

**Akfen Holding Anonim Őirketi
and Its Subsidiaries**

**Convenience Translation
to English of
Consolidated Financial Statements
As at and for the Years Ended
31 December 2009, 2008 and 2007
With Independent Auditors' Report
(Originally Issued in Turkish)**

KPMG Akis Bağımsız Denetim ve Serbest Muhasebeci Mali
Müşavirlik Anonim Őirketi
30 April 2010

This report includes 2 pages of independent auditors'
report and 163 pages of consolidated financial statements
together with their explanatory notes.

**CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED
31 DECEMBER 2009, 2008 AND 2007**

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

Akfen Holding Anonim Şirketi and Its Subsidiaries

Consolidated Statements of Financial Position

As at 31 December 2009, 2008 and 2007

(Currency: Thousands of TL)

| | <u>Notes</u> | <u>Audited</u> | | |
|---------------------------------|--------------|-------------------------|-------------------------|-------------------------|
| | | <u>31 December 2009</u> | <u>31 December 2008</u> | <u>31 December 2007</u> |
| ASSETS | | | | |
| Total current assets | | 998,027 | 817,309 | 518,622 |
| Cash and cash equivalents | 6 | 285,866 | 107,958 | 80,114 |
| Trade receivables | | | | |
| -Due from related parties | 10-37 | 23,804 | 17,271 | 22,074 |
| -Other trade receivables | 10 | 258,927 | 230,514 | 156,657 |
| Other receivables | | | | |
| -Due from related parties | 11-37 | 5,295 | 22,769 | 1,192 |
| -Other receivables | 11 | 183,805 | 139,978 | 103,667 |
| Financial investments | 7 | 3,706 | 14,977 | 91 |
| Inventories | 13 | 45,758 | 32,127 | 9,541 |
| Other current assets | 26 | 190,866 | 251,715 | 142,026 |
| | | 998,027 | 817,309 | 515,362 |
| Assets held for sale | 34 | -- | -- | 3,260 |
| Total non-current assets | | 2,324,259 | 2,338,632 | 1,532,764 |
| Trade receivables | | | | |
| -Due from related parties | 10-37 | 3,751 | 4,750 | 7,668 |
| -Other trade receivables | 10 | 99,407 | 102,511 | 77,718 |
| Other receivables | | | | |
| -Due from related parties | 11-37 | 1,878 | 14,010 | 5,755 |
| -Other receivables | 11 | 2,214 | 2,008 | 5,760 |
| Financial investments | 7 | 2,779 | 6,023 | 11,518 |
| Investment property | 17 | 531,647 | 469,343 | 303,835 |
| Property, plant and equipment | 18 | 306,166 | 239,389 | 82,450 |
| Intangible assets | 19 | 1,042,619 | 1,260,604 | 855,046 |
| Goodwill | 20 | 116,777 | 70,321 | 51,394 |
| Deferred tax assets | 35 | 54,976 | 53,627 | 29,783 |
| Other non-current assets | 26 | 162,045 | 116,046 | 101,837 |
| TOTAL ASSETS | | 3,322,286 | 3,155,941 | 2,051,386 |

* See note 2.

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

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

Akfen Holding Anonim Şirketi and Its Subsidiaries

Consolidated Statements of Financial Position

As at 31 December 2009, 2008 and 2007

(Currency: Thousands of TL)

| | <u>Notes</u> | <u>Audited</u> | | |
|---|--------------|-------------------------|-------------------------|-----------------------------------|
| | | <u>31 December 2009</u> | <u>31 December 2008</u> | <u>Restated* 31 December 2007</u> |
| LIABILITIES | | | | |
| Total current liabilities | | 725,356 | 1,001,203 | 575,884 |
| Loans and borrowings | 8 | 292,799 | 662,484 | 372,469 |
| Derivatives | 9 | 48,188 | 33,837 | 6,610 |
| Trade payables | | | | |
| -Due to related parties | 10-37 | 24,650 | 13,931 | 21,432 |
| -Other trade payables | 10 | 154,571 | 124,050 | 70,906 |
| Other payables | | | | |
| -Due to related parties | 11-37 | 13,143 | 33,335 | 21,095 |
| -Other payables | 11 | 152,801 | 95,999 | 66,686 |
| Provisions | 22 | 5,384 | 4,342 | 6,374 |
| Other current liabilities | 26 | 33,820 | 33,225 | 10,312 |
| | | 725,356 | 1,001,203 | 575,884 |
| Total non-current liabilities | | 2,067,922 | 1,814,430 | 1,060,908 |
| Loans and borrowings | 8 | 1,941,972 | 1,293,320 | 961,304 |
| Derivatives | 9 | 37,596 | 83,573 | 13,353 |
| Trade payables | | | | |
| -Due to related parties | 10-37 | 5,889 | 2,352 | 1,331 |
| -Other trade payables | 10 | 10,422 | 5,342 | 1,143 |
| Other payables | | | | |
| -Due to related parties | 11-37 | 10,833 | 13,345 | 11,964 |
| -Other non-trade payables | 11 | 27,181 | 37,957 | 13,497 |
| Employee benefits | 24 | 6,449 | 3,387 | 2,575 |
| Deferred tax liabilities | 35 | 19,034 | 24,726 | 19,869 |
| Other non-current liabilities | 26 | 8,546 | 350,428 | 35,872 |
| Total Equity | | 529,008 | 340,308 | 414,594 |
| Total equity attributable to equity holders of the Company | | 349,097 | 145,742 | 281,740 |
| Paid in capital | 27 | 99,669 | 62,723 | 62,723 |
| Adjustments to share capital | | (7,257) | (7,257) | (7,257) |
| Treasury shares | | (4,767) | (3,180) | (3,180) |
| Business combination of entities under common control | | 20,062 | 16,658 | 16,415 |
| Revaluation reserve | | (62,687) | (81,615) | (9,860) |
| Translation reserves | | 25,004 | 25,931 | (29,950) |
| Legal reserves | | 14,985 | 11,584 | 6,083 |
| Retained earnings | | 114,208 | 241,156 | 47,603 |
| Profit / (loss) for the period | | 149,880 | (120,258) | 199,163 |
| Non-controlling interest | | 179,911 | 194,566 | 132,854 |
| TOTAL LIABILITIES | | 3,322,286 | 3,155,941 | 2,051,386 |

* See note 2.

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

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

Akfen Holding Anonim Şirketi and Its Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended 31 December 2009,2008 and 2007

(Currency: Thousands of TL)

| | <i>Notes</i> | <i>Audited</i> | | |
|---|--------------|-------------------------|-------------------------|-------------------------|
| | | <i>31 December 2009</i> | <i>31 December 2008</i> | <i>31 December 2007</i> |
| CONTINUING OPERATIONS | | | | |
| Revenue | 28 | 1,029,267 | 849,466 | 698,178 |
| Cost of sales(-) | 28 | (843,347) | (674,777) | (569,829) |
| Gross profit | | 185,920 | 174,689 | 128,349 |
| Distribution expenses(-) | 29 | -- | (193) | (1,223) |
| Administrative expenses (-) | 29 | (132,421) | (92,592) | (106,790) |
| Other income | 31 | 78,418 | 135,320 | 304,317 |
| Other expenses(-) | 31 | (24,991) | (10,594) | (51,093) |
| Results from operating activities | | 106,926 | 206,630 | 273,560 |
| Share of profit/ (loss) from equity accounted investees | 16 | -- | -- | (93) |
| Finance income | 32 | 76,074 | 12,574 | 40,800 |
| Finance expenses | 33 | (223,136) | (245,606) | (86,426) |
| Profit/ (loss) before tax | | (40,136) | (26,402) | 227,841 |
| Tax benefit / (expense) | | (1,241) | (18,824) | 2,581 |
| Tax expense | 35 | (17,358) | (10,583) | (10,520) |
| Deferred tax income/(expense) | 35 | 16,117 | (8,241) | 13,101 |
| Profit / (loss) from continuing operations | | (41,377) | (45,226) | 230,422 |
| DISCONTINUED OPERATION | | | | |
| Profit from discontinued operation, net off tax | 34 | 194,835 | (31,243) | 12,190 |
| Profit / (loss) for the period | | 153,458 | (76,469) | 242,612 |
| Other comprehensive income / (expense) | | | | |
| Change in revaluation of property, plant and equipment | | 38 | 31 | 1,099 |
| Change in net fair value change in cash flow hedges | 32 | 21,894 | (71,562) | (9,548) |
| Change in foreign currency translation differences | 32 | (3,018) | 57,649 | (19,914) |
| Other comprehensive income /(expense) for the period, net of tax | | 18,914 | (13,882) | (28,363) |
| Total comprehensive income/ (expense) for the period | | 172,372 | (90,351) | 214,249 |
| Profit attributable to: | | | | |
| Non-controlling interest | | 3,578 | 43,789 | 43,449 |
| Owners of the Company | | 149,880 | (120,258) | 199,163 |
| Profit / (loss) for the period | | 153,458 | (76,469) | 242,612 |
| Total comprehensive income/ (expense) attributable to: | | | | |
| Non-controlling interest | | 3,300 | 45,252 | 43,454 |
| Owners of the Company | | 169,072 | (135,603) | 170,795 |
| Total comprehensive income / (expense) for the period | | 172,372 | (90,351) | 214,249 |
| Earnings per share | 36 | 1,792 | (1,917) | 3,175 |

* See note 2.

