997**	**29,272**	**(129,140)**	**2,562**	**(14,090)**	**(4,436)**	**7,672**	**3,684,832**	**313,641**	**3,998,473**
Tax income/(expenses) for the year	(95,945)	(33,494)	(5,065)	(11,921)	107,824	(38,146)	(9,630)	--	(1,515)	(14,387)	884	(1,557)	(102,952)	(31,551)	(134,503)
Profit/(loss) after tax from continuing operations	**3,501,529**	**38,656**	**(27,317)**	**(36,846)**	**104,372**	**135,851**	**19,642**	**(129,140)**	**1,047**	**(28,477)**	**(3,552)**	**6,115**	**3,581,880**	**282,090**	**3,863,970**
(Loss)/profit for the period from parent company shares	3,501,530	39,410	(27,492)	(36,763)	111,930	135,851	19,151	(129,140)	176	(28,478)	(3,552)	6,115	3,588,738	258,763	3,847,501
Depreciation and amortization expenses	2,142	50	27	38,497	6,538	65,979	18,789	28,737	292	5,882	--	301	167,234	(165,012)	2,222
Tangible and intangible fixed asset, investment property and other investments	1,735	10,085	460	314,076	480,460	30,577	7,448	9,183	316	1,776	76,671	128	932,915	(920,633)	12,282
December 31, 2017															
Segment assets	4,396,827	1,763,195	1,118,631	1,304,411	2,166,685	409,387	--	511,744	70,057	848,412	206,468	64,337	12,860,154	(4,991,419)	7,868,735
Segment liabilities	583,269	1,155,376	302,148	975,784	1,889,562	224,893	--	637,451	48,956	813,160	212,014	51,994	6,894,607	(5,007,655)	1,886,952

(*) The other subsidiaries are Akfen Engineering, Akfen Thermal Energy and Akfen Energy Distribution.

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

6 CASH AND CASH EQUIVALENTS

The details for cash and cash equivalents as of December 31, 2018, 2017 and January 1, 2017 are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
		Restated	*Restated*
Cash on hand	300	331	226
Banks	778,960	2,195,914	54,271
-Demand deposits	*681,915*	*22,976*	*6,446*
-Time deposits	*97,045*	*2,172,938*	*47,825*
Other cash and cash equivalents(*)	1,013,966	30,105	114
Impairment (Note 2)	(25)	--	--
Cash and cash equivalents	**1,793,201**	**2,226,350**	**54,611**
Impairment	25	--	--
Cash and cash equivalents in the cash flow statement	**1,793,226**	**2,226,350**	**54,611**

(*)As of December 31, 2018, 2017 and January 1, 2017 all of the other cash and cash equivalents consist of Akfen Holding's overnight repos and investment funds whose duration is less than 3 months.

As of December 31, 2018, 2017 and January 1, 2017 cash and cash equivalents held by the Group on a company basis are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
		Restated	*Restated*
Akfen Holding	1,216,084	2,016,558	46,131
Akfen International	550,770	--	--
Akfen Thermal Energy	25,092	206,364	326
Akfen REIT	993	3,126	7,827
Other	262	302	327
Total	**1,793,201**	**2,226,350**	**54,611**

Demand Deposits

As of December 31, 2018, 2017 and January 1, 2017, the distribution of demand deposits, foreign currency and Turkish Lira of the Group is as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
		Restated	*Restated*
US Dollar	680,605	20,600	202
TRY	1,015	890	1,921
Euro	268	1,404	4,250
Other	27	82	73
Total	**681,915**	**22,976**	**6,446**

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

6 CASH AND CASH EQUIVALENTS (cont'd)

Time Deposits

As of December 31, 2018, 2017 and January 1, 2017, the details of time deposits, maturities and interest rates for the Group are as follows:

Currency	Maturity	Interest rate%	December 31, 2018
US Dollar	January 2019	1.25 – 2.10	74,360
TRY	January 2019	18 – 24.3	22,685
			97,045

Currency	Maturity	Interest rate%	December 31, 2017
			Restated
US Dollar	January 2018	0.25 – 4.10	2,169,927
TRY	January 2018	3.50 – 12.75	1,872
Russian Rouble	January 2018	8.50	1,139
			2,172,938

Currency	Maturity	Interest rate%	January 1, 2017
			Restated
Euro	January 2017	0.01 – 2.50	47,100
TRY	January 2017	7.50 – 11.16	725
			47,825

Other cash and cash equivalents

As of December 31, 2018, 2017 and January 1, 2017, the distribution of cash and cash equivalents of the Group in foreign currency and Turkish lira is as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
		Restated	*Restated*
US Dollar	954,541	30,094	--
TRY	59,425	11	114
Total	**1,013,966**	**30,105**	**114**

The currency and interest rate risks and sensitivity analyses pertaining to the financial assets and liabilities of the Group are provided in Note 33 as of December 31, 2018, 2017 and January 1, 2017, the Group has no blocked cash within cash and cash equivalents.

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

7 FINANCIAL INVESTMENTS

Short-term financial investments

The details for short-term financial investments as of December 31, 2018, 2017 and January 1, 2017 are as follows:

	December 31, 2018	**December 31, 2017**	January 1, 2017
		Restated	*Restated*
Time deposits	213,612	2,718	--
Financial assets at fair value through profit or loss	26,271	--	--
Restricted bank balance	--	--	60,938
Total short-term financial investments	**239,882**	**2,718**	**60,938**

Long-term financial investments

The details for long-term financial investments as of December 31, 2018, 2017 and January 1, 2017 are as follows:

	December 31, 2018	**December 31, 2017**	January 1, 2017
		Restated	*Restated*
Financial assets at fair value through profit or loss	568,089	--	--
Financial assets held to maturity	197,633	--	--
Time deposits	80,788	64,421	55,648
Other financial assets	1,016,551	818,185	--
Total long-term financial investments	**1,863,061**	**882,606**	**55,648**

Financial assets at fair value through profit or loss

As of December 31, 2018, short-term and long-term financial assets at fair value through profit or loss consist of financial assets with a longer maturity of 3 months than the Group, all of which are denominated in US dollars (December 31, 2017 and January 1, 2017: None). As od December 31,2018, fair value loss amounting to TRY 54,879 is accounted in consolidated statement of income and expense (Note 27) (December 31, 2017: None).

Time deposits

As of December 31, 2018, 2017 and January 1, 2017, the details of the maturity dates and interest rates of the 3 month long term deposits of the Group as short and long term deposits are as follows:

Short-term deposits

Currency	**Maturity(*)**	**Interest rate%**	**December 31, 2018**	**December 31, 2017**	January 1, 2017
				Restated	*Restated*
Euro (**)	February 2019	2.50 – 4.75	207,362	--	--
Euro (***)	January 2019	6.80 – 7.20	6,250	2,718	--
			213,612	**2,718**	**--**

(*) The maturity dates for the amounts stated at December 31, 2017 and January 1, 2017 are October 2018 and October 2017 respectively.
(**) Restricted time deposit.

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

7 FINANCIAL INVESTMENTS (cont'd)

Time deposits (cont'd)

Long-term deposits

Currency	Maturity(*)	Interest rate%	December 31, 2018	December 31, 2017 Restated	January 1, 2017 Restated
Euro (***)	July 2025	6.80 – 7.20	80,788	64,421	55,648
			80,788	**64,421**	55,648

(***) As of December 31, 2018, 2017 and January1, 2017, time deposits with short and long term financial investments are used by Akfen Trade from Credit Europe Bank, described in Note 8 Financial Borrowings. The portion of the loan amounting to Euro 30,000,000 and is held in term blocked account as collateral for the credit used by HDI and RPI companies from the same bank. This amount is kept in the term account with the same interest rate as the loan and as the principal payements are made by HDI and RPI companies, the amount of collateral and credit balance kept in the block will be decreased at the same rate.The interest income earned is deducted from interest expense. The amount remaining in the short term portion shows the amounts to be paid within one year and the amount of deposits to be released. As of December 31, 2018, the remaining amount in the mentioned blocked account is Euro 14,439,045 (December 31, 2017: Euro 14,868,293).

Restricted bank balance

As of January 1, 2017, the Group's short-term restricted short-term borrowing amounting to TRY 60,938 is USD denominated and there are no restricted bank balances belonging to the Group as of December 31, 2018 and 2017.

Financial assets held to maturity

As of December 31, 2018, the Group's financial assets to be held until maturity in the form of long-term financial investments amounting to TRY 197,633 consists of Akfen Holding's nominal amount of TRY 170,000 issued by Akfen REIT on 17 January 2018 and detailed in "Note 9 Financial Debt" the fair value of the convertible bond at fair value using the interest rate of 17% determined as the current market interest rate (December 31, 2017 and January 1, 2017: None). The difference amounting to TRY 27,633 between the nominal value of the related bond and the fair value is recognized in the profit or loss and other comprehensive income and expense table of the Group in "Income from investment activities" (Note 27).

Other financial assets

Long-term other 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 of the Company has no significant control over the MIP as a result of the sales transaction, the fair value of the MIP is accounted under the long term financial investments account.

Sales price (A)	3,272,741
Fair value of remaining shares at sales date (A / 40% x 10%)	**818,185**

The fair value of the MIP, which is accounted as a financial investment in the Group's financial statements, has been assessed under the TFRS 9 as of December 31, 2018 and the change in the value of the financial investment has been accounted in the consolidated statements of other comprehensive income or loss in the Group's consolidated financial statements.

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

7 FINANCIAL INVESTMENTS (cont'd)

Other financial assets (cont'd)

Long-term other financial investments (cont'd)

	2018
Opening January 1,	818,185
Revaluation increases accounted for as other comprehensive income	198,366
Closing December 31,	**1,016,551**

8 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 33.

As of December 31, 2018, 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	81,660	184,437
Short term portion of long-term bonds	--	86,156
Total short-term borrowings	**81,660**	**270,593**
Long-term financial liabilities		
Long-term secured bank loans	2,498,651	2,385,697
Long-term bonds	344,583	296,574
Borrowing instruments issued based on share and other equity	170,000	173,000
Total long-term borrowings	**3,013,234**	**2,855,271**
Total borrowings	**3,094,894**	**3,125,864**

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

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

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

	Restated	
	Nominal value	**Carrying value**
Short term portion of long-term financial liabilities		
Short-term secured bank loans	30,707	30,836
Short-term unsecured bank loans	18,000	18,000
	48,707	**48,836**
Short term portion of long-term financial liabilities		
Short term portion of long-term collateralized bank loans	166,472	214,629
Short term portion of long-term bonds	--	54,089
	166,472	**268,718**
Total short-term borrowings	**215,179**	**317,554**
Long-term financial liabilities		
Long-term secured bank loans	923,175	867,455
Long-term bonds	344,583	303,828
Total long-term borrowings	**1,267,758**	**1,171,283**
Total borrowings	**1,482,937**	**1,488,837**

As of January 1, 2017, the details of the Group's financial liabilities are as follows:

	Restated	
	Nominal value	**Carrying value**
Short term portion of long-term financial liabilities		
Short-term unsecured bank loans	9,500	9,678
	9,500	**9,678**
Short term portion of long-term financial liabilities		
Short term portion of long-term collateralized bank loans	492,845	553,055
Short term portion of long-term bonds	400,000	410,972
	892,845	**964,027**
Total short-term borrowings	**902,345**	**973,705**
Long-term financial liabilities		
Long-term secured bank loans	1,005,949	955,885
Total long-term borrowings	**1,005,949**	**955,885**
Total borrowings	**1,908,294**	**1,929,590**

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

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

As of December 31, 2018, total liabilities of the Group consisting of bank loans and issued bonds are as follows:

	Nominal value	Carrying value
Bank loans	2,580,311	2,570,134
Bond (*)	344,583	382,730
Borrowing instruments issued based on share and other equity	170,000	173,000
	3,094,894	**3,125,864**

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

	Restated	
	Nominal value	Carrying value
Bank loans	1,138,354	1,130,920
Bond(*)	344,583	357,917
	1,482,937	**1,488,837**

(*)As of December 31, 2018 and 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.

As of January 1, 2017, total liabilities of the Group consisting of bank loans and issued bonds are as follows:

	Restated	
	Nominal value	Carrying value
Bank loans	1,508,294	1,518,619
Bond	400,000	410,971
	1,908,294	**1,929,590**

As of Decemebr 31, 2018, the breakdown of the Group's bank loans and issued bond by segment is as follows:

Carrying value	Short-term liabilities	Long-term liabilities	Total
Akfen Holding	135,056	1,601,840	1,736,896
Akfen REIT	135,537	1,253,431	1,388,968
	270,593	**2,855,271**	**3,125,864**

Nominal value	Short-term liabilities	Long-term liabilities	Total
Akfen Holding	--	1,692,494	1,692,494
Akfen REIT	81,660	1,320,740	1,402,400
	81,660	**3,013,234**	**3,094,894**

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

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

As of December 31, 2017, the breakdown of the Group's bank loans and issued bond by segment is as follows:

Carrying value	Short-term liabilities	Long-term liabilities	Total
Akfen Holding	174,839	303828	478,667
Akfen REIT	142,715	867,455	1,010,170
	317,554	**1,171,283**	**1,488,837**

Nominal value	Short-term liabilities	Long-term liabilities	Total
Akfen Holding	118,758	344,583	463,341
Akfen REIT	96,421	923,175	1,019,596
	215,179	**1,267,758**	**1,482,937**

As of January 1, 2017, the breakdown of the Group's bank loans and issued bond by segment is as follows:

Carrying value	Short-term liabilities	Long-term liabilities	Total
Akfen Holding	889,465	201,430	1,090,895
Akfen REIT	84,240	754,455	838,695
	973,705	**955,885**	**1,929,590**

Nominal value	Short-term liabilities	Long-term liabilities	Total
Akfen Holding	860,293	208,274	1,068,567
Akfen REIT	42,052	797,675	839,727
	902,345	**1,005,949**	**1,908,294**

Terms and repayment schedules

The repayment schedule for the Group's bank loans and issued bonds in accordance with their original maturities as of December 31, 2018, 2017 and January 1, 2017 is as follows:

	Nominal value			**Carrying value**		
	December 31, 2018	**December 31, 2017**	**January 1, 2017**	**December 31, 2018**	**December 31, 2017**	**January 1, 2017**
		Restated	*Restated*		*Restated*	*Restated*
Less than a year	81,660	215,179	902,345	270,593	317,554	973,705
1 to 2 years	430,945	61,171	247,476	469,757	143,112	273,344
2 to 3 years	1,517,169	409,275	50,257	1,475,555	346,391	74,670
3 to 4 years	203,113	64,693	53,151	200,622	81,783	69,368
5 years and longer	862,007	732,619	655,065	709,337	599,997	538,503
	3,094,894	**1,482,937**	**1,908,294**	**3,125,864**	**1,488,837**	**1,929,590**

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

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

As of December 31, 2018, 2017 and January 1, 2017, the breakdown of bank loans and issued bonds for foreign currencies is as follows:

	Nominal value			Carrying value		
	December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017	January 1, 2017
		Restated	*Restated*		*Restated*	*Restated*
Euro	1,346,630	1,089,647	1,205,421	1,330,401	1,082,083	1,208,172
US Dollar	1,233,681	--	293,373	1,239,733	--	300,769
TRY	514,583	393,290	409,500	555,730	406,754	420,649
	3,094,894	**1,482,937**	**1,908,294**	**3,125,864**	**1,488,837**	**1,929,590**

Borrowing instruments issued based on share and other equity

Akfen REIT completed the issuance of convertible bonds amounting to TRY 170,000 as of January 17, 2018 and the summary information of the issued bonds is as follows:

Nominal amount sold	TRY 170,000
Sales completion date	January 17, 2018
Type	Private sector bonds
Maturity	January 15, 2021
Type of interest rate	Fixed
Interest rate – Annual simple (%)	12
Type of sale	Sales to qualified investors
Guarantees and warrants related to issuance	Akfen Holding has purchase guarantee
Number of coupons	None
Principal / due payment amount	TRY 238,838

All of the mentioned bonds have been purchased by Akfen Holding and the right to convert the bond into a share or repay the debts belongs to Akfen REIT.

In accordance with TAS 32, financial instrument components that provide for the grant of an obligation to convert an entity into a financial instrument based on the equity of the entity that generates the financial liability are presented separately as debt and equity components in the balance sheet. When the compound financial instrument is allocated to the initial book value equity and liability components, the remaining amount is transferred to the equity component after deducting separately the amount determined separately for the liability component from the fair value of the instrument. TRY 20,764 which is the difference between the fair value and the original issue amount, which is calculated by using the 17% interest rate which is determined as the current market interest rate to be paid or converted at the maturity date, is classified as "Additional capital contribution of the shareholders" under equity. In the initial recognition, the sum of the book values distributed to the debt and equity components is always equal to the fair value attributable to the entire vehicle. The fair value calculation is performed on the cash flow after classification under equity and the interest expense related to the obligation is recognized in profit or loss and other comprehensive income statement in the consolidated financial statements.

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

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

Borrowing instruments issued based on share and other equity (cont'd)

	December 31, 2018
Nominal amount	170,000
Amendments to shareholders' contributions to additional capital	(20,764)
Interest accrual	23,764
Financial liabilities related to convertible bonds	**173,000**

Most of the financial payables are floating-interest loans, a factor that exposes the Group to an interest rate risk. December 31, 2018, 2017 and January 1, 2017, the minimum and maximum interest rates for the loans the Company utilized are as follows:

	December 31, 2018(*)			December 31, 2017(*)			January 1, 2017(*)		
Fixed rate loans	**TRY**	**US Dollar**	**Euro**	**TRY**	**US Dollar**	**Euro**	TRY	US Dollar	Euro
Minimum	--	3.47%	--	16.70%	--	4.15%	13.90%	3.75%	3.80%
Maximum	--	3.55%	--	17.50%	--	7.20%	14.00%	6.00%	7.20%
Floating rate loans	**TRY**	**US Dollar**	**Euro**	**TRY**	**US Dollar**	**Euro**	TRY	US Dollar	Euro
Minimum	4.5%	0.6%	0.6%	4.50%	--	--	3.00%	5.25%	5.50%
Maximum	4.5%	0.6%	6.55%	18.50%	--	--	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, 2018, 2017 and January 1, 2017.

The details for each subsidiary of the loans are as follows:

Akfen Holding

The details of financial liabilities as of December 31, 2018 are as follows:

	Currency	Nominal Interest rate	Maturity	Nominal value	Carrying value
Secured bank loans (1)	Euro	Euribor+6.55	2022	87,105	87,286
Secured bank loans (2)	Euro	Euribor + 0.6	2021	27,125	27,147
Secured bank loans (2)	US Dollar	3.47	2021	263,045	265,097
Secured bank loans (2)	US Dollar	3.55	2021	368,263	369,280
Secured bank loans (2)	US Dollar	USD Libor + 0.6	2021	286,719	288,127
Secured bank loans (2)	US Dollar	3.47	2021	315,654	317,229
Bond(3)	TRY	GDDS(*)+4.50	2020	252,570	286,403
Bond(4)	TRY	GDDS(*)+4.50	2020	92,013	96,327
				1,692,494	**1,736,896**

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

(2) The loans used from the banks with financial investments.

(3) 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 8 is January 7, 2019. In line with the additional yield rate finalized, the coupon interest to be allocated in relation to the coupon payment period 8 is 7.11%. Akfen Holding has bought TRY 47,430 share of the bond from the market as of December 31, 2018.

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

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

Akfen Holding *(cont'd)*

(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 8 is March 21, 2019. In line with the additional yield rate finalized, the coupon interest to be allocated in relation to the coupon payment period 8 is 6.0261%. Akfen Holding has bought TRY 58,347 share of the bond from the market as of December 31, 2018.

(*)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.

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

	Currency	Nominal Interest rate (%)	Maturity	Nominal value	Carrying value
Secured bank loans (1)	Euro	4.15	2018	79,021	80,156
Secured bank loans (1)	Euro	5.50	2018	39,737	40,594
Bond(2)	TRY	GDDS(*) + 4.50	2020	252,570	264,560
Bond(3)	TRY	GDDS(*) + 4.50	2020	92,013	93,357
				463,341	**478,667**

(1) The collateral of this is the surety of Akfen Construction. Related loan was closed as of December 31, 2018.

(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 4 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 4 is 3.95%. Akfen Holding has bought back TRY 47,430 share of the bond from the market as of December 31, 2017.

(3) 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 6 is March 22, 2018. In line with the additional yield rate finalized, the coupon interest to be allocated in relation to the coupon payment period 4 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.

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

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

The details of financial liabilities as of January 1, 2017 are as follows:

	Currency	Nominal Interest rate (%)	Maturity	Nominal value	Carrying value
Secured bank loans (1)	US Dollar	6.00	2017	50,549	50,594
Secured bank loans (2)	US Dollar	3.75	2017	175,960	182,455
Secured bank loans (2)	US Dollar	4.50	2017	24,634	24,642
Secured bank loans (1)	US Dollar	Libor+5.25	2017	21,115	21,599
Secured bank loans (1)	US Dollar	5.60	2017	21,115	21,479
Secured bank loans (2)	Euro	5.10	2017	32,277	32,577
Secured bank loans (2)	Euro	Euribor+5.50	2017	33,388	33,522
Secured bank loans (2)	Euro	4.75	2017	16,324	16,526
Secured bank loans (2)	Euro	4.60	2017	55,649	56,234
Secured bank loans (2)	Euro	4.60	2018	60,100	60,572
Secured bank loans (2)	Euro	4.15	2018	64,923	65,848
Secured bank loans (2)	Euro	4.00	2018	24,708	24,793
Secured bank loans (2)	Euro	4.70	2018	24,708	24,769
Secured bank loans (2)	Euro	3.80	2018	25,969	26,458
Secured bank loans (2)	Euro	5.50	2018	32,648	33,352
Secured 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**

(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.

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

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

Akfen REIT

The details of financial liabilities as of December 31, 2018, 2017 and January 1, 2017, are as follows:

December 31, 2018:

	Currency	Nominal Interest rate (%)	Maturity	Nominal value	Carrying value
Secured bank loans (1)	Euro	6.80	2025	636,145	626,673
Secured bank loans (2)	Euro	6.80	2025	171,996	169,766
Secured bank loans (3)	Euro	6.80	2025	85,998	84,891
Secured bank loans (4)	Euro	6.80	2025	338,261	334,638
Convertible bond	TRY	12.00	2021	170,000	173,000
				1,402,400	**1,388,968**

December 31, 2017:

	Currency	Nominal Interest rate(%)	Maturity	Nominal value	Carrying value
Secured bank loans (1)	Euro	6.80	2024	505,401	499,462
Secured bank loans (2)	Euro	7.20	2025	134,276	133,061
Secured bank loans (3)	Euro	7.20	2025	67,138	66,502
Secured bank loans (4)	Euro	7.20	2025	264,074	262,308
Secured bank loans (5)	TRY	16.83 - 18.50	2018	2,267	2,267
Secured bank loans (6)	TRY	17.00	2018	23,440	23,563
Secured bank loans (7)	TRY	16.00	2018	5,000	5,007
Secured bank loans (8)	TRY	17.50	2018	18,000	18,000
				1,019,596	**1,010,170**

January 1, 2017:

	Currency	Nominal Interest rate (%)	Maturity	Nominal value	Carrying value
Secured bank loans (1)	Euro	7.20	2024	430,348	429,184
Secured bank loans (2)	Euro	7.20	2025	111,297	111,487
Secured bank loans (3)	Euro	7.20	2025	55,649	55,672
Secured bank loans (4)	Euro	7.20	2025	218,884	218,560
Secured bank loans (7)	TRY	13.90	2017	5,000	5,174
Secured bank loans (9)	Euro	6.12	2017	18,549	18,618
				839,727	**838,695**

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

Akfen REIT (cont'd)

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

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

- Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa and Zeytinburnu and land, building and equipment of Ankara Esenboğa, Esenyurt and Adana and the land on which hotel is being built in Tuzla are pledged in favor of the creditors,
- Rent revenue of related hotels is alienated in favor of the creditor,
- The bank accounts opened in bank and financial corporations under related projects are pledged to the favor of creditor,
- Some portion of the shares of Akfen REIT which are not publicly open, of Akfen Holding – shareholder of the Group has been pledged to the favor of creditor.

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

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

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

(3) The loan agreement in amount of EUR 15,000,000 having 2 years grace period a 10 years maturity has been signed for refinancing of all loans related to Akfen Karaköy – subsidiary of Akfen REIT- and the loan has been used on November 6, 2015.

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

- Some portion of the shares which are not publicly open, of Akfen Holding – shareholder of the Group in Akfen REIT has been pledged to the favor of creditor,
- Right of tenancy of Merit Park Hotel are pledged in favor of the creditors in the 2nd degree,
- Rent revenue of Novotel İstanbul Bosphorus, Karaköy is alienated in favor of the creditor,

(4) The loan agreement in amount of EUR 59,000,000 having 2 years grace period a 10 years maturity has been signed for refinancing of all loans related to HDI, RHI and RPI -subsidiaries of Akfen REIT- and the loan has been used on November 6, 2015 and November 17, 2015.

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

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

Akfen REIT (cont'd)

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

- Some portion of the shares which are not publicly open, of Akfen Holding – shareholder of the Group in Akfen REIT has been pledged to the favor of creditor,
- All shares of HDI, RHI and RPI have been pledged to the favor of creditor,
- Akfen Trade, provided surety in amount of the loans used by RHI and RPI,
- Akfen REIT, provided surety in amount of the loans used by HDI,
- Akfen REIT has corporate guarantee in amount of the loans used by HDI, EUR 15,000,000 portion of the loan used by Akfen Trade is kept as guarantee,
- Right of tenancies of Ibis Hotel Yaroslavl, Ibis Hotel Samara, Samara Office, Ibis Hotel Kaliningrad and Ibis Hotel Moscow are pledged in favor of the creditors,
- Rent revenues of the projects are alienated in favor of the creditor.

(5) Shares loan are used to take back the Group's own shares on 2017. The treasury shares were pledged to lenders equal to the loan.

(6) Senior usage rights of the hotels in Zeytinburnu Hotel for the credit used have been subordinately mortgaged as much as hthe credit amount in favor of the creditor. The loan has been repaid as of December 31, 2018.

(7) Spot loan in amount of TRY 5,000 has been used. Akfen Engineering has corporate guarantee for the loan used. The loan has been repaid as of December 31, 2018.

(8) Revolving loans in amount of TRY 18,000 has been used by the Company in July and December 2017. The loans have been repaid as of December 31, 2018.

(9) On September 20, 2016, a loan with a maturity of 1 year with an amount of EUR 5,000,000 was realized. The upper usage rights of the hotels in Zeytinburnu have been mortgaged for the used credit as much as the loan amount for the beneficiary. The loans have been repaid as of December 31, 2017.

Movements of financial borrowings

Movements of financial borrowings for the period January 1, –December 31, 2018 and 2017 is stated as follows:

	2018	2017
Financial liabilities at the beginning of the year	**1,488,837**	**1,929,590**
Proceeds from borrowings	1,404,251	646,062
Cash inflows from issuing instruments based on shares and other equity	170,000	--
Repayments of borrowings	(217,504)	(1,339,618)
Amendments to shareholders' contributions to additional capital	(20,764)	--
Interest paid	(159,735)	(168,857)
Accrual	208,302	153,092
Foreign exchange difference	222,130	240,409
Currency translation differences	30,347	28,158
Financial liabilities at the end of the period	**3,125,864**	**1,488,836**

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

9 TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables

The short-term trade receivables of the Group as of December 31, 2018, 2017 and January 1, 2017 are as follows:

	December 31, 2018	**December 31, 2017**	January 1, 2017
		Restated	Restated
Trade receivables due to related parties (Note 32)	7,780	2,239	7,414
Trade receivables due to third parties	17,123	13,529	19,263
	24,903	**15,768**	**26,677**

As of December 31, 2018, amounting to TRY 17,062 of the trade receivables from third parties is consisting Akfen REIT's rental income from hotels in Turkey and Russia. (December 31, 2017: 13,092, January 1, 2017: 18,467).

The Group has calculated an average of 0.5% credit loss for the expected credit loss provision for trade receivables and calculated TRY 131 from trade receivables as of December 31, 2018 (Note 2) (December 31, 2017 and January 1, 2017: None).

Short-term trade payables

The short-term trade payables of the Group as of December 31, 2018, 2017 and January 1, 2017 are as follows:

	December 31, 2018	**December 31, 2017**	January 1, 2017
		Restated	Restated
Trade payables due to related parties (Note 32)	45,214	756	1,019
Trade payables due to third parties	4,448	7,368	4,958
	49,662	**8,124**	**5,977**

As of December 31, 2018, 2017 and January 1, 2017, trade payables due from third parties are comprised of the following items:

	December 31, 2018	**December 31, 2017**	January 1, 2017
		Restated	Restated
Suppliers	4,159	7,151	4,690
Expense accruals	289	217	268
	4,448	**7,368**	**4,958**

Foreign currency and liquidity risk exposure of trade payables of the Group is explained in Note 33.