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

Convenience Translation to English of Consolidated Financial Statements Originally Issued in Turkish
Akfen Holding Anonim Şirketi and Its Subsidiaries

Consolidated Statements of Changes in Equity
For the Years Ended 31 December 2009, 2008 and 2007
(Currency: Thousands of TL)

| | Paid-in capital | Adjustments to share capital | Treasury Shares | Business combination of entities under common contro | Translation reserve | Revaluation reserve | Hedging reserve | Legal reserve | Retained earnings | Total | Non-controlling interests | Total Equity |
|---|-----------------|------------------------------|-----------------|--|---------------------|---------------------|-----------------|---------------|-------------------|----------|---------------------------|--------------|
| Balances as at 1 January 2007 as previously reported | 62,723 | (7,257) | (1,792) | 19,872 | (14,016) | -- | -- | 2,039 | 154,473 | 216,042 | 5,669 | 221,711 |
| Effect of change in accounting policy (Note 2) | -- | -- | -- | 987 | (241) | -- | -- | 4,894 | (29,443) | (23,803) | 12,308 | (11,495) |
| Balances as at 1 January 2007 as restated * | 62,723 | (7,257) | (1,792) | 20,859 | (14,257) | -- | -- | 6,933 | 125,030 | 192,239 | 17,977 | 210,216 |
| Total comprehensive income for the period | | | | | | | | | | | | |
| Profit for the period | -- | -- | -- | -- | -- | -- | -- | -- | 199,163 | 199,163 | 43,449 | 242,612 |
| Other comprehensive income / (expense) | | | | | | | | | | | | |
| Revaluation of property, plant and equipment | -- | -- | -- | -- | -- | 1,099 | -- | -- | -- | 1,099 | -- | 1,099 |
| Foreign currency translation differences | -- | -- | -- | -- | (19,919) | -- | -- | -- | -- | (19,919) | 5 | (19,914) |
| Net fair value change in cash flow hedges | -- | -- | -- | -- | -- | -- | (9,548) | -- | -- | (9,548) | -- | (9,548) |
| Total comprehensive income/(expense), net of tax | -- | -- | -- | -- | (19,919) | 1,099 | (9,548) | -- | -- | (28,368) | 5 | (28,363) |
| Total comprehensive income and expense for the period | -- | -- | -- | -- | (19,919) | 1,099 | (9,548) | -- | 199,163 | 170,795 | 43,454 | 214,249 |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | | |
| Capital increase in subsidiaries | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 55,800 | 55,800 |
| Dividend distribution to non-controlling interest | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | (2,402) | (2,402) |
| Acquisition through business combinations | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 350 | 350 |
| Change in ownership | -- | -- | -- | (6,079) | 4,376 | -- | (1,411) | (1,426) | 1,785 | (2,755) | -- | (2,755) |
| Acquisition of non-controlling interest | -- | -- | -- | -- | (150) | -- | -- | (477) | 627 | -- | -- | -- |
| Sales to non-controlling interest | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | (212) | (212) |
| Transfer from legal reserves | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 22,284 | 22,284 |
| Transfer to legal reserves | -- | -- | -- | -- | -- | -- | -- | 1,053 | (1,053) | -- | 15 | 15 |
| Repurchase of own shares | -- | -- | (1,388) | -- | -- | -- | -- | -- | (77,877) | (79,265) | -- | (79,265) |
| Total changes in Group's structure of IBS Sigorta Brokerlik Hizmetleri AŞ ("IBS") | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 2,267 | 2,267 |
| Changes in structure of entities under common control | -- | -- | -- | 1,635 | -- | -- | -- | -- | (909) | 726 | (6,679) | (5,953) |
| Total transactions with owners | -- | -- | (1,388) | (4,444) | 4,226 | -- | (1,411) | (850) | (77,427) | (81,294) | 71,423 | (9,871) |
| Balances as at 31 December 2007 as restated * | 62,723 | (7,257) | (3,180) | 16,415 | (29,950) | 1,099 | (10,959) | 6,083 | 246,766 | 281,740 | 132,854 | 414,594 |
| Balances as at 31 December 2007 as previously reported | 62,723 | (7,257) | (3,180) | 16,415 | (30,190) | 1,099 | (9,548) | 2,437 | 261,175 | 293,674 | 127,377 | 421,051 |

* See note 2.

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Akfen Holding Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended 31 December 2009, 2008 and 2007
(Currency: Thousands of TL)

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

| | Paid-in capital | Adjustments to share capital | Treasury shares | Business combination of entities under common control | Translation reserve | Revaluation reserve | Hedging reserve | Legal Reserve | Retained earnings | Total | Non- controlling interest | Total Equity |
|--|--------------------|------------------------------------|--------------------|--|------------------------|------------------------|--------------------|------------------|----------------------|-----------|---------------------------------|--------------|
| Balances as at 1 January 2008 as restated * | 62,723 | (7,257) | (3,180) | 16,415 | (29,950) | 1,099 | (10,959) | 6,083 | 246,766 | 281,740 | 132,854 | 414,594 |
| Total comprehensive income/ (expense) for the period | | | | | | | | | | | | |
| Profit/ (loss) for the period | -- | -- | -- | -- | -- | -- | -- | -- | (120,258) | (120,258) | 43,789 | (76,469) |
| Other comprehensive income / (expense) | | | | | | | | | | | | |
| Foreign currency translation differences | -- | -- | -- | -- | 56,186 | -- | -- | -- | -- | 56,186 | 1,463 | 57,649 |
| Revaluation of property, plant and equipment | -- | -- | -- | -- | -- | (159) | -- | -- | 190 | 31 | -- | 31 |
| Net fair value change in cash flow hedges | -- | -- | -- | -- | -- | -- | (71,562) | -- | -- | (71,562) | -- | (71,562) |
| Total comprehensive income/(expense), net of tax | -- | -- | -- | -- | 56,186 | (159) | (71,562) | -- | 190 | (15,345) | 1,463 | (13,882) |
| Total comprehensive income and expense for the period | -- | -- | -- | -- | 56,186 | (159) | (71,562) | -- | (120,068) | (135,603) | 45,252 | (90,351) |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | | |
| Dividend distribution to non-controlling interest | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | (2,660) | (2,660) |
| Acquisition of non-controlling interest | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | (1,417) | (1,417) |
| Transfer from legal reserves | -- | -- | -- | -- | -- | -- | -- | 6,297 | (6,296) | 1 | 30 | 31 |
| Change in ownership | -- | -- | -- | -- | -- | -- | -- | (849) | 849 | -- | -- | -- |
| Capital increase in subsidiaries | -- | -- | -- | 243 | (305) | 16 | (50) | 53 | (353) | (396) | 116 | (280) |
| Total transactions with owners | -- | -- | -- | 243 | (305) | 16 | (50) | 5,501 | (5,800) | (395) | 16,460 | 16,065 |
| Transactions with owners, recorded directly in equity | -- | -- | -- | 243 | (305) | 16 | (50) | 5,501 | (5,800) | (395) | 16,460 | 16,065 |
| Balances as at 31 December 2008 as restated * | 62,723 | (7,257) | (3,180) | 16,658 | 25,931 | 956 | (82,571) | 11,584 | 120,898 | 145,742 | 194,566 | 340,308 |
| Balances as at 31 December 2008 as previously reported | 62,723 | (7,257) | (3,180) | 16,658 | 19,827 | 957 | (72,966) | 6,643 | 131,611 | 155,016 | 186,586 | 341,602 |

* See note 2.

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Akfen Holding Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended 31 December 2009, 2008 and 2007
(Currency: Thousands of TL)

| | Paid-in capital | Adjustments to share capital | Treasury shares | Business combination of entities under common control | Translation reserve | Revaluation reserve | Hedging reserve | Legal reserve | Retained earnings | Total | Non- controlling interest | Total Equity |
|--|--------------------|------------------------------------|--------------------|--|------------------------|------------------------|--------------------|------------------|----------------------|---------|---------------------------------|-----------------|
| Balances as at 1 January 2009 as restated * | 62,723 | (7,257) | (3,180) | 16,658 | 25,931 | 956 | (82,571) | 11,584 | 120,898 | 145,742 | 194,566 | 340,308 |
| Total comprehensive income/ (expense) for the period | | | | | | | | | | | | |
| Profit/ (loss) for the period | -- | -- | -- | -- | -- | -- | -- | -- | 149,880 | 149,880 | 3,578 | 153,458 |
| Other comprehensive income / (expense) | | | | | | | | | | | | |
| Foreign currency translation differences | -- | -- | -- | -- | (2,740) | -- | -- | -- | -- | (2,740) | (278) | (3,018) |
| Revaluation of property, plant and equipment | -- | -- | -- | -- | -- | (193) | -- | -- | 231 | 38 | -- | 38 |
| Net fair value change in cash flow hedges | -- | -- | -- | -- | -- | -- | 21,894 | -- | -- | 21,894 | -- | 21,894 |
| Total comprehensive income/(expense), net of tax | -- | -- | -- | -- | (2,740) | (193) | 21,894 | -- | 231 | 19,192 | (278) | 18,914 |
| Total comprehensive income and expense for the period | -- | -- | -- | -- | (2,740) | (193) | 21,894 | -- | 150,111 | 169,072 | 3,300 | 172,372 |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | | |
| Dividend distribution to non-controlling interest | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | (2,681) | (2,681) |
| Transfer to legal reserves | -- | -- | -- | -- | -- | -- | -- | 2,391 | (2,442) | (51) | (321) | (372) |
| Total changes in structure of entities under common control | -- | -- | -- | 3,404 | 1,813 | (2,773) | -- | 1,010 | (4,479) | (1,025) | 1,985 | 960 |
| Capital increase in subsidiaries | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 1,158 | 1,158 |
| Changes in non-controlling interest through merger | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 15,721 | 15,721 |
| Acquisition through business combinations | 36,946 | -- | (1,587) | -- | -- | -- | -- | -- | -- | 35,359 | (33,817) | 1,542 |
| Total transactions with owners | 36,946 | -- | (1,587) | 3,404 | 1,813 | (2,773) | -- | 3,401 | (6,921) | 34,283 | (17,955) | 16,328 |
| Balances as at 31 December 2009 | 99,669 | (7,257) | (4,767) | 20,062 | 25,004 | (2,010) | (60,677) | 14,985 | 264,088 | 349,097 | 179,911 | 529,008 |

* See note 2.

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

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

Akfen Holding Anonim Şirketi and Its Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended 31 December 2009, 2008 and 2007

(Currency: Thousands of TL)

| | | <i>Restated*</i> | | |
|--|--------------|-----------------------------|-----------------------------|-----------------------------|
| | <i>Notes</i> | <i>31 December 2009</i> | <i>31 December 2008</i> | <i>31 December 2007</i> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit/(loss) for the period | | 153,458 | (76,469) | 242,612 |
| Depreciation of property, plant and equipment | 18 | 15,587 | 15,002 | 7,837 |
| Amortization of intangible assets | 19 | 29,084 | 35,527 | 17,424 |
| Loss from liquidation of investment | 31 | (1,656) | -- | -- |
| Loss on sale on subsidiary | 31 | -- | 1,889 | 2,797 |
| Loss on sale of investment | | -- | -- | 386 |
| Loss on sale of investment property | 31 | -- | 1,554 | -- |
| Impairment loss on available for sale investment | 31 | -- | -- | 1,510 |
| Impairment loss on goodwill | 31 | -- | -- | 4,526 |
| Impairment loss/reversal on trading property | 31 | (250) | 1,500 | -- |
| Gain on sales of trading property | 31 | (8,108) | -- | -- |
| Provision for employment severance indemnity | 24 | 5,476 | 1,455 | 816 |
| (Release of provision)/Provision for doubtful receivables | 38 | (67) | (186) | 671 |
| Unearned interest income / (expense), net | 32-33 | 2,959 | (3,195) | -- |
| Gain or loss on sale of property, plant and equipment | 31 | 461 | (1,315) | (85) |
| Gain on sale of subsidiaries and non controlling interest in subsidiary | 31 | (5,336) | -- | (158,625) |
| Share of profit/loss of equity accounted investees | | -- | -- | 1,887 |
| Impairment loss on investment property | 31 | 18,103 | 4,193 | 32,094 |
| Impairment loss on property, plant and equipment | | 1,580 | 148 | (402) |
| Gain on investment property | 31 | (41,967) | (117,345) | (132,987) |
| Provision/ (Release of provision) for litigation and vacation | 22 | 1,041 | (2,747) | 5,559 |
| Unrealised foreign exchange differences on statement of financial position items | | 30,464 | (209,209) | (67,739) |
| Tax benefit/(expense) | 35 | (3,119) | (10,010) | (516) |
| Marked to market valuation of derivative instruments | | (4,647) | 17,617 | 6,452 |
| | | 193,063 | (341,591) | (35,783) |
| Change in other current trade receivables | | (28,392) | (74,495) | (54,003) |
| Change in other current non-trade receivables | | (43,827) | (36,311) | 94,468 |
| Change in other current assets | | 60,849 | (109,689) | 134,633 |
| Change in other non-current trade receivables | | 3,104 | (24,793) | 54,940 |
| Change in other non-current non-trade receivables | | (206) | 3,752 | (5,190) |
| Change in inventory | | (13,379) | (16,409) | 10,069 |
| Change in due from related parties | | 33,829 | (22,111) | 49,145 |
| Change in other non-current asset | | (21,509) | (38,053) | 27,745 |
| Change in other short-term trade payables | | 30,523 | 53,144 | (21,341) |
| Change in other short-term non-trade payables | | 56,800 | 29,313 | (33,037) |
| Change in other short term liabilities | | 595 | 22,913 | (45,322) |
| Change in other long-term trade payables | | 5,080 | 4,199 | 820 |

* See note 2.