As of December 31, 2018, 2017 and January 1, 2017, the repayment schedule for short-term trade payables of the Group to third parties is as follows:

	December 31, 2018	**December 31, 2017**	January 1, 2017
		Restated	Restated
0 - 3 months maturity	4,448	7,368	4,958
	4,448	**7,368**	**4,958**

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

10 OTHER RECEIVABLES AND PAYABLES

Other short-term receivables

As of December 31, 2018, 2017 and January 1, 2017, other short-term receivables are comprised of the following items:

	December 31, 2018	**December 31, 2017**	January 1, 2017
		Restated	Restated
Other receivables due from related parties (Note 32)	995	200,212	5,611
Other receivables due from third parties	562	183	289
	1,557	**200,395**	**5,900**

Other long-term receivables

The other long-term receivables of the Group as of December 31, 2018, 2017 and January 1, 2017 are as follows:

	December 31, 2018	**December 31, 2017**	January 1, 2017
		Restated	Restated
Other receivables due from related parties (Note 32)	478,213	1,342,058	651,734
Other receivables due from third parties	35,436	24,653	18,897
- *Deposits and guarantees given*	*178*	*156*	*193*
- *Other receivables from third parties* (*)	*35,258*	*24,497*	*18,704*
	513,649	**1,366,711**	**670,631**

(*)As of December 31, 2018, 2017 and January 1, 2017 other non- current receivables are comprised of capital receivables of Akfen Trade related to capital paid on behalf other shareholders of Akfen Karaköy.

The Group has calculated an average of 0.1% credit loss for the expected credit loss provision for trade receivables and calculated TRY 722 from other receivables as of December 31, 2018 (Note 2) (December 31, 2017 and January 1, 2017: None).

Other short-term payables

The other short-term payables of the Group as of December 31, 2018, 2017 and January 1, 2017 are as follows:

	December 31, 2018	**December 31, 2017**	January 1, 2017
		Restated	Restated
Other payables to third parties	21,660	6,812	12,509
- *Taxes and funds payable* (*)	*14,547*	*2,746*	*4,969*
- *Land lease payables (Note 12)*	*6,620*	*3,771*	*4,729*
- *Other*	*493*	*295*	*2,811*
Other payables to related parties (Note 32)	3,327	115,718	230
	24,987	**122,530**	**12,739**

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

10 OTHER RECEIVABLES AND PAYABLES (cont'd)

Other long-term payables

	December 31, 2018	**December 31, 2017**	January 1, 2017
		Restated	Restated
Other payables to related parties (Note 32)	74,363	16,733	102,062
Other payables to third parties	49,825	30,299	29,772
- Land lease payables (Note 12)	*44,220*	*30,299*	*29,772*
- Taxes and funds payable (*)	*5,605*	--	--
	124,188	**47,032**	**131,834**

(*) TRY 11,979 and TRY 5,606 of short-term and long-term taxes and funds payable, respectively, consist of the discount amount of Akfen REIT's final debt related to the tax case in Turkish Republic of Northern Cyprus (TRNC), calculated according to the maturity of payment.

11 INVESTMENTS ACCOUNTED USING THE EQUITY METHOD

The carrying amounts of investments accounted using the equity method of the Group as of December 31, 2018, 2017 and January 1, 2017 are as follows:

	Shareholding Rates (%)	**December 31, 2018**	**Shareholding Rates (%)**	**December 31, 2017**	**Shareholding Rates (%)**	**January 1, 2017**
				Restated		*Restated*
Akfen Renewable	68,04	847,134	80,01	981,649	90,00	1,009,327
Akfen Construction (*)	48,81	895,076	48,81	277,123	48,81	157,116
Acacia Mine (**)	30,00	253,700	30,00	47,947	30,00	55,548
TAV Insvestment (**)	21,68	10,496	21,68	35,253	21,68	59,038
Akfen Water (**)	50,00	21,492	50,00	21,101	50,00	16,338
IBS Insurance (***)	37,00	14,200	37,00	12,342	37,00	9,316
İDO (**)	30,00	(78,912)	30,00	(28,289)	30,00	2,790
MIP (****)	--	--	--	--	50,00	734,023
TAV Airports (*****)	--	--	--	--	8,12	234,695
		1,963,186		**1,347,126**		**2,278,191**

(*)Akfen Holding's share in the company was 48.81% with the registered capital of Akfen Construction on May 30, 2018, after taking part in the capital increase with the transfer of the privilege which occurred from Akfen Infrastructure.

(**)The merger transaction on February 28, 2018 was evaluated as effect of transactions under common control (Note 3).

(***) On 17 March 2018, IBS shares were acquired and accounted as effect of transactions under common control (Note 3).

(****) Due to the sale of shares given in Note 1, MIP is accounted as a financial investment with a new ownership ratio of 10%, and investments accounted using the equity method has been discontinued.

(*****) Akfen Holding completed the sale of 8.119% of its shares in TAV Airports on July 7, 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:

	2018	**2017**
		Restated
Akfen Construction	231,502	111,930
Acacia Mine	151,829	(7,243)
IBS Insurance	10,380	6,115
Akfen Water	(8,552)	177
TAV Investment	(31,400)	(28,478)
İDO	(50,623)	(31,713)
Akfen Renewable	(245,876)	(71,825)
MIP (*)	--	135,852
TAV Airports (**)	--	19,151
Elimination (Note 15) (***)	*(5,064)*	--
	52,196	**133,966**

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

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

(*)Due to the sale of shares given in Note 1, MIP is accounted as a financial investment with a new ownership ratio of 10%, and investments accounted using the equity method has been discontinued. (Note 6).

(**)Akfen Holding completed the sale of 8.119% of its shares in TAV Airports on July 7, 2017.

(***)The amount of profit margin accounted as income in the financial table for construction works of Akfen Construction, the contractor of the Bulvar Loft project, which is shown in the inventory of the Group's consolidated financial statements is calculated by taking into consideration the ownership ratio of Akfen Construction and taking into account the share of investments valued by equity method has been eliminated.

As of December 31, 2018 and 2017, the movements in investments accounted using the equity method are as follows:

	January 1, 2018	Period profit/ loss	Other equity movements	Profit margin elimination (*)	Liability cap adjustment (**)	Gains due to the change in the share of partnership (***)	Other adjustments related to profit or loss in consolidation (****)	December 31, 2018
Akfen Renewable	981,649	(222,089)	--	--	--	111,361	(23,787)	847,134
Akfen Construction	277,123	231,502	386,451	--	--	--	--	895,076
Acacia Mine	47,945	155,520	53,926	--	--	--	(3,691)	253,700
TAV Investment	35,250	(31,400)	6,646	--	--	--	--	10,496
Akfen Water	21,101	(8,552)	8,943	--	--	--	--	21,492
IBS Insurance	12,347	10,380	(8,527)	--	--	--	--	14,200
İDO	(28,289)	(304,717)	--	--	254,094	--	--	(78,912)
Elemination (Note 15) (*)	--	*(5,064)*	--	*5,064*	--	--	--	--
	1,347,126	**(174,420)**	**447,439**	**5,064**	**254,094**	**111,361**	**(27,478)**	**1,963,186**

	January 1, 2017	Period profit/ loss	Other equity movements	Liability cap adjustment (**)	*Restated* Gains due to the change in the share of partnership (***)	Share sales	Dividend distribution	Other adjustments related to profit or loss in consolidation (****)	Transfer to long-term financial investments	December 31, 2017
Akfen Renewable	1,009,327	(36,763)	--	--	44,147	--	--	(35,062)	--	981,649
MIP (*****)	734,023	135,852	58,706	--	--	(742,864)	--	--	(185,717)	--
TAV Airports (******)	234,695	19,151	19,582	--	--	(253,296)	(20,132)	--	--	--
Akfen Construction	157,116	111,930	8,077	--	--	--	--	--	--	277,123
TAV Investment	59,038	(28,478)	4,690	--	--	--	--	--	--	35,250
Acacia Mine	55,548	(3,552)	(360)	--	--	--	--	(3,691)	--	47,945
Akfen Water	16,338	177	4,586	--	--	--	--	--	--	21,101
IBS Insurance	9,316	6,115	(3,084)	--	--	--	--	--	--	12,347
IDO	2,790	(129,139)	634	97,426	--	--	--	--	--	(28,289)
	2,278,191	**75,293**	**92,831**	**97,426**	**44,147**	**(996,160)**	**(20,132)**	**(38,753)**	**(185,717)**	**1,347,126**

(*)The amount of profit margin accounted as income in the financial table for construction works of Akfen Construction, the contractor of the Bulvar Loft project, which is shown in the inventory of the Group's consolidated financial statements is calculated by taking into consideration the ownership ratio of Akfen Construction and taking into account the share of investments valued by equity method has been eliminated.

(**)According to guarantee and equity contribution agreement between İDO and Company, sponsor contributions and guarantee payments would not exceed USD 7,500,000 annually.

(***) Note 4.

(****) Net assets of Acacia Mine include mining property reserves and goodwill. Regarding the recognized the mining property reserves, amortization expense amounted to TRY 4,614 (December 31, 2017: TRY 4,614) and deferred tax assets amounted to TRY 923 (December 31, 2017: TRY 923) have been recognized under "Share in profits / (losses) on investments accounted for using the equity method "in the consolidated financial statements.

As of January 1, 2017, Goodwill is belonging to Akfen Renewable was accounted provisionally in the consolidated financial statements has been distributed to related financial statements as of, December 31, 2018, 2017 and January 1, 2017 as a result of the valuation report made in accordance with the sale date in 2017, regarding TRY 29,734 (December 31, 2017: TRY 43,827) depreciation expense has been accounted to under property, plant and equipment and intangible assets, and deferred tax income amounting to TRY 5,947 (December 31, 2017: TRY 8,765) under "Share in profits/(losses) on investments accounted for using the equity method".

(*****)Due to the sale of shares given in Note 1, MIP is accounted as a financial investment with a new ownership ratio of 10%, and investments accounted using the equity method has been discontinued.

(******) Akfen Holding signed a share sale agreement to sell the 8.119% shares of TAV Airports to Tank OWA Alpha GmbH on June 9, 2017. Assets and liabilities of TAV Airports in the light of the Board of Directors' resignation dated June 30, 2017 are presented in the group of assets held for sale in the consolidated financial statements. The sale of such shares has been completed as of July 7, 2017.

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)

Akfen Renewable:

Summary financial information on Akfen Renewable Energy is provided below:

	December 31, 2018	December 31, 2017	January 1, 2017
Assets Total	2,955,355	1,630,257	1,339,227
Liabilities Total	2,484,761	1,219,538	1,078,977
Net Assets	470,594	410,719	260,250
Group's share in Akfen Renewable Energy's net Assets	**320,173**	**328,627**	234,225
Fair value increase of tangible assets (*)	412,102	425,936	446,328
Fair value increase of intangible assets (*)	588,124	604,023	627,458
Deferred tax liabilities (*)	(200,045)	(205,992)	(214,757)
Change in the share of partnership (**)	(273,220)	(170,945)	(83,927)
Carrying value	**847,134**	**981,649**	1,009,327

	January 1- December 31, 2018	January 1- December 31, 2017
Revenue	244,798	194,416
Gross profit/	117,286	59,033
General administrative expenses	(21,650)	(17,665)
Other operating expense, (net)	4,847	49,856
Operating profit	100,483	91,224
Loss before tax	(337,701)	(34,300)
Loss after tax	(315,163)	(48,454)
Loss for the year from parent company shares	(314,329)	(48,353)
Group's share in Akfen Renewable's loss for the year before purchase price allocation	**(222,087)**	**(36,763)**
Group's share in Akfen Renewable's loss for the year after purchase price allocation (*)	**(245,876)**	**(71,825)**
Depreciation and amortization expenses	63,298	45,663

(*) As of January 1, 2017, Goodwill is belonging to Akfen Renewable was accounted provisionally in the consolidated financial statements has been distributed to related financial statements as of December 31, 2018, 2017 and January 1, 2017 as a result of the valuation report made in accordance with the sale date in 2017, regarding TRY 29,734 depreciation expense has been accounted to under property, plant and equipment and intangible assets, and deferred tax income amounting to TRY 5,947 under "Share in profits/(losses) on investments accounted for using the equity method". (December 31, 2017: TRY 43,827 and TRY 8,765, January 1, 2017: None).

(**) The ownership rate of Akfen Holding in Akfen Renewable is decrased from 100% to 90% in 2016, from 90% to 80.01% in 2017, from 80.01% to 73.41% as of March 31, 2018 and from 73.41% to 68.04% as of June 30, 2018, and the adjustments related to this change were reflected in the consolidated financial statements.

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.)

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

Akfen Construction:

The summary financial information of Akfen Construction as of December 31 2018, 2017 and January 1, 2017 is as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
		Restated	*Restated*
Assets Total	6,492,794	4,439,018	2,697,277
Liabilities Total	4,658,998	3,871,260	2,375,384
Net Assets	1,833,796	567,758	321,893
Group's share in Akfen Construction's net asset	**895,076**	**277,123**	157,116

	January 1- December 31, 2018	January 1- December 31, 2017
		Restated
Revenue	1,315,885	1,223,577
Gross profit	463,590	234,851
General administrative expenses	(47,358)	(83,348)
Other operating expense, (net)	606,845	8,947
Share of loss from investments accounted using the equity method	--	(9,286)
Operating profit	1,023,077	151,164
Profit/(loss) before tax	345,398	(7,074)
Profit after tax	452,614	213,832
Profit for the year from parent company shares	474,293	229,318
Group's share in Akfen Consturction's profit for the year	**231,502**	**111,930**
Depreciation and amortization expenses	5,943	13,395

Earnings arising from investments in the scope of incentive certificates received for the hopital projects of Akfen Construction are subject to corporate tax at a discounted rate, as of the financial year in which the investment is partialy or fully operational, until the investment reaches the contribution rate. The Group recognizes tax advantage that it expects to benefit from the predictable future for companies with an investment incentive as deferred tax asset in the financial statement. Fort he period ended December 31, 2018, the Group's share of deferred tax income recognizes by Akfen Construction is TRY 88,895 (December 31, 2017: TRY 87,811).

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

11 ÖZKAYNAK YÖNTEMİYLE DEĞERLENEN YATIRIMLAR *(devamı)*

TAV Investment:

The summary financial information of TAV Investment as of December 31, 2018, 2017 and January 1, 2017 is as follows:

	December 31, 2018	December 31, 2017 *Restated*	January 1, 2017
Assets Total	5,060,209	3,914,235	3,901,566
Liabilities Total	5,011,784	3,751,593	3,629,250
Net Assets	48,425	162,642	272,316
Group's share in TAV Investment's net asset	**10,496**	**35,253**	59,038

	January 1- December 31, 2018	January 1- December 31, 2017 *Restated*
Revenue	3,156,600	2,877,530
Gross profit	118,953	84,674
General administrative expenses	(102,270)	(83,762)
Other operating expense, (net)	(71,249)	6,061
Operating profit/(loss)	(54,566)	6,973
Loss before tax	(149,868)	(65,009)
Loss after tax	(144,869)	(131,385)
Loss for the year from parent company shares	(144,869)	(131,385)
Group's share in TAV Investment's loss for the year	**(31,400)**	**(28,478)**
Depreciation and amortization expenses	19,321	27,136
Letter of guarantee commission expenses within the cost of sales	22,089	10,479

İDO:

The summary financial information of İDO as of December 31, 2018, 2017 and January 1, 2017 is as follows:

	December 31, 2018	December 31, 2017 *Restated*	January 1, 2017
Assets Total	2,049,725	1,705,805	1,893,358
Liabilities Total	3,095,666	2,124,853	1,884,058
Net Assets	(1,045,941)	(419,048)	9,300
Group's share in İDO's net asset	**(313,782)**	**(125,714)**	2,790
Accounted of Group's share in the net assets of IDO (*)	**(78,912)**	**(28,289)**	2,790

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

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

İDO (cont'd):

	January 1-December 31, 2018	January 1-December 31, 2017
		Restated
Revenue	540,787	479,071
Gross profit	5,698	39,825
General administrative expenses	(51,611)	(47,933)
Other operating income, (net)	(55,783)	(12,853)
Share of loss from investments accounted using the equity method	(615)	(2,269)
Operating loss	(102,311)	(23,230)
Loss before tax	(1,015,724)	(430,462)
Loss after tax	(1,015,724)	(430,462)
Loss for the year from parent company shares	(1,015,724)	(430,462)
Group's share in İDO's loss for the year	**(304,717)**	**(129,140)**
Accounted of Group's share in the net assets of IDO (*)	**(50,623)**	**(31,713)**
Depreciation and amortization expenses	91,538	95,792

(*) According to guarantee and equity contribution agreement between İDO and Company, sponsor contributions and guarantee payments would not exceed annual liabilities cap amounted to USD 7,500,000. Therefore, not all of the Group's share in the net loss for the period and other comprehensive income or expenses is included in the table of profit or loss in the consolidated financial statements, which will not exceed the related obligation.

As of January 1, 2017 Zeytinburnu Liman İşletmeleri San. ve Tic. A.Ş. and BTA Maritime Lines are consolidated by İDO through the equity-accounting method.

Akfen Water:

The summary financial information of Akfen Water as of December 31, 2018, 2017 and January 1, 2017 is as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
		Restated	
Assets Total	182,477	140,113	105,307
Liabilities Total	139,493	97,912	72,631
Net Assets	42,984	42,202	32,676
Group's share in the net assets of Akfen Water	**21,492**	**21,101**	16,338

	January 1-December 31, 2018	January 1-December 31, 2017
		Restated
Revenue	37,369	25,564
Gross profit	18,847	12,788
General administrative expenses	(4,455)	(3,846)
Other operating expense, (net)	(23,522)	(1,180)
Operating profit/(loss)	(9,130)	7,762
Profit/(loss) before tax	(15,234)	5,125
Profit/(loss) after tax	(18,472)	2,094
Profit/(loss) for the year from parent company shares	(17,104)	354
Group's share in Akfen Water's profit for the year	**(8,552)**	**177**
Depreciation and amortization expenses	614	584

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

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

Acacia Mine:

The summary financial information of Acacia Mine as of December 31, 2018, 2017 and January 1, 2017 is as follows:

	December 31, 2018	**December 31, 2017** *Restated*	January 1, 2017 *Restated*
Assets Total	2,223,240	688,228	477,339
Liabilities Total	1,543,583	706,714	482,790
Net Assets	679,657	(18,486)	(5,451)
Group's share in the net assets of Acacia Mine	**203,897**	**(5,546)**	(1,635)
Mining property reserves (*)	46,133	49,823	53,514
Goodwill carried at Group level (*)	3,670	3,670	3,670
Carrying value	**253,700**	**47,947**	55,549

	January 1-December 31, 2018	**January 1-December 31, 2017** *Restated*
Revenue	--	--
Gross profit	--	--
General administrative expenses	(3,682)	(1,483)
Other operating expense, (net)	(1,294)	(3,861)
Operating loss	(4,976)	(5,344)
Profit/(loss) before tax	37,189	(14,789)
Profit/(loss) after tax	518,399	(11,841)
Profit/(loss) for the year from parent company shares	518,399	(11,841)
Group's share in Acacia Mine's profit/(loss) for the year before purchase price allocation	**155,519**	**(3,552)**
Group's share in Acacia Mine's profit/(loss) for the year after purchase price allocation (*)	**151,829**	**(7,243)**

(*)Net assets of Acacia Mine include mining property reserves and goodwill. Regarding the recognized the mining property reserves, amortization expense amounted to TRY 4,614 (December 31, 2017: TRY 4,614) and deferred tax assets amounted to TRY 923 (December 31, 2017: TRY 923) have been recognized under "Share in profits/ (losses) on investments accounted for using the equity method "in the consolidated financial statements.

On April 27, 2014, Acacia Mine received investment incentive certificate fort he mining facility in Kastamonu in the "Lage Scale Investment"plan from Ministry of Economy. Within the scope of this incentive, 40% of total investment amount constitutes the basis for tax exemption and 80% of the future tax amount of the company will not be paid under the incentive until it reaches the base of tax exemption. The Group's share of deferred tax income accounted by Acacia Mine is TRY 149,985 for the period ended December 31, 2018 (December 31, 2017: None).

IBS Insurance:

On 17 March 2018, the Company acquired 37% of IBS Insurance from Akfen Infrastructure with a price of TRY 80,000 (Note 4). This purchase merger transaction was evaluated as "Effect of transactions under common control" and accounted for using the "Pooling of Interest " method. Accordingly, the consolidated statement of financial position at December 31, 2017 and January 1, 2017 and the profit or loss for the period ended at December 31, 2017 and the statement of other comprehensive income have been restated.

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

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

IBS Insurance *(cont'd)*:

The summary financial information of IBS Insurance as of December 31, 2018, 2017 and January 1, 2017 is as follows:

	December 31, 2018	**December 31, 2017**	January 1, 2017
		Restated	*Restated*
Assets Total	229,492	173,883	199,923
Liabilities Total	191,113	140,525	174,745
Net Assets	38,379	33,358	25,178
Group's share in the net assets of IBS Insurance	**14,200**	**12,342**	9,316

	January 1-December 31, 2018	**January 1-December 31, 2017**
		Restated
Revenue	57,849	43,179
Gross profit	38,507	26,609
General administrative expenses	(9,508)	(9,741)
Other operating expense, (net)	6,985	3,870
Operating profit	35,984	20,737
Profit before tax	35,984	20,737
Profit after tax	28,053	16,528
Profit for the year from parent company shares	28,053	16,528
Group's share in Akfen Water's profit for the year	**10,380**	**6,115**
Depreciation and amortization expenses	878	813

MIP:

The summary financial information of MIP as of December 31, 2018, 2017 and January 1, 2017 is as follows:

	December 31, 2018	**December 31, 2017**	January 1, 2017
Assets Total	--	--	3,578,427
Liabilities Total	--	--	2,110,380
Net Assets	--	--	1,468,047
Group's share in the net assets of MIP	--	--	734,023

	January 1-December 31, 2018	**January 1 – October 31, 2017 (**)**
Revenue	--	882,560
Gross profit	--	514,446
General administrative expenses	--	(68,633)
Other operating expense, (net)	--	(28,751)
Operating profit	--	417,062
Profit before tax	--	347,997
Profit after tax	--	271,704
Profit for the year from parent company shares	--	271,704
Group's share in MIP's profit for the year	--	**135,852**
Depreciation and amortization expenses	--	131,959

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

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

MIP (cont'd)

(*)The shares were sold on October 27, 2017 and are accounted under long-term financial investments as of December 31, 2018 and 2017.

(**) Profit or loss and other comprehensive income and expense accounts of MIP are accounted for under equity from profits by investments accounted using the equity method until October 31, 2017, which is the closest reporting period to the transfer date.

TAV Airports:

The summary financial information of TAV Airports as of December 31, 2018, 2017 and January 1, 2017 is as follows:

	December 31, 2018	December 31, 2017	January 1, 2017(*)
Assets Total	--	--	11,505,470
Liabilities Total	--	--	8,516,208
Net Assets	--	--	2,989,262
Group's share in the net assets of TAV Airports	--	--	234,695

	January 1-December 31, 2018	January 1-December 31, 2017(**)
Revenue	--	1,900,771
Gross profit	--	(1,204,314)
General administrative expenses	--	(297,861)
Other operating income, (net)	--	217,542
Share of profit from investments accounted using the equity	--	2,512
Operating profit	--	618,650
Profit before tax	--	360,538
Profit after tax	--	241,924
Profit for the year from parent company shares	--	235,868
Group's share in TAV Airports' profit for the year	**--**	**19,151**
Depreciation and amortization expenses	--	231,329

(*)As of January 1, 2017, 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.

(**) On July 7, 2017 shares were sold (Note 1). In addition, the profit or loss and other comprehensive income/(expense) accounts of TAV Airports consist of the balances up to June 30, 2017 which is the closest reporting period to the transfer date.

In the financial statements of January 1, 2017, 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.)

12 INVESTMENT PROPERTIES

As of December 31, 2018, 2017 and January 1, 2017 details of investment property and investment property under development are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017(*)
		Restated	*Restated*
Operating investment properties	2,046,088	1,564,721	1,253,723
Investment properties under development	--	--	49,770
Land lease	50,840	34,070	34,501
	2,096,928	**1,598,791**	**1,337,994**

As of December 31, 2018 and 2017 movements in operating investment property are as follows:

	2018	2017
January 1,	1,564,721	1,303,493
Additions	1,596	10,057
Currency translation difference	59,484	40,290
Fair value gain (Note 25)	420,287	210,881
December 31,	**2,046,088**	**1,564,721**

The fair value of the investment properties of the Group is calculated by a real estate appraisal company which is involved in the list of "Real Estate Appraisal Company" registered by Capital Markets Board of Turkey (CMB). The fair value of investment properties is determined by discounting of future cash flows to present value. In appraisal projects of having right of construction considers the the right of construction leasing term and the developing projects on the land owned by the Group considers ACCOR S.A.projection period in accordance with the leasing contarct term. Cash flows derived from Euro denominated projections are discounted to the present value with a discount rate that is appropriate to the risk level of economy, sector and operation and the value of the investment properties are calculated.

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

12 INVESTMENT PROPERTIES *(cont'd)*

As of December 31, 2018 and 2017, the fair value of investment properties in Turkey, Russia and TRNC are as follows:

	December 31, 2018		December 31, 2017	
Real Estate	**Appraisal report date**	**Fair value**	**Appraisal report date**	**Fair value**
Merit Park Hotel – TRNC Kyrenia	December 31, 2018	403,880	December 31, 2017	302,820
Novotel İstanbul Bosphorus, Karaköy	December 31, 2018	285,275	December 31, 2017	180,355
Ibis Hotel Moskow	December 31, 2018	226,260	December 31, 2017	168,179
Ibis Hotel and Novotel Zeytinburnu	December 31, 2018	221,000	December 31, 2017	176,300
Novotel Trabzon	December 31, 2018	148,950	December 31, 2017	124,995
Ibis Hotel Kaliningrad	December 31, 2018	94,159	December 31, 2017	75,966
Ibis Hotel Tuzla	December 31, 2018	87,940	December 31, 2017	67,080
Ibis Hotel Samara	December 31, 2018	78,239	December 31, 2017	57,438
Ibis Hotel Yaroslavl	December 31, 2018	67,744	December 31, 2017	51,857
Ibis Hotel Adana	December 31, 2018	56,295	December 31, 2017	48,870
Ibis Hotel Ankara Airport	December 31, 2018	60,800	December 31, 2017	47,730
Ibis Hotel Esenyurt	December 31, 2018	59,625	December 31, 2017	44,610
Ibis Hotel and Novotel Gaziantep	December 31, 2018	57,770	December 31, 2017	48,320
Ibis Hotel Alsancak İzmir	December 31, 2018	52,330	December 31, 2017	45,910
Ibis Hotel and Novotel Kayseri	December 31, 2018	50,863	December 31, 2017	47,553
Ibis Hotel Bursa	December 31, 2018	44,865	December 31, 2017	38,290
Samara Office	December 31, 2018	36,843	December 31, 2017	27,453
Ibis Hotel Eskişehir	December 31, 2018	13,250	December 31, 2017	10,995
Total		**2,046,088**		**1,564,721**

The operational fair value of investment properties as of December 31, 2018 and 2017 include the appraisal report value as of December 31, 2018 and 2017 and the foreign currency conversion adjustments that occurred during accounting of hotels in Russia.

Mortgages and Insurance Amounts

As at December 31, 2018, total insurance amount on operating investment properties is TRY 2,198,168 (December 31, 2017: TRY 1,765,070 and January 1, 2017: TRY 1,414,424).

As at December 31, 2018 the pledge amount on operating investment property is TRY 2,075,776 (December 31, 2017: TRY 1,554,938 and January 1, 2017: TRY 1,119,928).

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

12 INVESTMENT PROPERTIES *(cont'd)*

Faal olan yatırım amaçlı gayrimenkullerin gerçeğe uygun değerlerinin hesaplamasında 31 Aralık 2018 ve 2017 tarihleri itibarıyla farklı versiyonlara göre hazırlanan değerleme raporunda kullanılan iskonto oranları aşağıdaki gibidir:

Real Estate	**Discount rates December 31, 2018**	**Discount rates December 31, 2017**
Ibis Hotel and Novotel Zeytinburnu	9.00% and 11.00%	8.00% and 10.00%
Merit Park Hotel – TRNC Kyrenia	9.00% and 11.00%	8.50% and 10.50%
Novotel Trabzon	9.00% and 11.00%	8.00% and 10.00%
Ibis Hotel and Novotel Kayseri	9.00% and 11.00%	8.00% and 10.00%
Ibis Hotel and Novotel Gaziantep	9.00% and 11.00%	8.00% and 10.00%
Ibis Hotel Bursa	9.00% and 11.00%	8.00% and 10.00%
Ibis Hotel Eskişehir	9.00% and 11.00%	8.00% and 10.00%
Ibis Hotel Adana	9.00% and 11.00%	8.00% and 10.00%
Ibis Hotel Esenyurt	9.00% and 11.00%	8.00% and 10.00%
Ibis Hotel Alsancak İzmir	9.00% and 11.00%	8.00% and 10.00%
Ibis Hotel Ankara Airport	9.00% and 11.00%	8.00% and 10.00%
Novotel İstanbul Bosphorus. Karaköy	9.00% and 11.00%	8.50% and 10.00%
Ibis Hotel Tuzla	9.00% and 11.00%	8.50% and 10.00%
Ibis Hotel Yaroslavl	9.30% and 11.00%	10.00% and 12.00%
Ibis Hotel Samara	9.30% and 10.30%	10.00% and 12.00%
Ibis Hotel Kaliningrad	9.30% and 10.30%	10.00% and 12.00%
Ibis Hotel Moskova	9.30% and 10.30%	9.50% and 11.50%
Samara Office	9.30%	12.00%

Land Leases

The Group classifies its rights for the lands that are rented to develop investment real estate as investment real estates. In such a case, the rights to the related land are recognized as if it were a financial lease and in addition, the fair value model is used for the related land that is accounted for. The fair values of the investment properties developed on the leased land have been deducted from the estimated cash flows to be paid for the rents and therefore the discounted values of rentable rentals related to the land are accounted for in the investment property and other liabilities accounts.