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

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

Akfen Holding Anonim Şirketi and Its Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended 31 December 2009, 2008 and 2007

(Currency: Thousands of TL)

| | | <i>Restated*</i> | | |
|---|--------------|-----------------------------|-----------------------------|-----------------------------|
| | <i>Notes</i> | <i>31 December 2009</i> | <i>31 December 2008</i> | <i>31 December 2007</i> |
| Change in other long-term non-trade payables | | (10,776) | 24,460 | 7,528 |
| Change in due to related parties | | (16,472) | 7,141 | (15,537) |
| Change in other non current liabilities | | (349,781) | 344,089 | 40,855 |
| Cash flows from/ (used in) operating activities | | (100,499) | (174,441) | 209,990 |
| Tax paid | | (22,595) | (14,666) | (11,648) |
| Retirement benefit paid | 24 | (2,769) | (680) | (530) |
| Doubtful receivables collection | 38 | 50 | 1,220 | 85 |
| Interest paid | | (163,781) | (110,055) | (68,642) |
| Net cash provided from / (used in) operating activities | | (289,594) | (298,622) | 129,255 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Acquisition of own shares | | -- | -- | (79,265) |
| Acquisition of property, plant and equipment | 18 | (179,543) | (173,931) | (80,097) |
| Effect of group structure change | | (95,476) | 1,672 | 52,757 |
| Proceeds from sale of property, plant and equipment | | 94,708 | 4,810 | 11,636 |
| Acquisition of intangible assets | 19 | (160,668) | (283,447) | (779,849) |
| Proceeds from sale of intangible assets | | 415,768 | 3,098 | 432 |
| Purchases of investment property | 17 | (29,036) | (57,409) | (33,864) |
| Proceeds from sale of investment property | | 348 | 2,646 | 3,950 |
| Acquisition of asset held for sale | 13 | (80) | (6,616) | (17,176) |
| Proceeds from asset held for sale | | 8,186 | 439 | 32,539 |
| Share capital increase in other investment | | 19,852 | (12,780) | 155,499 |
| Proceeds from sale of asset held for sale | 34 | -- | 3,260 | -- |
| Dividend distributions to non controlling interest | | (2,681) | (2,660) | (2,402) |
| Change in non-controlling interest | | 21,269 | 20,583 | 73,830 |
| Acquisition of subsidiary and joint ventures net of cash acquired | | (33,307) | (5,926) | -- |
| Net cash provided from/(used in) investing activities | | 59,340 | (506,261) | (662,010) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Proceeds from the borrowings | | 1,160,131 | 1,256,307 | 1,096,405 |
| Change in derivative instruments | | (45,977) | 70,220 | 8,352 |
| Repayment of borrowings | | (707,199) | (494,105) | (512,334) |
| Net cash from financing activities | | 406,955 | 832,422 | 592,423 |
| Net increase in cash and cash equivalents | | 176,701 | 27,539 | 59,668 |
| Cash and cash equivalents at 1 January | 6 | 106,933 | 79,394 | 19,726 |
| Cash and cash equivalents at period end | 6 | 283,634 | 106,933 | 79,394 |

* See note 2.

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

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

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at 31 December 2009, 2008 and 2007

(Currency: Thousands of TL)

1 REPORTING ENTITY

Akfen Holding Anonim Şirketi (“Akfen Holding” or “the Company”) has started its operations in 1999 as a holding company initially restructuring the operations and activities of Akınısı Makine Sanayi ve Ticaret AŞ which was set up by Hamdi Akın in 1976 as an infrastructure and concession investment company in Turkey. The Company’s core businesses are airport concessions and construction, real estate/hotel projects and other concessions. Among the Company’s operations are airport and harbor management, vehicle inspection stations, construction, contracting, steel construction manufacturing, hydroelectric power stations, energy production with water regulators, management of water and water sewage investments and facilities and implementing real estate projects.

In 1998, the Company has started restructuring aiming to form a more efficient management structure that is in line with its growth strategies. In 1999, the Company has become a holding company and has restructured its companies under a holding framework. Today, Akfen Holding and its subsidiaries’ operations include airport management, residence construction, energy production, industrial facilities, natural gas networks and city distribution systems, environmental protection and infrastructure facilities, cauldrons, steel construction and conveyors, tourism investments and management, harbor management, insurance brokerage, duty free shop management, catering services, real estate projects, vehicle inspection stations management, water sewage and water investments and management, energy production via hydroelectric power stations.

Hereinafter, Akfen Holding, its subsidiaries, joint venture and associates are referred to as “The Group” or “Akfen Group”.

94.92% of Akfen Holding is owned by Hamdi Akın. .

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

Koza Sokak No:22
Gaziosmanpaşa
06700/ Ankara-Turkey

The number of employees of Akfen Holding and subsidiaries and joint ventures of the Group at 31 December 2009 is approximately 196 (31 December 2008: 378; 31 December 2007: 226) and 15.088 (31 December 2008: 18.825, 31 December 2007: 14.006).

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

(a) Statement of compliance

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

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

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at 31 December 2009, 2008 and 2007

(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2.1 Basis of preparation (continued)

(a) Statement of compliance (continued)

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

The companies apply International Accounting Standart/Financial Reporting Standart (“IAS/UFRS”) which is accepted by European Union depending on 5. communique. According to temporary article 2 which is related to practice of 5.article of communique, when difference between IAS/IFRS adopted by European Union and IAS/IFRS adopted by International Accounting Standard Board (“IASB”), IAS/IFRS adopted by IASB is applied until the declaration of Turkish Accounting Standard Board. In this context the company has been prepared consolidated financial statements for the period ended 31 December 2009 in accordance with IAS / IFRS adopted by IASB.

CMB has taken the decision at 17 March 2005 that companies which operate in Turkey and apply the accounting and reporting principles ("CMB Financial Reporting Standards") adopted by CMB to prepare financial statements don't apply inflation accounting as at January 1, 2005. Therefore, in the accompanying consolidated financial statements, as from 1 January 2005, published by IAS No. 29 "Financial reporting in hyperinflationary economies" has not been implemented.

(b) Form of preparation of financial statement

The consolidated financial statements of Group which are prepared in accordance IAS and IFRS was approved by the Board of Directors at 30 April 2010. The consolidated financial statements and notes as at 31 December 2009 are prepared according to the Communiqué XI No 29 of CMB which was announced by the decision numbered 11/467 at 17 April 2008 related to the Principles Regarding Financial Reporting on capital market.

(c) Correction of financial statements during the hyperinflationary periods

Group has terminated the inflation accounting application as at 1 January 2005 in line with CMB's decision on March 17.

(d) Basis of measurement

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

The methods used to measure the fair values are discussed further in note 38.

(e) Functional and presentation currency

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

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

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at 31 December 2009, 2008 and 2007

(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

2.1 Basis of preparation (continued)

(e) Functional and presentation currency (continued)

| <u>The Company</u> | <u>Functional Currency</u> |
|--|----------------------------|
| Akfen İnşaat Turizm ve Ticaret AŞ ("Akfen İnşaat") | TL |
| Akınısı Makina Sanayi ve Ticaret AŞ ("Akınısı") | TL |
| Akfen Gayrimenkul Yatırım Ortaklığı AŞ ("Akfen GYO") | TL |
| IBS Sigorta Brokerlik Hizmetleri AŞ ("IBS") | TL |
| Akfen Gayrimenkul Geliştirme ve Ticaret AŞ ("Akfen Gayrimenkul Geliştirme") | TL |
| Akfen Gayrimenkul Yatırımları ve Ticaret AŞ ("Akfen Gayrimenkul Yatırımları") | TL |
| Akfen Altyapı Yatırımları Holding AŞ ("Akfen Altyapı Holding") | TL |
| Akfen Enerji Yatırımları Holding AŞ ("Akfen Enerji") | TL |
| Akfen Altyapı Danışmanlık A.Ş. ("Akfen Altyapı Danışmanlık") | TL |
| Akfen Hes Yatırımları ve Enerji Üretim AŞ ("Akfen Hes I") | TL |
| Akfen Hidroelektrik Santral Yatırımları AŞ ("Akfen HES II") | TL |
| Akfen Enerji Kaynakları ve Yatırımları AŞ ("Akfen HES III") | TL |
| Adana-İçel-Hatay Araç Muayene Hizmetleri Yapım ve İşletim AŞ ("AİH Muayene") | TL |
| Akfen Turizm Yatırımları ve İşl. AŞ ("Akfen Turizm") | TL |
| Akfen Gayrimenkul Ticareti ve İnşaat AŞ ("Akfen Ticaret") | TL |
| TAV Havalimanları Holding AŞ ("TAV Havalimanları") | Euro |
| TAV Yatırım Holding AŞ ("TAV Yatırım") | USD |
| Mersin Uluslararası Liman İşletmeciliği AŞ ("MIP") | USD |
| SA Akfen Liman İşletmeciliği ve Yönetim Danışmanlığı AŞ ("PSA Liman") | TL |
| Tüvtürk Kuzey and Tüvtürk Güney Taşıt Muayene İstasyonları Yapım. Ve İşletim AŞ ("Tüvtürk Kuzey –Tüvtürk Güney") | TL |
| Tüvtürk İstanbul Taşıt Muayene İstasyonları Yapım. ve İşletim AŞ ("Tüvtürk İstanbul") | TL |
| Task Tepe Akfen Su Kanalizasyon Yatırım Yapım ve İşletme AŞ ("Task Su") | TL |
| Artı Döviz AŞ ("Artı Döviz") | TL |
| ATI Services SA ("ATI") | CHF |
| Hyper Foreign Trade Holland N.V. ("Hyper Foreign") | Euro |
| Tepe Akfen Reformer S.P. Zoo ("TAR") | Zloti |
| Russian Property Investments B.V. ("RPI") | Euro |
| Russian Hotel Investments B.V. ("RHI") | Euro |

(f) Basis of Consolidation

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

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

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

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at 31 December 2009, 2008 and 2007

(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENT(continued)

2.1 Basis of preparation (continued)

(f) Basis of consolidation (continued)

(i) Subsidiaries

Subsidiaries are entities controlled by the Group.