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

13 PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment and related accumulated depreciation for the period ended December 31, 2018 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, 2018 (previously reported)	***213***	***166***	*--*	***3,234***	*--*	***678***	***4,291***
Merger effect adjustments (Note 3)	--	*5*	*197*	*417*	*63,493*	--	*64,112*
Opening balance on January 1, 2018 -restated	**213**	**171**	**197**	**3,651**	**63,493**	**678**	**68,403**
Additions	--	--	--	232	178	68	478
Disposals	--	--	(129)	--	--	--	(129)
Closing balance on December 31, 2018	**213**	**171**	**68**	**3,883**	**63,671**	**746**	**68,752**
Minus: Accumulated depreciation							
Opening balance on January 1, 2018 (previously reported)	***(30)***	***(165)***	--	***(2,416)***	--	***(536)***	***(3,147)***
Merger effect adjustments (Note 3)	--	*(4)*	*(139)*	*(332)*	--	--	*(475)*
Opening balance on January 1, 2018 -restated	**(30)**	**(169)**	**(139)**	**(2,748)**	**--**	**(536)**	**(3,622)**
Depreciation for the current year	(11)	(1)	(15)	(350)	--	(78)	(455)
Disposals	--	--	89	--	--	--	89
Closing balance on December 31, 2018	**(41)**	**(170)**	**(65)**	**(3,098)**	**--**	**(614)**	**(3,988)**
Net book value							
Net book value on December 31, 2017 (previously reported)	***183***	***1***	*--*	***818***	*--*	***142***	***1,144***
Merger effect adjustments (Note 3)	--	*1*	*58*	*85*	*63,493*	--	*63,637*
Net book value on December 31, 2017 -restated	**183**	**2**	**58**	**903**	**63,493**	**142**	**64,781**
Net book value on December 31, 2018	**172**	**1**	**3**	**785**	**63,671**	**132**	**64,764**

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

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The movements in property, plant and equipment and related accumulated depreciation for the period ended December 31, 2017 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, 2017 (previously reported)	***213***	***167***	--	***2,533***	***4,071***	***649***	***7,633***
Merger effect adjustments (Note 3)	--	4	197	374	66,648	--	67,223
Opening balance on January 1, 2017 -restated	**213**	**171**	**197**	**2,907**	**70,719**	**649**	**74,856**
Additions	--	--	--	744	443	29	1,216
Transfers(*)	--	--	--	--	(4,071)	--	(4,071)
Impairment(**)	--	--	--	--	(3,598)	--	(3,598)
Closing balance on December 31, 2017	**213**	**171**	**197**	**3,651**	**63,493**	**678**	**68,403**
Minus: Accumulated depreciation							
Opening balance on January 1, 2017 (previously reported)	***(26)***	***(164)***	--	***(2,122)***	--	***(473)***	***(2,785)***
Merger effect adjustments (Note 3)	--	*(2)*	*(119)*	*(298)*	--	--	*(419)*
Opening balance on January 1, 2017 -restated	**(26)**	**(166)**	**(119)**	**(2,420)**	--	**(473)**	**(3,204)**
Depreciation for the current year	(4)	(3)	(20)	(328)	--	(63)	(418)
Closing balance on December 31, 2017	**(30)**	**(169)**	**(139)**	**(2,748)**	--	**(536)**	**(3,622)**
Net book value							
Net book value on January 1, 2017 (previously reported)	***187***	***3***	--	***411***	***4,071***	***176***	***4,848***
Merger effect adjustments (Note 3)	--	2	78	76	66,648	--	66,804
Net book value on January 1, 2017 -restated	**187**	**5**	**78**	**487**	**70,719**	**176**	**71,652**
Net book value on December 31, 2017	**183**	**2**	**58**	**903**	**63,493**	**142**	**64,781**

(*) 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.
(**) The impairment as of December 31, 2017 is due to the termination of the EIA process and the cancellation of the production license of Laleli Dam and HPP project in the area of Thermal Energy.

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

14 INTANGIBLE ASSETS

The movements in intangible fixed assets and related accumulated amortization for the period ended December 31, 2018 are as follows:

	Licenses	**Other intangible assets**	**Total**
Cost value			
Opening balance on January 1, 2017 (previously reported)	**--**	***1,696***	***1,696***
Merger effect adjustments (Note 3)	***3,225***	**--**	***3,225***
Opening balance on January 1, 2017 -restated	**3,225**	**1,696**	**4,921**
Additions	936	73	1,009
Transfers(*)	4,071	--	4,071
Disposals due to sales of subsidiaries (**)	(2,872)	--	(2,872)
Closing balance on December 31, 2017	**5,360**	**1,769**	**7,129**
Opening balance on January 1, 2018 (previously reported)	***5,005***	***1,769***	***6,774***
Merger effect adjustments (Note 3)	*355*	--	*355*
Opening balance on January 1, 2018 -restated	**5,360**	**1,769**	**7,129**
Additions	150	106	256
Closing balance on December 31, 2018	**5,510**	**1,875**	**7,385**

	Licenses	**Other intangible assets**	**Total**
Amortization			
Opening balance on January 1, 2017 (previously reported)	**--**	***(1,388)***	***(1,388)***
Merger effect adjustments (Note 3)	*(418)*	--	*(418)*
Opening balance on January 1, 2017 -restated	**(418)**	**(1,388)**	**(1,806)**
Current amortization expense	(1,602)	(202)	(1,804)
Disposals due to sales of subsidiaries (**)	287	--	287
Closing balance on December 31, 2017	**(1,733)**	**(1,590)**	**(3,323)**
Opening balance on January 1, 2018 (previously reported)	***(1,579)***	***(1,590)***	***(3,169)***
Merger effect adjustments (Note 3)	*(154)*	--	*(154)*
Opening balance on January 1, 2018 -restated	**(1,733)**	**(1,590)**	**(3,323)**
Current amortization expense	(1,648)	(235)	(1,883)
Closing balance on December 31, 2018	**(3,381)**	**(1,825)**	**(5,206)**
Net book value			
Net book value as of January 1, 2017	**2,807**	**308**	**3,115**
Net book value as of December 31, 2017	**3,627**	**179**	**3,806**
Net book value as of January 1, 2018	**3,627**	**179**	**3,806**
Net book value as of December 31, 2018	**2,129**	**50**	**2,179**

(*) 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.

(**) Daire İnşaat ve Ticaret A.Ş, which is one of the subsidiaries of Akfen Thermal Energy, is the amount occured by transferring to Akfen Construction in 2018.

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

15 INVENTORIES

As of December 31, 2018, all inventories in the Group's consolidated financial statements consist of expenditures incurred after the date of transfer of uncompleted residences on the Bulvar Loft project which the General partnership took over on November 11, 2017 (December 31, 2017 and January 1, 2017: None).

The movement of inventories as of December 31, 2018 is as follows:

	2018
Openning balance - January 1,	**--**
Additions	146,957
Profit margin elimination (Note 11)	(5,064)
Closing balance - December 31,	**141,893**

There are no mortgages on inventories as of December 31, 2018.

16 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.

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.

Acacia Mine has received an investment incentive certificate from the Ministry of Economy under the "Large Scale Investment" plan for the mining facility in Kastamonu on April 27, 2014. Under this incentive, 40% of the total investment amount is based on tax exemption and 80% of the future tax amount of the company will not be paid within the scope of incentive until reaching the base for tax exemption. In addition, Acacia Mine benefits from SSK employer feel support.

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

16 GOVERNMENT INCENTIVES AND GRANTS (cont'd)

Earnings arising from investments and incentive certificates in the scope of the hospital projects of Akfen Construction, are subject to corporate tax at a discounted rates as of the financial year in which the investment is partialy or fully operational, until the investment reaches the contribution rate. The Group recognizes tax advantage that it expects to benefit from the predictable future for companies with an investment incentive as deferred tax asset in the financial statement.

17 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions for short term liabilities

As of December 31, 2018, 2017 and January 1, 2017, the provisions for current liabilities are as follows:

	December 31, 2018	**December 31, 2017**	January 1, 2017
		Restated	*Restated*
Employee benefits (Note 19)	4,194	3,206	3,274
Other current provisions [(1)]	--	2,749	--
	4,194	**5,955**	**3,274**

Provisions for long term liabilities

	December 31, 2018	**December 31, 2017**	January 1, 2017
		Restated	*Restated*
Non-current provisions for employee benefits (Note 19)	2,482	1,792	1,547
Other non-current provisions [(1)]	--	16,268	--
	2,482	**18,060**	**1,547**

[(1)] On December 5, 2017, the tax lawsuit regarding Akfen Trade and Lefkoşa Tax Office in TRNC for the period of 2007-2017 has been finalized whether rental income withholding tax can utilized or not by investment allowance and it has been decided that Akfen GT cannot benefit from 100% investment incentives of TRNC for the stoppage of mentined rental income. As of December 31, 2017, TRY 19,003 current year tax expense is reserved for 2007-2017 period (January 1, 2017: None). As of December 31,2018, the total amount of final tax liablity is TRY 20,578. That debt amount has been recalculated by discounting method according to the maturity of the liability and as of December 31, 2018, it is accounted at the amount of TRY 17,585 under the other liablities in consolidated financial statement. As of Decemebr 31, 2017, the difference between reserved tax expense and final tax liablity is TRY 1,575, which is accounted as current year tax expense in consolidated financial statement. As of December 31,2018, the amount of TRY 611 due has been paid (December 31, 2017 and January 1, 2017: None). Fort he year-ended December 31, 2018 consolidated financial statements, the remianing amount of TRY 11,979 is classified under Other short-term liabilities (December 31, 2017: TRY 2,735 and January 1, 2017: None), TRY 5,606 is classified under other long-term liabilities (December 31, 2017: TRY 16,268 - other non-current provisions and January 1, 2017: None).

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

18 COMMITMENTS

Letters of guarantee, pledges and mortgages given

As of December 31, 2018, 2017 and January 1, 2017, the Group's statements on its position related to letters of guarantee/pledges/mortgages are as follows:

GPM given by the Group	**December 31, 2018**	**December 31, 2017** *Restated*	January 1, 2017 *Restated*
A.Total Amount of GPM Given on Behalf of Own Legal Entity	1,954,384	1,438,870	1,190,759
B.Total Amount of GPM Given in Favor of Partnerships which are Fully Consolidated	918,291	756,878	689,519
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	1,936,616	1,177,932	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	1,936,616	1,177,932	1,026,461
iii. Total Amount of GPM Given in Favor of Third Parties which C does not comprise		--	--
Total	**4,809,291**	**3,373,680**	**2,906,739**

As of December 31, 2018, the ratio of other GPM given by the Company to equity is 37% (December 31, 2017: 20% and January 1, 2017: 42%).

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

	December 31, 2018 (*)			**December 31, 2017 (*)**			**January 1, 2017 (*)**		
	TRY	**Euro**	**US Dollar**	**TRY**	**Euro**	**US Dollar**	**TRY**	**Euro**	**US Dollar**
GPM given on behalf of the Group's own legal entity	5,875	1,822,282	126,227	6,304	1,365,049	67,517	6,252	1,121,513	62,994
GPM given in favor of companies under full consolidation	255,211	663,080	-	260,173	496,705	--	281,430	408,089	--
Total of other GPMs given	48,335	118,372	1,769,352	138,314	182,049	857,569	164,509	28,035	833,917
	309,421	**2,603,734**	**1,895,579**	**404,791**	**2,043,803**	**925,086**	**452,191**	**1,557,637**	**896,911**

(*)All amounts are TRY denominated.

Received guarantees

As of December 31, 2018, Group has received the bils from its customers amounted to TRY 9,484 regarding its sales contracts related to the Bulvar Loft Project (December 31, 2017: TRY 4,864 and January 1, 2017: None).

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

19 EMPLOYEE BENEFITS

As of December 31, 2018, 2017 and January 1, 2017, employee benefits are comprised of the provisions for unused vacation and provisions for employee termination benefits. Employee benefits for the period ended on of December 31, 2018, 2017 and January 1, 2017, are as follows:

	December 31, 2018	**December 31, 2017**	January 1, 2017
		Restated	*Restated*
Provision for unused vacation - short-term	4,194	3,206	3,274
Provision for employee termination benefits - long-term	2,482	1,792	1,547
	6,676	**4,998**	**4,821**

20 PREPAID EXPENSES/DEFERRED REVENUES

Prepaid expenses

As of December 31, 2018, 2017 and January 1, 2017, short term prepaid expenses are stated as follows:

	December 31, 2018	**December 31, 2017**	January 1, 2017
		Restated	*Restated*
Advances given (1)	24,652	99,500	1,325
Prepaid expenses (2)	703	682	754
Other	299	351	196
	25,654	**100,533**	**2,275**

As of December 31, 2018, 2017 and January 1, 2017, long term prepaid expenses are stated as follows:

	December 31, 2018	**December 31, 2017**	January 1, 2017
		Restated	*Restated*
Prepaid expenses (2)	9,188	8,489	8,767
	9,188	**8,489**	**8,767**

(1) As of December 31, 2018, TRY 24,153 of advances given consists of the balances transferred by Akfen Holding to Akfen İnşaat. As of December 31, 2017, all the advances given consists of all the share transfers of Travelex Döviz Ticaret A.Ş. ("Travelex") , which is a subsidiary of Akfen Infrastructure. Akfen Holding signed a contract with Akfen Infrastructure on December 25, 2017. However, as of December 31, 2018, the transfer of Travelex from Akfen Infrastructure to Akfen Holding has been cancelled. (December 31, 2017: TRY 99,000 for all of IBS Insurance and Travelex's shares and January 1, 2017: None)

(2) TRY 7,325 (December 31, 2017: TRY 7,507 and January 1, 2017: TRY 7,730) of short term and long term prepaid expenses is related to prepaid amount made by Akfen Karaköy to Hakan Madencilik for transfer of land lease agreement related to Novotel İstanbul Bosphorus, Karaköy which is recorded as profit or loss by the straight-line basis over the lease term.

Deferred revenues

As of December 31, 2018, all of the short term deferred revenue amounting to TRY 46,167 and as of December 31, 2017, all of the long term deferred revenue amounting to TRY 347 consist of the advance receivables received for the apartments and commercial areas where the sales contract related to the Bulvar Loft project of the Group is signed and will be recognized as title deed revenue and revenue in the coming months (January 1, 2017: None).

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

21 OTHER CURRENT / NON-CURRENT ASSETS AND LIABILITIES

Other current and non-current assets

As of December 31, 2018, 2017 and January 1, 2017, other current assets are stated as follows:

	December 31, 2018	**December 31, 2017**	January 1, 2017
		Restated	*Restated*
VAT carryforward	12,812	11,084	5,387
Prepaid taxes and funds	414	1,768	538
Other	**--**	697	151
	13,226	**13,549**	**6,076**

As of December 31, 2018, 2017 and January 1, 2017, other non-current assets are stated as follows:

	December 31, 2018	**December 31, 2017**	January 1, 2017
		Restated	*Restated*
VAT carryforward	26,838	31,963	37,635
	26,838	**31,963**	**37,635**

Other current and non-current liabilities

As of December 31 2018, 2017 and January 1, 2017, other current liabilities are stated as follows:

	December 31, 2018	**December 31, 2017**	January 1, 2017
		Restated	*Restated*
Rent expenses accrual (1)	1,801	1,687	1,557
Other(2)	4,997	15	51
	6,798	**1,702**	**1,608**

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

21 OTHER CURRENT / NON-CURRENT ASSETS AND LIABILITIES (cont'd)

Other current and non-current liabilities (cont'd)

As of December 31, 2018, 2017 and January 1, 2017, other non-current liabilities are stated as follows:

	December 31, 2018	**December 31, 2017**	January 1, 2017
		Restated	*Restated*
Rent expenses accrual [1]	4,289	3,750	3,504
Other[2]	**--**	26,405	24,635
	4,289	**30,155**	**28,139**

[1] Lease expense accruals consist of the accrual of the leasing expenses of the leased premises to the Akfen REIT by using straight line method.

[2] As of December 31, 2018, all of the other short and long term liabilities are realized in 2016 and 30% of Acacia Mine's shares are purchased from Ilbak Holding (December 31, 2017: TRY 26,405 and January 1, 2017: TRY 24,635). As of December 31, 2018, the related liability amounts are classified according to payment schedule.

22 EQUITY

As of December 31, 2018, Akfen Holding has 667,180,686 shares at a nominal value of full TRY 1 each. As of December 31, 2018, the capital in the amount of TRY 667,181 is fully paid.

	December 31, 2018	**December 31, 2017**	January 1, 2017
Issued capital [1]	667,181	667,181	667,181

			Restated			
	December 31, 2018		**December 31, 2017**		January 1, 2017	
	Share Amount	**Shareholding Rate %**	**Share Amount**	**Shareholding Rate %**	**Share Amount**	**Shareholding Rate %**
Hamdi Akın[**]	--	--	572,451	85.80	572,451	85.80
Akfen Infrastructure[*]	662,895	99.36	65,839	9.87	65,839	9.87
Selim Akın	--	--	23,177	3.47	23,177	3.47
Other Shareholders	4,286	0.64	5,714	0.86	5,714	0.86
Issued capital (nominal)	**667,181**	**100.00**	**667,181**	**100.00**	**667,181**	**100.00**

[1] Upon the decision of the Board of Directors of Akfen Holding dated 5 January 2018; Akfen Engineering Inc., which has the same partnership with Akfen Holding, has no liquidation and 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, in accordance with the provisions of Article 155 and the continuation of the Turkish Commercial Code, in accordance with the "facilitation of capital companies' arrangement". The merger process of our company and Akfen Engineering Inc. was completed with the registration of the transaction on February 28, 2018 in accordance with the provisions of Turkish Commercial Code and Turkish Commercial Code. This merger transaction was treated as a "Effect of transactions under common control " and was accounted for using the "Pooling of Interest" method. When the pooling of interest method is applied, the financial statements have been adjusted as if the merger had been realized at the beginning of the reporting period in which the joint control occurred and they have been presented comparatively since the beginning of the reporting period in which the joint control occurred. Consequently, the capital increase resulting from the merger in 2018 has been reflected in the financial statements of the previous period. As of December 31, 2017, Akfen Holding's registered paid-in capital amounted to TRY 72,493 and as of January 1, 2017 it was TRY 667,081.

[*] The transfer of shares in Akfen Holding was completed on August 6, 2018. The number shares of Hamdi Akın, who holds 85.80% of Akfen Holding with a nominal value of TRY 667,180,686, are 572,450,967, all the number shares of Selim Akın, who holds 3.47% of the shares and half of the shares of Akfen Tourism, which holds 0.43% of the shares, were transferred to Akfen Infrastructure. After the transfer, Akfen Infrastructure has 99.36% shares with the nominal value of TRY 662,895,383.

[**]The Company's 16,858,186 Group A shares held are previleged shares by Hamdi Akın from the shareholders of the Company, and 650,322,500 shares of Group B are all bearer shares.

22 EQUITY (cont'd)

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, 2018, all of the revoked shares amounting to TRY 1,289 consists of the shares received from Akfen REIT (December 31, 2017: TRY 1,289, Akfen REIT, January 1, 2017: TRY 1.899, Akfen REIT).

Exchange differences on translation

As of December 31, 2018 the translation reserve amounting to TRY 268,389 is comprised of foreign exchange difference arising from the translation of the financial statements of Akfen Internation, Akfen Water, Acacia Mine, TAV Investment, Akfen REIT and Akfen Construction from their functional currency of USD, Euro and Rouble to the presentation currency TRY and is recognized in equity. (December 31,2017: TRY 21,283 and January 1, 2017: TRY 388,923).

Restricted reserves appropriated from profits

In accordance with Article 520 of Law No. 6102, reserve funds are allocated in the amount of the shares that are acquired for the acquired shares. As of December 31, 2018, the Group has allocated reserves for retained earnings amounting to TRY 1,289 (December 31, 2017: TRY 1,289, As of January 1, 2016, the Group has allocated reserves for restructured shares amounting to TRY 76,029 in restricted reserves, which are included in the consolidated financial statements. The reserve funds that were deducted as a result of the capital reduction made on 28 January 2016 were canceled. In addition, a tax exemption amounting to TRY 2,771,164, which is the 75% portion of the profit on the statutory financial statements due to the sale of TAV Airports and MIP shares in 2017, has been exempted from taxation due to the expiration of 2 years of ownership of the said shares, a reserve fund has been set as of date.

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, 2018, a hedging reserve of TRY 3,955 (İDO: TRY 3,955) concerning the interest rate and cross rate swap agreements is reflected in equity. (December 31, 2017: İDO; TRY 3,955, January, 1 2017: TAV Airports; TRY (8,322), İDO; TRY (7,109)).

22 EQUITY (cont'd)

Effect of business combinations under common control

Based on the decision of the Board of Directors of Akfen Holding dated 5 January 2018; the merger of Akfen Engineering, which has the same partnership with the Company, was completed on February 28, 2018, with no liquidation and participation in the Company as a whole. The purchase transactions on March 17, 2018 of IBS Insurance and on May 30, 2018 of Akfen Construction were evaluated as "Effect of transactions under common control" and accounted "Pooling of Interest" method. The "Effects of business combinations under common control" account is used under equity to offset the inconsistency of assets and liabilities arising under common control effects (Note 4).

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.

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, 2018, the amount classified in the "Non-controlling share" item in the balance sheet amounted to TRY 338,617 (December 31, 2017: TRY 283,593, January 1, 2017: TRY 254,316). Also, the parts of the net profit or loss of the subsidiaries that are not directly and / or indirectly controlled by the parent company are classified as "Non-controlling share" in the consolidated comprehensive income statement. For the periods ended December 31, 2018 and 2017, the profits attributable to non-controlling interests are TRY 44,324 and TRY 16,469, respectively.

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

22 EQUITY (cont'd)

Additional capital contributions of shareholders

In accordance with TAS 32, the difference between the fair value of the convertible bond issued by Akfen REIT on January 17, 2018 using the current market interest rate and the amount to be converted at the maturity date is TRY 20,764, which is the difference between the fair value and the original issue amount, "Additional capital contributions from owners" (December 31, 2017 and January 1, 2017: None).

Revaluation and measurement (losses)/gains

The fair value of the MIP, which is accounted as financial investment in the Group's financial statements, has been assessed within the scope of TFRS 9 standard as of December 31, 2018 and the amount of TRY 188,450, which is the amount of the financial investment, amounted to TRY 198,368, net of deferred income, (December 31, 2017 and January 1, 2017: None) under other comprehensive (expense) / income that would not be reclassified to profit or loss.

23 SALES AND COST OF SALES

23.1 Sales

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

	2018	**2017** *Restated*
Rent income from investment property	98,124	63,543
İncek Loft commercial field Project revenue	--	3,392
Other (*)	6,971	4,182
	105,095	**71,117**

(*)As of December 31, 2018 and 2017, other income consist of reflection income which is cost that are folded for the Group's companies.

As of December 31, 2018 and 2017, the geographic grouped sales revenue based on the position of the customer's locations are as follows:

	2018	**2017**
Turkey	51,911	34,626
TRNC	27,478	18,588
Russia	25,706	17,903
	105,095	**71,117**

23.2 Cost of sales

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

	2018	**2017**
Operating lease expenses	8,050	5,327
Tax and duties expenses	3,053	2,293
Insurance expenses	1,347	1,200
Outsourcing expenses	1,336	729
Construction expenses	--	3,230
Other	51	40
	13,837	**12,819**

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

24 GENERAL ADMINISTRATIVE EXPENSES/SELLING AND MARKETING EXPENSES

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

	2018	2017
		Restated
Personnel expenses	28,720	24,899
Travel and hosting expenses	11,191	6,215
Consultancy expenses	7,497	23,249
Rent expenses	5,037	4,619
Donations and grants	3,457	263
Advertising expenses	2,559	370
Depreciation and amortization expense	2,338	2,222
Office expenses	1,984	2,323
Tax and duties expenses	1,266	708
Insurance expenses	168	118
Other	2,684	5,139
	66,901	**70,125**

For the periods ended December 31, 2018 and 2017, selling and marketing expenses are as follows:

	2018	2017
		Restated
Selling and marketing expenses (*)	5,228	2,418
Other	601	12
	5,829	**2,430**

(*)Advertising and marketing services expenses are related to the Bulvar Loft project.

25 OTHER INCOME FROM OPERATING ACTIVITIES

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

	2018	2017
		Restated
Investment property value increase, net	420,287	210,881
Foreign exchange gain from trade receivables and trade payables	150	484
Other	1,690	1,906
	422,127	**213,271**

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

26 OTHER EXPENSE FROM OPERATING ACTIVITIES

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

	2018	2017 *Restated*
Foreign exchange loss	1,629	440
Impairment (Note 2)	856	--
Other	5,146	2,663
	7,631	**3,103**

27 INCOME / EXPENSE FROM INVESTMENT ACTIVITIES

Income from investment activities

The breakdown of income from investment activities for the period ended Decemer 31 is as follows:

	2018	2017 *Restated*
Gains due to the sale in the share of partnership (Note 4)	*--*	*3,248,414*
Gains due to the changes in the share of partnership (Note 4)	*111,359*	*44,147*
Gains due to the accounting of fair value (Note 4 and note 7)	*--*	*632,469*
Total of the gains arising from the disposal of subsidiaries, joint ventures and financial investments or changes in shares	**111,359**	**3,925,030**
Dividend income (*)	25,347	12,783
Income from other financial instruments (Note 7)	27,719	--
Other	--	1,535
	164,425	**3,939,348**

(*) As of December 31, 2018, dividend income is composed of dividends obtained from MIP (December 31, 2017: None)

Expense from investment activities

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

	2018	2017 *Restated*
Fair value losses of financial assets (Note 7)	54,879	--
Impairment on intangible assets (*)	--	3,598
Other	--	20
	54,879	**3,618**

(*) As of December 31, 2018, 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.

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

28 FINANCE INCOME

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

	2018	2017
		Restated
Foreign exchange gain	607,977	12,561
Interest income	148,464	129,329
	756,441	**141,890**

29 FINANCE EXPENSES

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

	2018	2017
		Restated
Foreign exchange losses	358,496	225,592
Interest expenses	222,172	174,055
Impairment (Note 2)	27	--
Other	4,441	9,377
	585,136	**409,024**

30 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.

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, 2018 and 2017, income tax provisions have been accrued in accordance with the prevailing tax legislation. (January 1,2017 : None)

30 TAX ASSETS AND LIABILITIES (cont'd)

Current and deferred income tax (cont'd)

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 January 1, 2018, 22% tax rate is used in the deferred tax calculation of December 31, 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.

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.

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

30 TAX ASSETS AND LIABILITIES (cont'd)

Corporation tax: (cont'd)

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.

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.

30.1 Tax income/(expense)

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

	2018	2017 *Restated*
Current corporate tax expense	(90,395)	(120,390)
Deferred tax expense	(53,352)	(14,113)
Total tax expense	**(143,747)**	**(134,503)**

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

30 TAX ASSETS AND LIABILITIES (cont'd)

30.2 Current period tax expenses

As of December 31, 2018 and 2017 detail of current tax liabilities is stated as follows :

	(%)	2018	(%)	2017
Profit before tax		766,071		3,998,473
Income tax using the domestic tax (expense)/income rate	(0,22)	(168,536)	(0,20)	(799,695)
Non-deductible expenses	(0,01)	(7,892)	(0,00)	(16,921)
Tax exempt expenses (*)	(0,01)	(6,995)	(0,00)	(6,280)
Investments in equity accounted investees	(0,00)	11,483	0,02	69,875
Exceptions (**)	0,01	8,024	0,14	560,816
Using of carry forward losses	0,01	9,938	0,01	46,480
Tax loss not subjected to deferred tax asset	(0,01)	(9,418)	(0,00)	(2,299)
Current year income not subjected to deferred tax asset	0,03	21,555	0,01	23,338
Effect of tax rates in foreign jurisdictions	(0,00)	(1,159)	(0,00)	(2,650)
Prior year tax expense (Note 17)	(0,00)	(1,575)	(0,00)	(19,003)
Effect of different income tax rate differences	0,00	1,398	0,00	11,340
Other	(0,00)	(570)	0,00	496
Tax expense		**(143,747)**		**(134,503)**
Deferred tax income		(53,350)		(14,113)
Current year tax expense		(90,395)		(120,390)
Deductible tax		111,234		25,207
Current tax asset/(liability)		**20,839**		**(95,183)**

(*) Akfen REIT is exempt from Corporate Tax.

(**) Exceptions to dividends received from the MIP andIBS Insurance.

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

30 TAX ASSETS AND LIABILITIES (cont'd)

30.3 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.