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

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

The accompanying consolidated financial statements at 31 December 2009, 2008 and 2007 have been prepared by consolidating the following group companies:

| | 2009 | | 2008 | | 2007 | | Principal Activity |
|-------------------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|--|
| | Ownership (%) | Voting Power Held | Ownership (%) | Voting Power Held | Ownership (%) | Voting Power Held | |
| Akfen İnşaat Akınısı | 99.85 | 100 | 99.85 | 100 | 99.84 | 100 | Construction |
| Akfen GYO | 29.87 | 54.75 | 29.87 | 54.75 | 29.37 | 72.76 | Heavy Machines Real Estate Investment |
| IBS | 37 | 58 | 37 | 58 | 37 | 58 | Insurance Brokerage |
| Akfen Gayrimenkul Geliştirme | 86.74 | 100 | 86.74 | 100 | 99.87 | 100 | Real Estate Investment |
| Akfen Gayrimenkul Yatırımları | 86.44 | 100 | 86.44 | 100 | 50.25 | 100 | Real Estate Investment |
| Akfen Altyapı | - | - | 84.8 | 100 | 84.8 | 100 | Infrastructure Investment |
| Akfen Enerji | 50.25 | 100 | 50.25 | 100 | 50.25 | 100 | Energy |
| Akfen Altyapı Danışmanlık | 99.87 | 100 | 99.87 | 100 | - | - | Consultancy for Infrastructure and Concessions |
| Akfen HES I | 100 | 100 | 84.8 | 100 | 84.8 | 100 | Hydroelectric power stations |
| Akfen Hes II | 100 | 100 | - | - | - | - | Hydroelectric power stations |
| Akfen Hes III | 100 | 100 | - | - | - | - | Hydroelectric power stations |
| AİH Muayene | - | - | 84.95 | 100 | 84.95 | 100 | Vehicle Inspection Services |
| Akfen Turizm | 99.86 | 100 | 99.86 | 100 | 99.85 | 100 | Tourism |
| Akfen Ticaret | 29.87 | 54.75 | 29.87 | 54.75 | 29.37 | 72.76 | Real Estate Investment |

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at 31 December 2009, 2008 and 2007

(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.1 Basis of preparation(continued)

(f) Basis of consolidation (continued)

(i) Subsidiaries (continued)

Akfen Altyapı has been merged with Akfen Holding on 29 July 2009. The merge operation with Akfen Holding has been realized with the financial statements as of 20 May 2009 without liquidation of Akfen Altyapı. The share capital of Akfen Holding has increased by TL 41,791 to TL 104,514 after the merge. As at 31 December 2009, unpaid portion of capital is amounting to TL 4,845. All asset and liabilities of Akfen Altyapı as a whole have been transferred without liquidation, and Akfen Holding acquired all the liabilities of Akfen Altyapı as of 20 May 2009 in accordance with transfer agreement.

Since the Group has sold the shares of AIH Muayene to TEST AŞ on 27 October 2009, the period income for the year ended 31 December 2009, 2008 and 2007 has been presented under “profit from discontinued operation, net of tax” balances in the accompanying consolidated financial statements.

(ii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Associates are accounted for using the equity method and are initially recognised at cost. The consolidated financial statements include the Group’s share of the income and expenses and equity movements of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group’s share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The accompanying consolidated financial statements at 31 December 2009, 2008 and 2007 have been prepared by consolidating the following associates using equity method:

| | 2009 | 2008 | 2007 | |
|---------------|----------------------|----------------------|----------------------|---------------------------|
| | <u>Ownership (%)</u> | <u>Ownership (%)</u> | <u>Ownership (%)</u> | <u>Principal Activity</u> |
| Maksel İnşaat | - | - | 24.96 | Construction |

Maksel İnşaat

Maksel İnşaat is incorporated in 1963 in Nigeria to construct the projects of Yüksel İnşaat. Yüksel İnşaat’s core businesses are energy power stations and bridge construction. As of 31 December 2007 Maksel İnşaat is consolidated by using equity method by the ownership rate of 24.96%. Since the Company was liquidated in 2008, there is not an affect on consolidated financial statements as at 31 December 2009 and 2008.

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at 31 December 2009, 2008 and 2007

(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.1 Basis of preparation (continued)

(f) Basis of consolidation (continued)

(iii) Jointly controlled entities and joint ventures

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

| | 2009 | | 2008 | | 2007 | | Principal Activity |
|---|----------------------|-------------------------|----------------------|-------------------------|----------------------|-------------------------|---|
| | Direct Ownership (%) | Effective Ownership (%) | Direct Ownership (%) | Effective Ownership (%) | Direct Ownership (%) | Effective Ownership (%) | |
| TAV Havalimanları | 26.12 | 26.12 | 21.69 | 21.69 | 21.37 | 21.37 | Airport Management Construction and Airline |
| TAV Yatırım | 42.50 | 42.50 | 42.50 | 42.50 | 42.50 | 42.50 | Harbour Management |
| MIP | 50.00 | 50.00 | 50.00 | 42.40 | 50.00 | 43.80 | Consulting |
| PSA Liman | 50.00 | 50.00 | 50.00 | 42.40 | 50.00 | 42.40 | Vehicle Inspection Service |
| Tüvtürk Kuzey- Tüvtürk Güney | -- | -- | 33.33 | 28.26 | 33.33 | 31.05 | Vehicle Inspection Service |
| Tüvtürk İstanbul | -- | -- | 32.56 | 27.61 | 31.67 | 26.85 | Water Treatment Construction and Management |
| Task Su | 50.00 | 50.00 | 49.97 | 42.40 | -- | -- | Exchange Office |
| Artı Döviz | 42.50 | 42.50 | 42.50 | 42.50 | 42.50 | 42.50 | Construction of hotels and business centers |
| RPI | 50.00 | 14.94 | 50.00 | 14.94 | -- | -- | Hotel Investment |
| RHI | 50.00 | 14.94 | 50.00 | 14.94 | -- | -- | Trade |
| Hyper Foreign | 41.35 | 41.29 | 41.35 | 41.29 | 41.35 | 41.29 | Construction |
| Alsim Alarko | 50.00 | 49.93 | 50.00 | 49.93 | 50.00 | 49.92 | Real Estate |
| Tepe Akfen Reformer S.P. Zoo ("TAR") | 26.00 | 25.96 | 26.00 | 25.96 | 26.00 | 25.96 | Construction |
| ATI Services SA ("ATI") | 50.00 | 49.93 | 50.00 | 49.93 | 50.00 | 49.92 | Construction |

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at 31 December 2009, 2008 and 2007

(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.1 Basis of preparation (continued)

(f) Basis of consolidation (continued)

(iii) Jointly controlled entities and joint ventures(continued)

TAV Havalimanları

TAV Havalimanları was established in 1997 under the name of Tepe Akfen Vie Yatırım Yapım ve İşletme A.Ş. in Turkey for the purpose of reconstructing the İstanbul Atatürk Airport (International Lines Building) and operating it for a period of 66 months. TAV Group's core businesses are related to the construction of terminal buildings, management and operation of terminals or airports. On 3 September 2005, TAV İstanbul signed a concession agreement to operate AIAT and Atatürk Domestic Airport Terminal (referred to as "ADAT") for 15.5 years until year 2021. TAV Esenboğa, TAV İzmir and TAV Gazipaşa enter into Build – Operate – Transfer ("BOT") Agreements with Devlet Hava Meydanları İşletmesi Genel Müdürlüğü (General Directorate of State Airports Authority) ("DHMI"), TAV Tbilisi with JSC Tbilisi International Airport ("JSC"), TAV Batumi with Georgian Ministry of Economic Development ("GMED"), TAV Tunisia with Tunisian Airport Authority (Office De L'Aviation Civil Et Des Aeroports) ("OACA") and TAV Macedonia with Macedonian Ministry of Transportation and Communication ("MOTC"). Under these agreements, the Group agrees to build or renovate or manage an airport or terminal within a specified period of time and in exchange receives the right to operate the airport and terminal for a preestablished period of time. At the end of the contracts, the Group will transfer the ownership of the terminal buildings or airports back to the related public authority, DHMI, JSC, GMED, OACA or MOTC accordingly. In addition, the Group enters into subsequent stand alone contracts for the operation of airports and terminals.

Pursuant to a share sale and purchase agreement dated 21 December 2006 executed between Goldman Sachs International ("GS") and Tepe İnşaat, Akfen Holding and Akfen İnşaat (collectively the "Sellers") regarding the sale and transfer of such number of shares that the Sellers own in TAV Havalimanları that corresponds to the 10% of then existing share capital of TAV Havalimanları to GS and a share sale and purchase agreement dated 21 December 2006 executed between GS and the Sellers regarding the sale and transfer of such number of shares that the Sellers own in TAV Havalimanları that corresponds to the 5% of then existing share capital of TAV Havalimanları to GS (collectively the "GS SSPAs"), GS has an option to offer selling the shares that GS owns in TAV Havalimanları to the Sellers in consideration for the pre-agreed exit price (the "Exit Price") specified in GS SSPAs (the "Put Option").

As at 31 December 2008, GS has pledge in favor of Tepe İnşaat, Akfen Holding and Sera Yapı End. Ve Tic. Ltd. Şti. ("Sera Yapı") on the Collateral Shares. All voting rights, dividends, rights for participating in share capital increase in connection with the Collateral Shares shall belong to Tepe İnşaat, Akfen Holding and Sera Yapı.

On 18 May 2009, GS announced that they transferred 17,437,499 TAV Havalimanları shares, which were received with TAV Havalimanları's capital increase to Tepe İnşaat, Akfen Holding and Sera Yapı. Following the exercise of the put option Holding shares by cash settlement by GS, on 17 August 2009, GS reimbursed TAV Havalimanları shares, which are held as collateral to Tepe İnşaat and Sera Yapı. On 3 November 2009, Akfen Holding announced that they have received the TAV Havalimanları's shares from GS.

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Notes to the Consolidated Financial Statements

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(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.1 Basis of preparation (continued)

(f) Basis of consolidation (continued)

(iii) Jointly controlled entities and joint ventures(continued)

TAV Yatırım

TAV Yatırım Holding was established on 1 July 2005 for the purpose of investing in the aviation and construction sector. The TAV Yatırım Group' operations comprise contracting and aviation activities. The subsidiaries of TAV Yatırım are TAV Tepe Akfen Yatırım İnşaat ve İşl. AŞ ("TAV Construction") and TAV Havacılık AŞ ("TAV Havacılık"). TAV Construction has branches in Eghypt Cairo ("TAV Eyppt"), United Emirates Dubai and Sharjah("TAV Gulf"), Qatar Doha ("TAV Doha"), Tunisia ("TAV Tunisia") and Bahrain("TAV Bahrain"). TAV G Otopark Yatırım Yapım ve İşletme AŞ ("TAV G") ve TAV Construction Muscat LLC ("TAV Muscat") is the subsidiary of TAV Construction with 49.99% and 70% partnership.