	Deferred tax assets			Deferred tax liabilities			Net		
	December 31, 2018	**December 31, 2017**	**January 1, 2017**	**December 31, 2018**	**December 31, 2017**	**January 1, 2017**	**December 31, 2018**	**December 31, 2017**	**January 1, 2017**
Investment incentive	12,630	16,536	7,782	--	--	--	12,630	16,536	7,782
Investment properties	--	--	--	(142,309)	(90,597)	(59,246)	(142,309)	(90,597)	(59,246)
Tax losses carried forward	10,727	13,093	4,145	--	--	--	10,727	13,093	4,145
Financial investments	--	--	--	(9,918)	--	--	(9,918)	--	--
Other	--	--	--	863	(2,193)	(1,053)	863	(2,193)	(1,053)
Deferred tax assets / (liabilities)	**23,357**	**29,629**	**11,927**	**(151,364)**	**(92,790)**	**(60,299)**	**(128,007)**	**(63,161)**	**(48,372)**
Net-off	(15,091)	(24,609)	(7,329)	15,091	24,609	7,329	--	--	--
Deferred tax assets / (liabilities)	**8,266**	**5,020**	**4,598**	**(136,273)**	**(68,181)**	**(52,970)**	**(128,007)**	**(63,161)**	**(48,372)**

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

31 EARNINGS PER SHARE

Since the capital increase by the Company during the period ended December 31, 2018 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.

	2018	2017
Net profit for the year belonging to the shareholders of the parent company	578,393	3,847,501
Number of shares available during the year	667,180,537	667,180,537
Earnings per share (full TRY)	**0.87**	**5.77**

32 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.

32.1 Related party balances

The short-term receivables and payables concerning related parties as of December 31, 2018, 2017 and January 1, 2017 are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
		Restated	*Restated*
Trade receivables	7,780	2,239	7,414
Other receivables	995	200,212	5,611
	8,775	**202,451**	13,025
Trade payables	45,214	756	1,019
Other payables	3,327	115,718	230
	48,541	**116,474**	1,249

The long-term receivables and payables concerning related parties as of December 31, 2018, 2017 and January 1, 2017 are as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
		Restated	*Restated*
Other receivables	478,213	1,342,058	651,734
	478,213	**1,342,058**	651,734
Other payables	74,363	16,733	102,062
	74,363	**16,733**	102,062

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

32 RELATED PARTY DISCLOSURES (cont'd)

32.1 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, 2018, 2017 and January 1, 2017 are as follows:

Trade and other short-term receivables due from related parties:	**December 31, 2018**	**December 31, 2017** *Restated*	January 1, 2017 *Restated*
Akfen Construction(*)	5,345	117,043	7,414
Akfen Renewable Energy(*)	3,272	--	--
Acacia Mine(*)	--	80,781	--
Akfen Infrastructure (*)	--	3,981	5,571
Other	158	646	40
	8,775	**202,451**	13,025

(*)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.

The advances given balances of the Group concerning related parties as of December 31, 2018, 2017 and January 1, 2017 are as follows:

Short-term advances given to related parties:	**December 31, 2018**	**December 31, 2017** *Restated*	January 1, 2017 *Restated*
Akfen Construction (Note 20)	24,153	--	--
Akfen Infrastructure (Note 20)	--	99,000	--
	24,153	**99,000**	--

The trade and other short-term payables balances of the Group concerning related parties as of December 31, 2018 and 2017 and January 1, 2017 are as follows:

Trade and other short-term payables due to related parties:	**December 31, 2018**	**December 31, 2017** *Restated*	January 1, 2017 *Restated*
Akfen Construction (*)	45,523	114,992	--
Akfen Infrastructure	--	378	--
Other	3,018	1,104	1,249
	48,541	**116,474**	1,249

(*)Short term liabilities to related parties to Akfen Construction as of December 31, 2018 consist of payables related to the Group's progress payments under the Bulvar Loft project and other project expenditures. Short term debts to related parties to Akfen Construction as of December 31, 2017 and January 1, 2017 consist of the amounts that Akfen Holding's subsidiaries have purchased to finance the operating capital and ongoing investments and the same amount of interest is calculated on the basis of the rates.

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

32 RELATED PARTY DISCLOSURES (cont'd)

32.1 Related party balances *(cont'd)*

The other long-term receivable balances of the Group concerning related parties as of December 31, 2018 and 2017 and January 1, 2017 are as follows:

Other long-term receivables due from related parties:	December 31, 2018	December 31, 2017	January 1, 2017
		Restated	*Restated*
Acacia Mine (*)	189,944	60,693	--
Akfen Renewable Energy (*)	147,312	154,049	96,934
İDO (*)	64,812	28,044	86
İzbir Mine	26,761	--	--
Akfen Water (*)	24,537	12,782	7,213
Akfen Contruction (*)	23,02	758,433	546,792
Company's Main Shareholder	--	189,883	--
Akfen Infrastructure (*)	--	137,754	--
Other	1,827	420	709
	478,213	**1,342,058**	**651,734**

(*)As of December 31, 2018, 2017 and January 1, 2017 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.

The other long-term payable balances of the Group concerning related parties as of December 31, 2018 and 2017 and January 1, 2017 are as follows:

Other long-term payables due from related parties:	December 31, 2018	December 31, 2017	January 1, 2017
		Restated	*Restated*
Akfen Infrastructure (*)	53,144	--	--
TAV Investment	17,086	12,597	10,581
Akfen Construction (*)	--	--	87,340
Other	4,133	4,136	4,141
	74,363	**16,733**	**102,062**

(*)As of December 31, 2018 and January 1, 2017 other long-term payables due to Akfen Holding 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.

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

32 RELATED PARTY DISCLOSURES (cont'd)

32.2 Related party transactions

As of December 31, 2018 and 2017, the services delivered to related parties are as follows:

Services delivered due to related parties:	December 31, 2018		December 31, 2017	
			Restated	
Company	**Amount**	**Nature**	**Amount**	**Nature**
Akfen Construction	38,731	Financing income	75,648	Financing income
Acacia Mine	36,028	Financing income	6,253	Financing income
Akfen Renewable Energy	24,759	Financing income	16,099	Financing income
Company's Main Shareholder	16,942	Financing income	489	Financing income
Akfen Infrastructure	4,191	Financing income	12,568	Financing income
İDO	3,753	Financing income	--	Financing income
MIP	2,243	Financing income	241	Rent income
Akfen Water	2,025	Financing income	1,195	Financing income
TAV Investment	1,119	Financing income	--	Financing income
Other	351	Other	26	Other
	130,142		**112,519**	

As of December 31, 2018 and 2017, the services received due from related parties are as follows:

Services received due from related parties	December 31, 2018		December 31, 2017	
			Restated	
Company	**Amount**	**Nature**	**Amount**	**Nature**
Akfen Construction	96,832	Incomplete project expenditures	--	Incomplete project expenditures
Akfen Infrastructure	8,568	Interest expense	19	Interest expense
Akfen Construction	5,228	Selling and marketing expenses	2,418	Selling and marketing expenses
TAV Investment	3,804	Interest expense	1,797	Interest expense
Akfen Construction	3,648	Interest expense	10,068	Interest expense
Other	2,211	Rent expenses	1,066	Rent expenses
Other	406	Other	1,695	Rent expenses
	120,697		**17,063**	

32.3 Benefits to senior executives

Total short-term benefits provided to senior managers for Akfen Holding and subsidiaries for the period ended on December 31, 2018 is TRY 8,443 (December 31, 2017: TRY 6,755).

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

33 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, 2018	**Receivables**					
	Trade receivables		**Other receivables**			
	Related Party	**Other Party**	**Related Party**	**Other Party**	**Bank Deposits (*)**	**Other (**)**
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	**7,780**	**17,123**	**479,208**	**35,998**	**2,681,661**	**197,633**
- 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	7,780	17,123	479,208	35,998	2,681,686	197,633
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	--	--	--	--	(25)	--
- Overdue (gross book value)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- Not overdue (gross book value)	--	131	661	61	--	--
- Impairment (-)	--	(131)	(661)	(61)	(25)	--
E. Elements including off-balance-sheet financing	--	--	--	--	--	--

December 31, 2018	**Receivables**	
	Related Party	**Related 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.	--	--

(*) As of December 31, 2018, investment funds of Akfen Holding amounting to TRY 1,013,966 and other short-term and long-term investment funds and deposits amounting to TRY 888,759 are included in the bank deposits.

(**) As of December 31, 2018, shares issued by Akfen REIT, details of which are disclosed in Note 7, relate to the fair value of the convertible bond amounting to TRY 197,633.

(**) Explained in Note 2.3.

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

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

Credit risk (cont'd)

December 31, 2017 *Restated*	**Receivables**				
	Trade receivables		**Other receivables**		**Bank Deposits (*)**
	Related Party	**Other Party**	**Related Party**	**Other Party**	
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	**2,239**	**13,529**	**1,542,270**	**24,836**	**2,293,158**
- 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	2,239	13,529	1,542,270	24,836	2,293,158
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**	
	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, 2017, investment funds of Akfen Holding amounting to TRY 30,105 in cash and cash equivalents and short and long term investments amounting to TRY 67,139 are included in deposits in banks.

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

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

Credit risk (cont'd)

January 1, 2017 *Restated*	**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)	**7,414**	**19,263**	**657,345**	**19,186**	**170,971**
- 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	7,414	19,263	657,345	19,186	170,971
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	--	--	--	--	--

January 1, 2017	**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 January 1, 2017, investment funds of Akfen Holding amounting to TRY 114 in cash and cash equivalents and short and long term investments amounting to TRY 116,587 are included in deposits in banks.

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

33 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, 2018 and 2017 and January 1, 2017 are as follows:

	December 31, 2018						
	Note	Carrying amount	Contractual cash outflows total	Less than 3 months	03 - 12 months	1 - 5 years	More than 5 years
Financial liabilities							
Borrowings	8	2,570,134	(3,096,945)	(53,844)	(158,458)	(2,099,688)	(784,955)
Bonds	8	555,730	(700,932)	(23,502)	(70,507)	(606,923)	--
Trade payables	9	4,448	(4,448)	(4,448)	--	--	--
Payables to related parties	9-10-32	122,904	(122,904)	(45,523)	(3,018)	(74,363)	--
Other payables (*)		90,042	(835,909)	(57,742)	(5,725)	(71,163)	(701,279)
Total		**3,343,258**	**(4,761,138)**	**(185,059)**	**(237,708)**	**(2,852,137)**	**(1,486,234)**

	December 31, 2017 *Restated*						
	Note	Carrying amount	Contractual cash outflows total	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years
Financial liabilities							
Borrowings	8	1,130,920	(1,491,647)	(160,009)	(126,476)	(480,781)	(724,381)
Bonds	8	357,917	(476,467)	(13,935)	(44,231)	(418,301)	--
Trade payables	9	7,608	(7,608)	(7,368)	--	(240)	--
Payables to related parties	9-10-32	133,207	(133,207)	(115,752)	(722)	(16,733)	--
Other payables (*)		188,772	(416,158)	(129,625)	(2,590)	(88,527)	(195,416)
Total		**1,818,424**	**(2,525,087)**	**(426,689)**	**(174,019)**	**(1,004,582)**	**(919,797)**

	January 1, 2017 *Restated*						
	Note	Carrying amount	Contractual cash outflows total	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years
Financial liabilities							
Borrowings	8	1,518,619	(1,765,881)	(63,627)	(407,794)	(592,609)	(701,851)
Bonds	8	410,971	(428,897)	(5,752)	(361,411)	(61,734)	--
Trade payables	9	4,958	(4,958)	(4,829)	(129)	--	--
Payables to related parties	9-10-32	103,311	(103,311)	(278)	(971)	(102,062)	--
Other payables (*)		77,084	(279,332)	(31,667)	(488)	(68,308)	(178,869)
Total		2,114,943	(2,582,379)	(106,153)	(770,793)	(824,713)	(880,720)

(*) 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.)

33 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, 2018 is based on the foreign currency-based assets and liabilities indicated in the statement below:

	December 31, 2018			
	TRY Equivalent	**US Dollar**	**Euro**	**Other (*)**
1. Trade receivables	6,146	14	--	6,075
2a. Monetary Financial Assets (including safe and bank accounts)	2,032,560	385,084	1,097	59
2b. Non-Monetary Financial Assets	--	--	--	--
3. Other	860	42	62	264
4. Current Assets (1+2+3)	**2,039,566**	**385,140**	**1,159**	**6,398**
5. Trade Receivables	--	--	--	--
6a. Monetary Financial Assets	566,217	92,271	13,402	--
6b. Non-Monetary Financial Assets	1,016,554	193,228	--	--
7. Other	169,142	22,908	8,067	--
8. Non-Current Assets (5+6+7)	**1,751,913**	**308,407**	**21,469**	**--**
9. Total Assets (4+8)	**3,791,479**	**693,547**	**22,628**	**6,398**
10. Trade Payables	1,331	43	181	17
11. Financial Liabilities	184,437	8,155	23,479	--
12a. Other Monetary Liabilities	4,981	947	--	--
12b. Other Non-Monetary Liabilities	1,810	--	--	1,810
13. Current Liabilities (10+11+12)	**192,559**	**9,145**	**23,660**	**1,827**
14. Trade Payables	--	--	--	--
15. Financial Liabilities	2,385,697	227,495	197,225	--
16a. Other Monetary Liabilities	--	--	--	--
16b. Other Non-Monetary Liabilities	5,024	955	--	--
17. Non-Current Liabilities (14+15+16)	**2,390,721**	**228,450**	**197,225**	**--**
18. Total Liabilities (13+17)	**2,583,280**	**237,595**	**220,885**	**1,827**
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)	**1,208,199**	**455,952**	**(198,257)**	**4,571**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**28,477**	**240,729**	**(206,386)**	**6,117**
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.)

33 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, 2017 is based on the foreign currency-based assets and liabilities indicated in the statement below:

December 31, 2017

	Restated			
	TRY Equivalent	**USD**	**EUR**	**Other (*)**
1. Trade receivables	6,258	43	5	6,073
2a. Monetary Financial Assets (including safe and bank accounts)	2,226,107	588,742	928	1,241
2b. Non-Monetary Financial Assets	--	--	--	--
3. Other	56,435	14,600	3	1,352
4. Current Assets (1+2+3)	**2,288,800**	**603,385**	**936**	**8,666**
5. Trade Receivables	--	--	--	--
6a. Monetary Financial Assets	64,423	--	14,267	--
6b. Non-Monetary Financial Assets	--	--	--	--
7. Other	668,678	193,493	(13,544)	--
8. Non-Current Assets (5+6+7)	**733,101**	**193,493**	**723**	**--**
9. Total Assets (4+8)	**3,021,901**	**796,878**	**1,659**	**8,666**
10. Trade Payables	3,167	623	181	--
11. Financial Liabilities	214,626	--	47,531	--
12a. Other Monetary Liabilities	80,553	18,557	2,338	--
12b. Other Non-Monetary Liabilities	1,644	--	--	1,644
13. Current Liabilities (10+11+12)	**299,990**	**19,180**	**50,050**	**1,644**
14. Trade Payables	--	--	--	--
15. Financial Liabilities	867,455	--	192,106	--
16a. Other Monetary Liabilities	4,820	1,278	--	--
16b. Other Non-Monetary Liabilities	--	--	--	--
17. Non-Current Liabilities (14+15+16)	**872,275**	**1,278**	**192,106**	**--**
18. Total Liabilities (13+17)	**1,172,265**	**20,458**	**242,156**	**1,644**
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)	**1,849,636**	**776,420**	**(240,497)**	**7,022**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**1,126,167**	**568,327**	**(226,956)**	**7,314**
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.)