MIP

Mersin Port was operated by the Turkish Republic State Railways ("TCDD") and included in the list for privatization for years. Turkish Privatization Administration had announced a bid for the privatization of Mersin port on August 14, 2005. However, the turnover could not be finalized until 11 May 2007. Full operational control over Mersin Port on the southeast coast has been transferred to MIP, a joint venture between PSA International Group and Akfen Altyapı for the next 36 years as at 11 May 2007.

Tüvtürk Kuzey- Tüvtürk Güney

Tüvtürk Kuzey-Tüvtürk Güney are primarily involved in the operating of motor vehicles inspection stations all around Turkey. Tüvtürk Kuzey-Tüvtürk Güney has been awarded two concessions, one for Northern Turkey and one for Southern Turkey with a 20 year period from signing of the concession. These concession agreements were signed on 15 August 2007. As permitted under the concession agreements, Tüvtürk Kuzey-Tüvtürk Güney sub-contracts the operating of the Vehicle Inspection Stations ("VIS") to the sub-operators. In relation to this, Tüvtürk Kuzey- Tüvtürk Güney is in the process of entering into sub-operation agreements with a number of sub-operators to whom the operation of the VIS will be sub-contracted.

The shares of Tüvtürk Kuzey- Tüvtürk Güney is sold to TEST A.Ş. at 27 October 2009. The profit/(loss) until the sale is presented in profit/(loss) from discontinued operation after tax in consolidated statement of comprehensive income for the year ended 2009,2008 and 2007

Tüvtürk İstanbul

TÜVTURK İstanbul is a company domiciled in Turkey. The Company was established on 6 April 2007 to operate motor vehicle inspection stations in İstanbul and provide vehicle inspection services until 14 August 2027 under a sub-operation agreement signed with TÜVTURK Kuzey on 1 February 2008.

As at 31 December 2009, 2008 and 2007 gain/(loss) for the periods ended are presented in discontinued operations in comprehensive income until the shares of Tüvtürk Kuzey-Tüvtürk Güney and Tüvtürk İstanbul are sold on 27 October 2009.

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2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.1 Basis of preparation (continued)

(f) Basis of consolidation (continued)

(iii) Jointly controlled entities and joint ventures(continued)

TASK Su

Task Su is established on 26 April 2005 by Akfen and Tepe İnşaat AŞ to manage and construct establishments for producing drinking water from surface and subsurface springs, to supply of every kind of drinking and potable water from every underground and aboveground water resources, to allocate of these resources and to make every kind of system, study and project due to these issues.

Artı Döviz

The Company is established on 29 June 2000 by the companies of Tepe Group and Akfen Holding with equal shares of 50% in order to execute 24 hours foreign exchange services at Ataturk International Airport Terminal.The Company has 3 exchange offices in İstanbul, Ankara and İzmir airports.

RPI

Akfen GYT and Eastern European Property Investment Ltd. formed a joint venture in the Netherlands under the name of Russian Property Investments B.V. (RPI) on 4 January 2008. The main objective of RPI is to construct and lease hotels to ACCOR S.A. in Russia and Ukraine. The capital structure of the joint venture is designated as 50% of participation for Eastern European Property Investment Ltd. and 50% of participation for the Akfen GYT. The 50% shares of Akfen GYT on RPI have been transferred to Akfen GYO on 5 June 2009.

RHI

Akfen GYO and Eastern European Property Investment Ltd. formed a joint venture in the Netherlands under the name of Russian Hotel Investments B.V. (RHI) on 21 September 2007. The main objective of RHI is to construct and lease hotels to ACCOR S.A. in Russia and Ukraine. The capital structure of the joint venture is designated as 50% of participation for Eastern European Property Investment Ltd. and 50% of participation for the Akfen GYO.

(iv) Aquisition from entities under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination. The acquisition of the entity being under common control is accounted for using book values, where in its consolidated financial statements the acquirer is permitted, but not required, to restate its comparatives is if the combination had been in existence throughout the reporting periods presented. The Group has preferred the acquisition of the entity being under common control to be accounted from the acquisition date.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee.

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2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.1 Basis of preparation (continued)

(f) Basis of consolidation (continued)

(v) Business combinations for acquisition from third parties

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

(g) Foreign currency

(i) Foreign currency transaction

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

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

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

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

| | <u>31 December 2009</u> | <u>31 December 2008</u> | <u>31 December 2007</u> |
|----------|-------------------------|-------------------------|-------------------------|
| Euro /TL | 2.1603 | 2.1408 | 1.7102 |
| USD /TL | 1.5057 | 1.5123 | 1.1647 |

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|----------|-------------|-------------|-------------|
| Euro /TL | 2.1505 | 1.8958 | 1.7782 |
| USD /TL | 1.5471 | 1.2929 | 1.3015 |

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(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENT(continued)

2.1 Basis of Preparation (continued)

(g) Foreign currency (continued)

(ii) Foreign operation

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to TL at exchange rates at the reporting date. The income and expenses of foreign operations are translated to TL at average exchange rates for the period. Foreign currency differences are recognised directly in equity. Such differences are recognised in the translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss.

(h) Additional paragraph for convenience translation to English

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

2.2 Changes in accounting policies

(a) Changes in accounting policies

Starting as of 1 January 2009, the Group has changed its accounting policies in the following areas:

- Determination and presentation of operating segments
- Presentation of financial statements
- Accounting for borrowing costs
- Accounting for joint ventures and jointly controlled entities

i) Determination and presentation of operating segments

As of 1 January 2009 the Group determines and presents operating segments based on the information that internally is provided to the Board of Directors. This change in accounting policy is due to the adoption of IFRS 8 Operating Segments. Previously operating segments were determined and presented in accordance with IAS 14 Segment Reporting. The new accounting policy in respect of segment operating disclosures is presented as follows.

Comparative segment information has been re-presented in conformity with the transitional requirements of this standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

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

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

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(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.2 Changes in accounting policies (continued)

(a) Changes in accounting policies (continued)

ii) Presentation of financial statements

The Group applies revised IAS 1 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. In addition, the Group selected to present one single statement of comprehensive income in its consolidated financial statements.

This presentation has been applied in these financial statements as of and for the year ended on 31 December 2009. Comparative information has been re-presented so that it also is in conformity with the revised standard.

iii) Accounting for borrowing costs

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the Group capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. This change in accounting policy was due to the prospective adoption of IAS 23 *Borrowing Costs* (2007) in accordance with the transitional provisions of such standard; comparative figures have not been restated. The change in accounting policy had no material impact on assets, profit or earnings per share in the year ended 31 December 2009.

iv) Accounting for joint ventures and jointly controlled entities

The Group changed the equity pick up method for accounting of the joint ventures and jointly controlled entities into the proportional consolidation method in the current period since the Company management believed that such presentation would give a more appropriate and fair view.

Effect of transition from equity pick-up method to proportional consolidation in previous years is as follows:

| | 2006 | Effect of change | | | 2006 |
|--------|----------------------------|-------------------------|--------------------------|--------------|-----------------|
| | Previously reported | Tav Yatırım | Tav Havalimanları | Other | Restated |
| Equity | 221,711 | (22,922) | 14,035 | (2,608) | 210,216 |

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2. BASIS OF PREPARATION OF FINANCIAL STATEMENT(continued)

2.2 Changes in accounting policies(continued)

| | 2007 | Effect of change | | | | 2007 |
|--------------------------------|---------------------|------------------|-------------------|---------|----------|-----------|
| | Previously reported | Tav Yatırım | Tav Havalimanları | MIP | Other | Restated |
| Current Asset | 125,498 | 134,765 | 206,684 | 16,868 | 34,807 | 518,622 |
| Non-Current Asset | 720,883 | 26,781 | 194,377 | 388,841 | 201,882 | 1,532,764 |
| Total Asset | 846,381 | 161,546 | 401,061 | 405,709 | 236,689 | 2,051,386 |
| Current Liabilities | 169,611 | 126,618 | 116,066 | 6,088 | 157,501 | 575,884 |
| Non- Current Liabilities | 255,719 | 25,738 | 289,595 | 401,976 | 87,880 | 1,060,908 |
| Equity | 421,051 | 243 | 4,347 | (2,354) | (8,693) | 414,594 |
| Total Liabilities | 846,381 | 152,599 | 410,008 | 405,710 | 236,688 | 2,051,386 |
| Gross profit | 45,442 | 8,515 | 46,531 | 25,113 | 2,748 | 128,349 |
| Operating profit/(loss) | 254,103 | (5,636) | 6,166 | 20,004 | (1,077) | 273,560 |
| Period profit/(loss) | 228,472 | 23,264 | (1,943) | (137) | (7,044) | 242,612 |
| Comprehensive income/(expense) | 203,849 | 23,165 | (5,739) | (1,218) | (5,808) | 214,249 |
| | 2008 | Effect of change | | | | 2008 |
| | Previously reported | Tav Yatırım | Tav Havalimanları | MIP | Other | Restated |
| Current Asset | 188,041 | 252,110 | 273,251 | 40,536 | 63,371 | 817,309 |
| Non-Current Asset | 1,017,278 | 28,457 | 338,139 | 561,684 | 393,074 | 2,338,632 |
| Total Asset | 1,205,319 | 280,567 | 611,390 | 602,220 | 456,445 | 3,155,941 |
| Current Liabilities | 556,750 | 220,782 | 183,210 | 7,620 | 32,841 | 1,001,203 |
| Non- Current Liabilities | 306,967 | 51,788 | 423,283 | 594,759 | 437,633 | 1,814,430 |
| Equity | 341,602 | -- | 12,893 | (159) | (14,028) | 340,308 |
| Total Liabilities | 1,205,319 | 272,570 | 619,386 | 602,220 | 456,446 | 3,155,941 |
| Gross profit | 29,719 | 37,730 | 60,867 | 43,448 | 2,925 | 174,689 |
| Operation profit/(loss) | 104,180 | 33,929 | 35,306 | 37,344 | (4,129) | 206,630 |
| Period profit/(loss) | (81,909) | (309) | 6,963 | (8) | (1,206) | (76,469) |
| Comprehensive income/(expense) | (90,367) | 4,785 | 23,658 | 8,533 | (36,960) | (90,351) |

(b) New standart and interpretations not yet adopted

As at 31 December 2009, There are new standards, standards updates and comments which are not used in practice. These relevant standart are not considered in the preparation of consolidated financial statements: According to the Company's management, the relevant standards and interpretations have not material impacts on financial statements.

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

2.3 Changes in accounting policies and errors

Reporting of Jointly Controlled Entities

TAV Havalimanları, TAV Yatırım, Hyper, ATI, TAR, Artı Döviz has been presented as associates in consolidated financial statements prepared in previous periods. The Group has decided that reporting these entities as jointly controlled entities will be resulted with more fair presentation. In consideration of using equity method for jointly controlled entities in previous periods has not any effect on consolidated financial statements.