33 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 January 1, 2017 is based on the foreign currency-based assets and liabilities indicated in the statement below:

	January 1, 2017			
	Restated			
	TRY Equivalent	**USD**	**EUR**	**Other (*)**
1. Trade receivables	12,635	--	--	12,635
2a. Monetary Financial Assets (including safe and bank accounts)	112,708	17,394	13,857	87
2b. Non-Monetary Financial Assets	--	--	--	--
3. Other	5,578	1,513	8	224
4. Current Assets (1+2+3)	**130,921**	**18,907**	**13,865**	**12,946**
5. Trade Receivables	--	--	--	--
6a. Monetary Financial Assets	55,649	--	15,000	--
6b. Non-Monetary Financial Assets	--	--	--	--
7. Other	33,797	4,205	5,121	--
8. Non-Current Assets (5+6+7)	**89,446**	**4,205**	**20,121**	**--**
9. Total Assets (4+8)	**220,367**	**23,112**	**33,986**	**12,946**
10. Trade Payables	3,586	378	188	1,561
11. Financial Liabilities	553,055	85,465	68,004	--
12a. Other Monetary Liabilities	--	--	--	--
12b. Other Non-Monetary Liabilities	1,765	1	61	1,534
13. Current Liabilities (10+11+12)	**558,406**	**85,844**	**68,253**	**3,095**
14. Trade Payables	--	--	--	--
15. Financial Liabilities	955,885	--	257,658	--
16a. Other Monetary Liabilities	--	--	--	--
16b. Other Non-Monetary Liabilities	3,940	1,119	--	--
17. Non-Current Liabilities (14+15+16)	**959,825**	**1,119**	**257,658**	**--**
18. Total Liabilities (13+17)	**1,518,231**	**86,963**	**325,911**	**3,095**
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)	**(1,297,864)**	**(63,851)**	**(291,925)**	**9,851**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(1,331,534)**	**(68,449)**	**(296,993)**	**11,161**
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.)

33 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, 2018				
	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 20% against TRY				
1- US Dollar net asset/liability	276,432	(276,432)	203,310	(203,310)
2- Portion hedged for USD (-)	--	--	--	--
3- USD Net Impact (1+2)	**276,432**	**(276,432)**	**203,310**	**(203,310)**
In the event that EUR appreciates/depreciates by 20% against TRY				
4- Net asset/liability in Euro	(239,018)	239,018	--	--
5- Portion hedged for EUR (-)	--	--	--	--
6- Euro Net Impact (4+5)	**(239,018)**	**239,018**	**--**	**--**
In the event that other foreign currencies appreciate/depreciate by 20% against TRY				
7- Other foreign currency net asset/liability	(900)	900	1,816	(1,816)
8- Portion hedged for other foreign currency (-)	--	--	--	--
9- Other Foreign Currency Assets Net Impact (7+8)	**(900)**	**900**	**1,816**	**(1,816)**
TOTAL (3+6+9)	**36,514**	**(36,514)**	**205,126**	**(205,126)**

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

33 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, 2017				
Restated				
	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 20% against TRY				
1- US Dollar net asset/liability	585,716	(585,716)	--	--
2- Portion hedged for USD (-)	-	-	--	--
3- USD Net Impact (1+2)	**585,716**	**(585,716)**	--	--
In the event that EUR appreciates/depreciates by 20% against TRY				
4- Net asset/liability in Euro	(217,192)	217,192	--	--
5- Portion hedged for EUR (-)	-	-	--	--
6- Euro Net Impact (4+5)	**(217,192)**	**217,192**	--	--
In the event that other foreign currencies appreciate/depreciate by 20% against TRY				
7- Other foreign currency net asset/liability	4	(4)	1,399	(1,399)
8- Portion hedged for other foreign currency (-)	-	-	-	-
9- Other Foreign Currency Assets Net Impact (7+8)	**4**	**(4)**	**1,399**	**(1,399)**
TOTAL (3+6+9)	**368,528**	**(368,528)**	**1,399**	**(1,399)**

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

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

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

Exchange Rate Sensitivity Analysis Statement				
January 1, 2017				
Restated				
	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 20% against TRY				
1- US Dollar net asset/liability	(44,941)	44,941	--	--
2- Portion hedged for USD (-)	-	-	--	--
3- USD Net Impact (1+2)	(44,941)	44,941	--	--
In the event that EUR appreciates/depreciates by 20% against TRY				
4- Net asset/liability in Euro	(216,602)	216,602	--	--
5- Portion hedged for EUR (-)	-	-	--	--
6- Euro Net Impact (4+5)	(216,602)	216,602	--	--
In the event that other foreign currencies appreciate/depreciate by 20% against TRY				
7- Other foreign currency net asset/liability	(5)	5	1,975	(1,975)
8- Portion hedged for other foreign currency (-)	-	-	-	-
9- Other Foreign Currency Assets Net Impact (7+8)	(5)	5	1,975	(1,975)
TOTAL (3+6+9)	(261,548)	261,548	1,975	(1,975)

Interest risk

Profile

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

	December 31, 2018	**December 31, 2017**	January 1, 2017
		Restated	*Restated*
Fixed-interest items			
Financial assets	589,053	2,240,077	103,473
Financial liabilities	2,340,574	1,130,920	1,463,498
Floating-interest items			
Financial assets	1,815,687	30,105	114
Financial liabilities	785,291	357,917	466,092

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.)

33 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 10,304 as of December 31, 2018 (December 31, 2017: TRY (3,278) and January 1, 2017 : TRY (4,660)) before tax in the annual interest expenses of the Group's floating-interest payables.

As of December 31, 2018, 2017 and January 1, 2017, 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, 2018	**December 31, 2017**	**January 1, 2017**
			Restated	*Restated*
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		**10,304**	**(3,278)**	**(4,660)**
Financial assets		18,157	301	1
Financial liabilities		(7,853)	(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, 2018, 2017 and January 1, 2017 are as follows:

	December 31, 2018	**December 31, 2017**	**January 1, 2017**
		Restated	*Restated*
Total financial liabilities (*)	2,952,864	1,488,837	1,929,590
Cash reserves and banks (**)	(2,681,961)	(2,293,489)	(171,197)
Net financial liability	270,903	(804,652)	1,758,393
Equity	5,283,779	5,981,783	2,457,333
(Net cash)/Net financial liability / equity ratio	**0,05**	**(0,13)**	0,72

(*) As of December 31, 2018, the total amount of financial liabilities does not include convertible bonds issued by Akfen REIT amounting to TRY 173,000 taken by Akfen Holding (December 31, 2017 and January 1, 2017: None).

(**) Cash and bank deposits as of December 31, 2018; short-term and long-term financial investments of the Group amounting to TRY 888,759, excluding cash and cash equivalents, in the form of deposits and investment funds. (December 31, 2017: TRY 67,139 and January 1, 2017: TRY 116,586).

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

34 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, 2018	**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[(*)]	**2,681,961**	**-**	**2,681,961**	**2,681,961**	**6**
Trade receivables from third parties	**17,123**	**-**	**17,123**	**17,123**	**9**
Trade receivables from related parties	**7,780**	**-**	**7,780**	**7,780**	**32**
Financial Liabilities					
Financial borrowings	**-**	**3,125,864**	**3,125,864**	**3,125,864**	**8**
Trade payables to third parties	**-**	**4,448**	**4,448**	**4,448**	
Trade payables to related parties	**-**	**45,214**	**45,214**	**45,214**	**32**

December 31, 2017 (Restated)	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[(*)]	2,293,489	--	2,293,489	2,293,489	6
Trade receivables from third parties	13,529	--	13,529	13,529	9
Trade receivables from related parties	2,239	--	2,239	2,239	32
Financial Liabilities					
Financial borrowings	--	1,488,837	1,488,837	1,488,837	8
Trade payables to non-related parties	--	7,608	7,608	7,608	
Trade payables to related parties	--	756	756	756	32

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

34 THE FAIR VALUE EXPLANATIONS (cont'd)

Financial Instruments (cont'd)
Financial Instrument classifications and fair values (cont'd)

January 1, 2017 (Restated)	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(*)	171,197	--	171,197	171,197	6
Trade receivables from third parties	19,263	--	19,263	19,263	9
Trade receivables from related parties	7,414	--	7,414	7,414	32
Financial liabilities					
Financial borrowings	--	1,929,590	1,929,590	1,929,590	8
Trade payables to non-related parties	--	4,958	4,958	4,958	9
Trade payables to related parties	--	1,019	1,019	1,019	32

(*)As of December 31, 2018, the cash and cash equivalents include short-term and long-term financial investments amounting to TRY 888,759 (December 31, 2017: TRY 67,139 and January 1, 2017: TRY 116,587).

<u>Short and long term financial investments</u>

As of December 31, 2018, 2017, the fair value classifications of the long term financial investments which are calculated with their fair values are as follows:

December 31, 2018			**Fair Value Level**
	Level 1 TRY	**Level 2 TRY**	**Level 3 TRY**
Short term financial investments			
Financial assets at fair value through profit or loss (Note 7)	**26,271**	--	--
Long term financial investments			
Financial assets held to maturity (Note 7)	**197,633**	--	--
Financial assets at fair value through profit or loss (Note 7)	**360,728**	--	--
Other financial investments (Note 7)	--	--	**1,016,551**

31 Aralık 2017			**Fair Value Level**
Restated			
	Level 1 TRY	**Level 2 TRY**	**Level 3 TRY**
Long term financial investments			
Other financial investments (Note 7)	--	--	**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.

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

34 THE FAIR VALUE EXPLANATIONS (cont'd)

Financial Instruments (cont'd)

Financial Instrument classifications and fair values (cont'd)

Discounted Cash Flows

Under the discounted cash flows method, the fair value of an asset is estimated using the net assumptions about the ownership benefits and liabilities over the life of the asset, including the output and the final value. This estimation includes estimating a series of cash flows and a corresponding, market-based discount rate is applied to generate the present value of the revenue stream.

The duration of cash flow and specific timing of the inflows and outflows are determined by the review of rents, renewal of lease agreements and related lease periods, leasing, redevelopment and renewal.

Cost incurred during the development of the asset and construction costs, development costs and expected sales revenue are estimated to reach a set of cash flows that are reduced through additional development and marketing expenses throughout the lease. Certain development risks, such as planning, permits and development permits must be assessed separately,

Level 3 sensitivity analysis of significant changes in unobservable inputs used in fair value calculations

The sensitivity analysis of the Group's unobservable inputs fort he measurement of fair values related to operating and investment properties is as follws:

		if increases	**if decreases**
December 31, 2018	**Sensitivity analysis**	**Profit/(Loss) effect of fair value (TRY)**	**Profit/(Loss) effect of fair value (TRY)**
Hotel			
Discount rate	0.50%	(96,743)	96,400
Room cost increase ratio	1%	42,462	(42,414)
Solidity ratio	1%	30,639	(30,698)
Office			
Discount rate	0.50%	(752)	770
Solidity ratio	1%	300	(295)

The fair value of MIP, which is accounted as a financial investment in the Group's financial statements, has been evaluated within the scope of IFRS 9 standard as of December 31, 2018 and the change in the value of the financial investment has been accounted in the other comprehensive income or expense statement in the Group's consolidated financial statements.

Sensitivity analysis of the financial investment in question for unobservable inputs used in the measurement of fair values is as follows:

		if increases	**if decreases**
December 31, 2018	**Sensitivity analysis**	**Profit/(Loss) effect of fair value (TRY)**	**Profit/(Loss) effect of fair value (TRY)**
Long term financial investments			
Discount rate	0.50%	(46,372)	49,650

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

35 EXPLANATIONS ON SHARES IN OTHER BUSINESSES

Information on the Group's subsidiaries with significant non-controlling interests is as follows:

December 31, 2018	Non-controlling interests (%)	Profits for Non-controlling interests	Non-controlling interests
Subsidiary			
Akfen REIT	43.12	49,765	320,811

December 31, 2017	Non-controlling interests (%)	Profits for Non-controlling interests	Non-controlling interests
Subsidiary			
Akfen REIT	43.12	21,254	271,045

The summary of financial statement before the elimination of the related subsidiary is as follows:

Summary of financial statement:

Akfen REIT	December 31, 2018	December 31, 2017
Cash and cash equivalents	993	3,125
Short-term financail investments	87,039	67,138
Trade receivables	17,123	15,579
Other receivables	35,678	24,680
Inventories	146,957	-
Investment properties	2,096,928	1,604,229
Prepaid expenses	10,184	9,623
Other current and non-current assets	42,035	38,821
TOTAL ASSETS	**2,436,937**	**1,763,195**
Short-term financal borrowings	135,537	142,715
Trade payables	46,549	4,555
Other payables	78,338	47,278
Long-term financal borrowings	1,253,431	867,455
Deferred tax liability	126,354	68,181
Deferred income	46,167	347
Other long-term liabilities	6,565	24,845
TOTAL LIABILITIES	**1,692,941**	**1,155,376**
TOTAL EQUITY	**743,996**	**607,819**

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

35 EXPLANATIONS ON SHARES IN OTHER BUSINESSES (cont'd)

Summary of income statement:

PROFIT OR LOSS	January, 1– December 31, 2018	January, 1– December 31, 2017
Revenue	98,124	63,539
Cost of sales (-)	(13,837)	(9,589)
GROSS PROFIT/(LOSS)	**84,287**	**53,95**
General administration expenses (-)	(7,819)	(5,690)
Selling and marketing expenses (-)	(5,829)	(2,430)
Other income from operations, net	419,987	210,999
INCOME AND PROFIT FROM OPERATINS	**490,626**	**256,829**
Financial expenses, net (-)	(330,611)	(184,681)
PROFIT BEFORE TAX	**160,015**	**72,148**
Current period tax expense	(57,352)	(33,494)
- Current period tax expense	*(1,575)*	*(19,003)*
- Deferred tax expense	*(55,777)*	*(14,491)*
PROFIT FOR THE PERIOD	**102,663**	**38,654**
OTHER COMPREHENSIVE INCOME	**12,749**	**10,636**
TOTAL COMPREHENSIVE INCOME	**115,412**	**49,290**

36 SUBSEQUENT EVENTS

Akfen Holding and subsidiaries:

Akfen REIT

On January 17, 2019, the sale of Bulvar Loft Project: The wholesale sales of independent units in Bulvar Loft Project of İller Bank, owned by Akfen Tourism and Akfen Real Estate (Akfen REIT 99% - Akfen Construction 1%), were approved by İller Bank on January 10, 2019.

Akfen International

A share transfer was signed on February 7, 2019 regarding the sale of all shares of Akfen International B.V. from Akfen Holding to Hamdi Akın.