2.4 Summary of significant accounting policies

(a) Financial instruments

(i) Non-derivative financial assets

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

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash at banks and liquid funds. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of cash flows.

Accounting for finance income or expense is discussed in note 2(o).

Financial assets at fair value through profit or loss

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

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2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.4 Summary of significant accounting policies(continued)

(a) Financial Instruments (continued)

Loans and receivables

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

Loans and receivables comprise trade and other receivables, due from related parties.

The use of Group project account, reserve account or funding account depends on the consent of the issuer of the loan in accordance with financial contracts. Therefore, bank balances in these accounts in the balance sheet is presented in the limited use of bank balances accounts in other assets.

The Group recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction or upgrade services provided. Such financial assets are measured at fair value upon initial recognition. Subsequent to initial recognition the financial assets are measured at amortised cost. If the Group is paid for the construction services partly by financial asset and partly by an intangible asset, then each component of the consideration received or receivable is accounted for separately and is recognised initially at the fair value of the consideration received or receivable.

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

Other

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

ii) Non-derivative financial liabilities

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

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

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

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

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

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2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.4 Summary of significant accounting policies(continued)

(a) Financial Instrument (continued)

(iii) Share capital

Ordinary shares are classified as equity.

(iv) Derivative financial instrument

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

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

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

Cash flow hedges

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

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

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

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2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.4 Summary of significant accounting policies(continued)

(b) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Reclassification to investment property

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

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

(iii) Subsequent costs

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

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2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.4 Summary of significant accounting policies(continued)

(b) Property, Plant and Equipment (continued)

(iv) Depreciation

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

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

| <u>Description</u> | <u>Year</u> |
|-------------------------|-------------|
| Buildings | 2-50 |
| Furniture and fixtures | 2-15 |
| Machines and equipments | 3-40 |
| Vehicles | 5-18 |

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

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

(c) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries and joint ventures incorporated into intangible assets.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative, it is recognised immediately in profit or loss.

Acquisitions of non-controlling interests

Goodwill arising on the acquisition of a non-controlling interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(ii) Development Cost

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

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2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.4 Summary of significant accounting policies(continued)

(c) Intangible assets (continued)

(iii) Sub-operation right

Sub-operation right acquired by the Group has finite useful life and is measured at cost less accumulated amortization. Amortization of the sub-operation right has started as of 26 April 2008 (Adana), 4 August 2008 (Mersin), 16 August 2008 (Hatay) after the vehicle inspection stations are opened. The amortization period will last until 14 August 2027. Cost includes borrowing costs directly attributable to the acquisition of the sub-operation right. Since the shares of AIH have been sold on 29 October 2009, suboperation right presented under intangible assets has been derecognized as at 31 December 2009..

(iv) Intangible assets recognised in a business combination

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

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

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

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

(v) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses (see accounting policy 31). Other intangible assets are mainly composed of licenses and software.

(vi) Subsequent expenditure

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

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2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.4 Summary of significant accounting policies(continued)

(c) Intangible assets (continued)

(vii) Amortisation

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

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

| | <u>Year</u> |
|-------------------------------|-------------|
| Licences and development cost | 3-49 |
| Sub-operation right | 19-20 |
| Other intangibles | 3-5 |
| Customer relations | 10 |
| Water service operation right | 35 |
| Port operation right | 36 |

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

d) Service concession arrangements

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

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

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

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

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

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(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.4 Summary of significant accounting policies(continued)

(d) Service concession arrangements (continued)

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

i) Intangible Assets

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

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

As of 31 December 2009, total cost of airport operation right is TL 1,710,632 (Group’s share: TL 446,803). (For TAV Esenboğa TL 240,874, for TAV İzmir TL 173,838, for TAV Tbilisi TL 175,764, for TAV Tunisia TL 1,094,599 and for TAV Gazipaşa TL 25,557) (31 December 2008: total cost of airport operation right is TL 1,073,421 (Group’s share: TL 232,808). (For TAV Esenboğa TL 238,670, for TAV İzmir TL 172,269, for TAV Tbilisi TL 106,930 for TAV Tunisia TL 548,876 and for TAV Gazipaşa TL 6,646). (31 December 2007: total cost of airport operation right is TL 549,136 (Group’s share: TL 117,356). (For TAV Esenboğa TL 190,688, for TAV İzmir TL 173,538, for TAV Tbilisi TL 86,642 and for TAV Tunisia TL 134,268).

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

The airport operation right is amortised on a straight line basis. The calculated amortisation for the year ended 31 December 2009 amounts to TL 14,443 (Group’s share: TL 3,772) for TAV Esenboğa, TL 20,990 (Group’s share: TL 5,482) for TAV İzmir and TL 6,005 (Group’s share: TL 1,568) for TAV Tbilisi. For TAV Tunisia and TAV Gazipaşa, no amortisation has been calculated as the construction of the airport is still in progress. The estimated useful life of an intangible asset in a service concession arrangement is the period from when it is available for use to the end of the concession period.

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(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.4 Summary of significant accounting policies(continued)

d) Service concession arrangements (continued)

ii) Financial assets

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

As at 31 December 2009, the short and long term guaranteed passenger fee receivable from DHMİ equals to TL 337,670 (Group's share: TL 88,197) (31 December 2008: TL 384,126 (Group's share: TL 83,311)). (31 December 2007: TL 348,722 (Group's share: TL 74,526)). TASK Dilovası recognize water supply receivable as financial asset.

iii) Accounting for operations contract (TAV İstanbul)

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

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

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

i) Operating investment properties

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

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(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.4 Summary of significant accounting policies(continued)

(d) Investment property(continued)

i) Operating investment properties (continued)

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

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

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

Any gain or loss arising from a change in fair value is recognised in the consolidated statement of comprehensive income. Rental income from investment property is accounted for as described in accounting policy in Note 2.4.e..

ii) Investment Property Under Development

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

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

The fair value of the investment properties under development are determined by discounted cash flow projections based on reliable estimates of future cash flows, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows and also includes the expenditures required to complete the project.

(e) Leased Assets

The Group as lessor

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

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

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Notes to the Consolidated Financial Statements

As at 31 December 2009, 2008 and 2007

(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.4 Summary of significant accounting policies(continued)

(e) Leased Assets (continued)

The Group as lessee

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

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises direct materials where applicable, and other related costs that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Cost of trading goods and trading properties are determined on “specific identification” basis by the entities operating in construction businesses.

Trading properties comprises land and buildings that are held for trading purposes.

(g) Construction work in progress

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

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

Contract revenue of cost plus contracts is recognized in profit or loss with plus a percentage of reimbursed for allowable or defined costs or a fixed fee.

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

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

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2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.4 Summary of significant accounting policies(continued)

(h) Impairment

(i) Financial assets

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

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

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

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

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

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(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENT(continued)

2.4 Summary of significant accounting policies(continued)

(h) Impairment (continued)

(ii) Non-financial assets

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

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

(i) Assets classified as held for sale

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

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period. The Group, classified profit for the year of these operations as "profit from discontinued operations, net of tax" for the consolidated financial statements for the year ended 31 December 2009, 2008 and 2007 since it has sold its shares in 33.33% owned Tüvtürk Kuzey- Tüvtürk Güney and Tüvtürk İstanbul and 100% owned AIH Muayene to TEST AŞ on 27 October 2009.

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(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.4 Summary of significant accounting policies(continued)

(j) Employee benefits

Reserve for employee severance indemnity

Reserve for employee severance indemnity represents the present value of the estimated future probable obligation of the Group arising from the retirement of the employees and calculated in accordance with the Turkish Labour Law. It is computed and reflected in the consolidated financial statements on an accrual basis as it is earned by serving employees. The computation of the liabilities is based upon the retirement pay ceiling announced by the Government. The ceiling amounts applicable for each year of employment were TL 2.365, TL 2.173 and TL 2.030 as of 31 December 2009, 2008 and 2007, respectively

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---------------|-------------|-------------|-------------|
| Discount rate | 5,92 | 6,26 | 5,71 |

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

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

(k) Provision

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

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(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.4 Summary of significant accounting policies(continued)

(I) Revenue

(i) Construction contracts

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

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

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

(ii) Inspection revenues and cost of revenues

Inspection revenues constitute service fees rendered. Such inspection fees are recognized as revenue in the profit or loss at the date the service is provided. The services given to customers are collected on cash basis in rendering the service. The cost of inspection revenues constitutes depreciation, personnel and outsourcing expenses. The Group pays a contribution to Tüvtürk Güney under the name of the operator income share for their operating activities which constitute the 37% of the inspection revenues for the first three years, 47% for the 4-10 years, and 70% for the remaining years.

Then Tüvtürk Güney in turn pays 30%, 40% and 50% of such contributions collected from the AIH Muayene to the Government as government's share for the first three years, 4-10 years, and the remaining years, respectively. As mentioned note 3 (a) (i) above, since the Group has sold the shares of AIH Muayene on 27 October 2009, the period income has been presented under profit from discontinued operation, net of tax balance in the accompanying consolidated comprehensive income statements for the year ended 31 December 2009 and 2008 and 2007.

(iii) Commission

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

(iv) Rental Income

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

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2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.4 Summary of significant accounting policies(continued)

(v) Sale of properties

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

(vi) Service concession agreement

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

(vii) Aviation income

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

(viii) Sale of duty free goods

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

(ix) Catering services income

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

(x) Ground handling income

Ground handling income is recognised when the services are provided.

(xi) Other business

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

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

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

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2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.4 Summary of significant accounting policies(continued)

(l) Revenue (continued)

(xii) Revenue from sales of foreign currency

The sales transactions of exchange offices with people, commercial establishments and banks are recorded when occurs.

(xiii) Revenue from ship side operation

Revenue is recognised related to the shipside operations when the port, container, cargo seaway and railway, shipping, storage, logistic services are given.

(m) Government grants

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

(n) Lease payments

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(o) Finance income and expenses

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

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

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

2.4 Summary of significant accounting policies(*continued*)

(p) Earnings per share

The Group presents basic earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the consolidated statement of comprehensive income on attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. There are no potentially dilutive shares.

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

(r) Income tax

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

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

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

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

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

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

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

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

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2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.4 Summary of significant accounting policies(continued)

(s) Segment reporting

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

(t) Determination of fair values

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

(i) Property, plant and equipment

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

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

(ii) Intangible assets

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

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

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

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(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.4 Summary of significant accounting policies (continued)

(t) Determination of fair values (continued)

(iii) Investment property

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion (see note 2.4).

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

(iv) Inventories

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

(v) Trade and other receivables

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

(vi) Derivatives

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

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

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

(vii) Non-derivative financial liabilities

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

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2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.4 Summary of significant accounting policies(continued)

(u) Financial risk management

(i) Overview

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

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

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

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

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

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

Akfen Holding's Corporate Risk Management activities are under the supervision of Akfen Holding's Chief Executive Officer ("CEO") and the Board of Directors.

The latter determines shareholder risk preference, ensuring that appropriate risk management applications are in place. Akfen Holding's CEO has the ultimate responsibility for Corporate Risk Management.

(ii) Credit risk

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

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

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(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENT(continued)

2.4 Summary of significant accounting policies(continued)

(u) Financial risk management (continued)

(ii) Credit risk(continued)

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

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

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of accounts receivable. The component of this allowance is a specific loss component that relates to individually significant exposures.

(iii) Market risk

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

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

Currency risk

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

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

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

As at 31 December 2009, the Group had balances that are denominated in a currency other than the respective functional currencies of Group entities, primarily the USD and Euro which are disclosed within the relevant notes to these consolidated financial statements. The Group manages this currency risk by maintaining foreign currency cash balances and using some financial instruments.

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

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

Interest Rate Risk

Akfen Holding and its subsidiaries' operations are subject to the risk of interest rate fluctuations to the extent that 47% of Akfen Holding and its subsidiaries bank borrowings and 74% of the Group's jointly controlled entities borrowings are obtained by floating interest rates.

Akfen Holding Anonim Şirketi and its Subsidiaries

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(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.4 Summary of significant accounting policies(continued)

(u) Financial risk management (continued)

(iii) Market risk (continued)

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

MIP hedged its 75 % of the senior debt loan amounting to USD 450,000 thousand with floating interest rate against the exposure to market fluctuations in interest rate payments by interest rate swap. The Group, will make interest rate hedging contract in accordance with HES loan agreements.

(iv) Liquidity risk

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

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

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

(v) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at 31 December 2009, 2008 and 2007

(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENT (continued)

2.4 Summary of significant accounting policies(continued)

(u) Financial risk management (continued)

(iv) Operational risk (continued)

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

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

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

Capital management

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

2.5 Significant accounting assessment, estimates and assumption

Use of estimates and judgements

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 2.4(e)- Cost plus application to contract costs in accordance with IFRIC 12
- Note 20- Goodwill

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

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(Currency: Thousands of TL)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENT(continued)

2.5 Significant accounting assessment, estimates and assumption (continued)

Use of estimates and judgements(continued)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment are included in the following notes:

- Note 17-valuation of investment property
- Notes 18 and 19-economic useful lives of tangible and intangible assets, impairment on tangible assets
- Note 24-reserve for employee severance indemnity
- Note 32-provisions
- Note 35-utilisation of tax losses
- Notes 22 and 38-provision for doubtful receivables and financial instruments

3 ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTEREST

On 12 January 2007, the Group established AkfenHes in order to make investments in energy production through hydroelectric plants. During 2007, AkfenHes acquired majority shares of the 14 hydroelectric energy production companies in different regions of Turkey, which have 20 hydroelectric energy production projects.

The percentage of shares acquired by the Group as at 31 December 2007 is detailed below:

| <u>Acquired company</u> | <u>Shares acquired (%)</u> |
|---|-----------------------------------|
| Beyobası Enerji Üretimi AŞ | 96.00 |
| BGT Mavi Enerji Elektrik Üretim Dağ. Paz. San. Ve Tic. AŞ | 50.00 |
| BT Bordo Elektrik Enerji Üretim Dağıtım Pazarlama AŞ | 100.00 |
| Güngör Elektrik Üretim AŞ | 100.00 |
| Elen Enerji Üretimi San. Ve Tic. AŞ | 100.00 |
| Enbatı Elektrik Üretim San. Ve Tic. AŞ | 100.00 |
| İdeal Enerji Üretimi San. Ve Tic. AŞ | 100.00 |
| Pak Enerji Üretimi San. Ve Tic. AŞ | 100.00 |
| Rize İpekyolu Enerji Üretim Dağ. Paz. San. Ve Tic. AŞ | 100.00 |
| Simer Enerji Üretimi San. Ve Tic. AŞ | 98.00 |
| TBK Enerji Elektrik Üretim Dağ. Paz. San. Ve Tic. AŞ | 50.00 |
| Yapıtek Enerji Elektrik Üretim AŞ | 100.00 |
| Yeni Doruk Elektrik Üretim ve Tic. AŞ | 100.00 |
| Zeki Enerji Elektrik Üretim Dağ. Paz. San. Ve Tic. AŞ | 100.00 |

Akfen Holding Anonim Şirketi and its Subsidiaries

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(Currency: Thousands of TL)

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

The acquisitions had the following effects on the Group's assets and liabilities on acquisition dates:

| | <u>Pre-acquisition carrying amount</u> | <u>Fair value Adjustments</u> | <u>Recognized values on acquisition</u> |
|---|---|--|--|
| Property and equipment | 4,567 | -- | 4,567 |
| Intangible assets | 6,284 | 64,456 | 70,740 |
| Trade and other receivables | 4,399 | -- | 4,399 |
| Cash and cash equivalents | 11 | -- | 11 |
| Deferred tax liabilities | -- | (12,891) | (12,891) |
| Trade and other payables | (308) | -- | (308) |
| Net identifiable assets and liabilities | 14,953 | 51,565 | 66,518 |
| Goodwill on acquisition | | | -- |
| Consideration paid, satisfied in cash | | | 66,518 |
| Cash acquired | | | (11) |
| Net cash outflow | | | 66,507 |

Pre-acquisition carrying amounts were determined based on applicable IFRSs immediately before the acquisition. The values of assets, liabilities, and contingent liabilities recognized on acquisition are their estimated fair values.

The purchase transaction is recorded temporarily as at 31 December 2009 due to continuing process of Tav Havalimanları Management to determine fair value of definable assets and acquired liabilities. The definable assets and acquired liabilities are recorded with their temporary values which are presented below. In accordance with IFRS 3 "Business Combination", the purchase transactions recorded temporarily should be adjusted within 12 months. As result of final records of purchase transactions, the recorded fair value of the definable assets and acquired liabilities and recorded value of goodwill can be adjusted.

In 2009, THY and HAVAŞ signed a joint venture agreement which sets the terms and the conditions for the sale of 50% share capital of TGS to HAVAŞ as well as the basic principles of the engagement between THY and TGS. The joint venture was approved by the Competition Board on 27 August 2009. As stated in the joint venture agreement, 50% of TGS' capital which has a nominal value of TL 6,000 was acquired by HAVAŞ for TL 119,000 including a share premium of TL 113,000. As of the reporting date, TL 58,000 of the total consideration is paid and the remaining payments amounting to TL 61,000 will be made in three installments on 31 October 2010, 31 October 2011 and 31 October 2012, respectively.

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

| <u>Identifiable assets acquired and liabilities assumed</u> | <u>Recognized values on acquisition</u> | <u>Group share</u> |
|---|---|--------------------|
| Intangible assets | 25,708 | 6,715 |
| Due from related parties | 32,119 | 8,389 |
| Cash and cash equivalents | 29,998 | 7,835 |
| Deferred tax liability | (4,096) | (1,070) |
| | <u>83,729</u> | <u>21,869</u> |
| Goodwill | 34,522 | 9,017 |
| Total consideration | <u>118,251</u> | <u>30,886</u> |
| Total consideration | 119,000 | 31,082 |
| Unpaid portion | (60,615) | (15,832) |
| Translation difference | (750) | (196) |
| Cash consideration paid | 57,635 | 15,054 |
| Cash and cash equivalents acquired | (29,998) | (7,835) |
| Net cash outflow arising on acquisition | <u>27,637</u> | <u>7,219</u> |

TGS had no operation before the acquisition date.

Pre-acquisition carrying amounts were determined based on the applicable IFRSs immediately before the acquisition. The values of assets, liabilities and contingent liabilities recognised on acquisition are their estimated fair values.

The fair value of the customer relationship acquired is based on the excess earnings method whereas the fair value of licenses is based on the replacement cost approach.

TGS signed a Service Agreement with THY to provide ground handling services to THY in five main airports of Turkey, i.e. Istanbul Ataturk, Ankara, İzmir, Antalya and Adana Airports. Intangible fixed assets comprise DHMI licenses amounting to TL 5,228 and customer contract amounting to TL 20,480 in accordance with “IFRS 3 Business combination”.

In 2009, TAV Havalimanları acquired 6% shareholding of TAV Tbilisi, increasing its total share from 60% to 66% and its voting power from 50% to 66%. The sales price of the relevant shares has been calculated through the investment amount. After the transfer of 6% shares, TAV Tbilisi is fully consolidated with the non-controlling interest’s ownership reflected as a non-controlling interest.

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3 ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTEREST (Continued)

| <u>Identifiable assets acquired and liabilities assumed</u> | <u>Recognized values on acquisition</u> | <u>Group share</u> |
|---|---|--------------------|
| Property and equipment | 602 | 157 |
| Intangible assets | 3 | 1 |
| Airport operation right | 8,599 | 2,246 |
| Other non-current assets | 1,067 | 279 |
| Deferred tax asset | 160 | 42 |
| Inventories | 59 | 15 |
| Trade receivables | 374 | 98 |
| Due from related parties | 28 | 7 |
| Cash and cash equivalents | 5 | 1 |
| Restricted bank balances | 486 | 127 |
| Other assets | 63 | 16 |
| Loans and borrowings | (4,326) | (1,130) |
| Trade payables | (67) | (18) |
| Due to related parties | (2,852) | (745) |
| Other liabilities and tax payables | (898) | (234) |
| Provisions | (27) | (7) |
| Total net identifiable assets | 3,276 | 855 |
| Goodwill | 8,335 | 2,177 |
| Total consideration, satisfied by cash | 11,611 | 3,032 |
| Cash consideration paid | 11,174 | 2,918 |
| Cash and cash equivalents acquired | (5) | (1) |
| Translation difference | 435 | 114 |
| Net cash outflow arising on acquisition | 11,604 | 3,031 |

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4 JOINT VENTURE

The Group has the following significant interests in joint ventures:

42.50% (2008:42.50%, 2007: 42.50%) of equity shareholding with equal voting power in TAV Yatırım, a jointly controlled entity established in Turkey. As at 31 December 2009, 2008 and 2007 total assets and liabilities and summary statement of income of TAV Yatırım, is as follows:

| Statement of Financial Position | 2009 | 2008 | 2007 |
|--|-------------|-------------|-------------|
| Current assets | 727,696 | 608,868 | 344,066 |
| Non-current assets | 141,945 | 142,726 | 73,732 |
| Current liabilities | (573,317) | (553,161) | (333,783) |
| Non-current liabilities | (197,060) | (122,665) | (72,726) |
| Statement of Income | 2009 | 2008 | 2007 |
| Total revenues | 1,228,130 | 895,001 | 432,038 |
| Total expenses | (1,218,995) | (842,508) | (462,158) |
| Profit/(loss) for the period | 9,135 | 52,493 | (30,120) |

26.12% (2008: 21.69%, 2007:21.37%) of equity shareholding with equal voting power, in TAV Havalimanları, a joint venture established in Turkey. As at 31 December 2009, 2008 and 2007 total assets and liabilities and summary statement of income of TAV Havalimanları, is as follows:

| Statement of Financial Position | 2009 | 2008 | 2007 |
|--|-------------|-------------|-------------|
| Current assets | 1,263,224 | 1,271,867 | 976,002 |
| Non-current assets | 2,891,285 | 2,219,542 | 1,547,234 |
| Current liabilities | (810,522) | (877,656) | (591,028) |
| Non-current liabilities | (2,451,784) | (1,952,160) | (1,355,070) |
| Statement of Income | 2009 | 2008 | 2007 |
| Total revenues | 1,993,696 | 1,574,976 | 994,911 |
| Total expenses | (1,883,006) | (1,566,121) | (1,072,823) |
| Profit/(loss) for the period | 110,690 | 8,855 | (77,912) |

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4 JOINT VENTURE (continued)

50% (2008: 50%, 2007: 50%) of equity shareholding with equal voting power, in MIP, a joint venture established in Turkey. As at 31 December 2009, 2008 and 2007 total assets and liabilities and summary statement of income of MIP, is as follows:

| Statement of Financial Position | 2009 | 2008 | 2007 |
|--|-------------|-------------|-------------|
| Current assets | 141,585 | 81,085 | 33,914 |
| Non-current assets | 1,107,022 | 1,157,587 | 880,403 |
| Current liabilities | (38,609) | (15,253) | (19,652) |
| Non-current liabilities | (1,104,070) | (1,189,525) | (796,652) |
| Statement of Income | 2009 | 2008 | 2007 |
| Total revenues | 241,806 | 215,061 | 123,598 |
| Total expenses | (225,384) | (215,303) | (123,760) |
| Profit/(loss) for the period | 16,422 | (242) | (162) |

As at 31 December 2008 33.33% (2007: 33.33%,) equity shareholding with equal voting power, in Tüvtürk Kuzey- Tüvtürk Güney, a joint venture established in Turkey as at 31 December 2008 and 2007, total assets and liabilities and summary statement of income of Tüvtürk Kuzey-Tüvtürk Güney, is as follows:

| Statement of Financial Position | 2008 | 2007 |
|--|-------------|-------------|
| Current assets | 142,682 | 55,318 |
| Non-current assets | 1,033,010 | 772,971 |
| Current liabilities | (48,240) | (619,414) |
| Non-current liabilities | (1,026,886) | (83,923) |
| Statement of Income | 2008 | 2007 |
| Total revenues | 191,950 | 63,899 |
| Total expenses | (215,630) | (24,160) |
| Profit/(loss) for the period | (23,680) | 39,739 |

Tüvtürk Kuzey-Tüvtürk Güney has been sold on 27 October 2009, profit and loss of Tüvtürk Kuzey- Tüvtürk Güney for the year ended 31 December 2008 and 2007 have been classified as “profit from discontinued operations, net of tax” for the consolidated financial statements for the year ended 31 December 2008 and 2007 (Note 34).

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4 JOINT VENTURE (continued)

As at 31 December 2008 32.56% (2007:31.67%) equity shareholding with equal voting power, in TÜVTURK İstanbul, a joint venture established in Turkey. As at 31 December 2008 and 2007 total assets and liabilities and summary statement of income of Tüvtürk İstanbul, is as follows:

| Statement of Financial Position | 2008 | 2007 |
|--|-------------|-------------|
| Current assets | 23,497 | 229,076 |
| Non-current assets | 329,538 | 17,963 |
| Current liabilities | (31,503) | (16,651) |
| Non-current liabilities | (345,140) | (223,590) |
| Statement of Income | 2008 | 2007 |
| Total revenues | 12,193 | 1,075 |
| Total expenses | (37,036) | (4,318) |
| Loss for the period | (24,843) | (3,243) |

Tüvtürk İstanbul has been sold on 27 October 2009, profit and loss of Tüvtürk İstanbul for the year ended 31 December 2009, 2008 and 2007 have been classified as “profit from discontinued operations, net of tax” for the consolidated financial statements for the year ended 31 December 2008 and 2007(Note 34).

50% (2008: 50%, 2007:50%) equity shareholding with equal voting power, in PSA Liman, a joint venture established in Turkey. As at 31 December 2009, 2008 and 2007 total assets and liabilities and summary statement of income of PSA Liman, is as follows:

| Statement of Financial Position | 2009 | 2008 | 2007 |
|--|-------------|-------------|-------------|
| Current assets | 31 | 30 | 2 |
| Non-current assets | -- | -- | -- |
| Current liabilities | (30) | (21) | -- |
| Non-current liabilities | (22) | (18) | (18) |
| Statement of Income | 2009 | 2008 | 2007 |
| Total revenues | -- | -- | -- |
| Total expenses | (12) | (18) | (16) |
| Loss for the period | (12) | (18) | (16) |

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4 JOINT VENTURE (continued)

42.50% (2008: 42.50%, 2007: 42.50%) equity shareholding with equal voting power, in Artı Döviz, a joint venture established in Turkey. As at 31 December 2009, 2008 and 2007 total assets and liabilities and summary statement of income of Artı Döviz, is as follows:

| Statement of Financial Position | 2009 | 2008 | 2007 |
|--|-------------|-------------|-------------|
| Current assets | 8,093 | 5,943 | 3,242 |
| Non-current assets | 951 | 941 | 759 |
| Current liabilities | (373) | (807) | (472) |
| Non-current liabilities | (130) | (130) | (101) |
| Statement of Income | 2009 | 2008 | 2007 |
| Total revenues | 123,643 | 107,613 | 89,129 |
| Total expenses | (117,616) | (103,358) | (87,342) |
| Profit for the period | 6,027 | 4,255 | 1,787 |

41.35% (2008: 41.35%, 2007: 41.35%) equity shareholding with equal voting power, in Hyper Foreign, a joint venture established in the Netherlands. As at 31 December 2009, 2008 and 2007 total assets and liabilities and summary statement of income of Hyper Foreign, is as follows:

| Statement of Financial Position | 2009 | 2008 | 2007 |
|--|-------------|-------------|-------------|
| Current assets | 159 | 4,032 | 2,842 |
| Non-current assets | -- | -- | -- |
| Current liabilities | (7,653) | (11,200) | (7,829) |
| Non-current liabilities | -- | -- | -- |
| Statement of Income | 2009 | 2008 | 2007 |
| Total revenues | 1 | -- | 1 |
| Total expenses | (51) | (615) | (49) |
| Loss for the period | (50) | (615) | (48) |

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4 JOINT VENTURE (Continued)

50% (2008: 49.97%) equity shareholding with equal voting power, in Task Su, a joint venture established in Turkey (Task Su has been presented as historical cost value mentioned in note 19 in the consolidated financial statements as at and for the year ended 31 December 2007). As at 31 December 2009 and 2008 total assets and liabilities and summary statement of income of Task Su, is as follows:

| Statement of Financial Position | 2009 | 2008 |
|--|-------------|-------------|
| Current assets | 3,140 | 2,309 |
| Non-current assets | 36,288 | 22,386 |
| Current liabilities | (3,799) | (3,161) |
| Non-current liabilities | (8,726) | (982) |
| Statement of Income | 2009 | 2008 |
| Total revenues | 18,404 | 12,240 |
| Total expenses | (18,928) | (17,133) |
| Loss for the period | (524) | (4,893) |

50% (2008: 50%) equity shareholding with equal voting power, RHI, a joint venture established in the Netherland. As at 31 December 2009 and 2008 total assets and liabilities and summary statement of income of RHI, is as follows:

| Statement of Financial Position | 2009 | 2008 |
|--|-------------|-------------|
| Current assets | 709 | 1,392 |
| Non-current assets | 20,672 | 7,766 |
| Current liabilities | (13,104) | (1,072) |
| Non-current liabilities | -- | (8,285) |
| Statement of Income | 2009 | 2008 |
| Total revenues | 351 | 20 |
| Total expenses | (1,723) | (1,876) |
| Loss for the period | (1,372) | (1,856) |

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4 JOINT VENTURE (continued)

50% (2008: 50%) equity shareholding with same voting power, RPI, a joint venture established in the Netherlands. As at 31 December 2009 and 2008 total assets and liabilities and summary statement of income of RPI, is as follows:

| Statement of Financial Position | 2009 | 2008 |
|--|-------------|-------------|
| Current assets | 913 | 978 |
| Non-current assets | 16,541 | 9,697 |
| Current liabilities | (8,972) | (2,974) |
| Non-current liabilities | -- | (5,830) |
| Statement of Income | 2009 | 2008 |
| Total revenues | 134 | 5 |
| Total expenses | (908) | (1,478) |
| Loss for the period | (774) | (1,473) |

50% (2008: 50%, 2007: 50%) equity shareholding with equal voting power, in Alsim Alarko, a joint venture established in Turkey. As at 31 December 2009, 2008 and 2007 total assets and liabilities and summary statement of income of Alsim Alarko, is as follows:

| Statement of Financial Position | 2009 | 2008 | 2007 |
|--|-------------|-------------|-------------|
| Current assets | 7,129 | 3,689 | 13,800 |
| Non-current assets | 9 | 155 | 6,504 |
| Current liabilities | (7,239) | (5,915) | (31,580) |
| Non-current liabilities | (20) | (87) | (192) |
| Statement of Income | 2009 | 2008 | 2007 |
| Total revenues | -- | -- | -- |
| Total expenses | (121) | (2,158) | (11,469) |
| Loss for the period | (121) | (2,158) | (11,469) |

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4 JOINT VENTURE (Continued)

26% (2008: 26%, 2007: 26%) equity shareholding with equal voting power, in TAR, a joint venture established in Poland. As at 31 December 2009, 2008 and 2007 total assets and liabilities and summary statement of income of TAR, is as follows:

| Statement of Financial Position | 2009 | 2008 | 2007 |
|--|-------------|-------------|-------------|
| Current assets | 3,352 | 3,253 | 2,940 |
| Non-current assets | 44,229 | 39,962 | 37,803 |
| Current liabilities | (1,241) | (1,224) | -- |
| Non-current liabilities | (10,047) | (7,749) | (7,207) |
| Statement of Income | 2009 | 2008 | 2007 |
| Total revenues | 4,365 | 81 | 33,823 |
| Total expenses | (81) | (108) | (7,272) |
| Profit/(loss) for the period | 4,284 | (27) | 26,551 |

50% (2008: 50%, 2007: 50%) equity shareholding with equal voting power, in ATI, a joint venture established in Switzerland. As at 31 December 2008 and 2007 total assets and liabilities and summary statement of income of ATI, is as follows:

| Statement of Financial Position | 2009 | 2008 | 2007 |
|--|-------------|-------------|-------------|
| Current assets | 4 | -- | 11 |
| Non-current assets | 35,193 | 34,726 | 24,915 |
| Current liabilities | 91 | (407) | (146) |
| Non-current liabilities | 66 | (34) | (24) |
| Statement of Income | 2009 | 2008 | 2007 |
| Total revenues | 306 | 70 | 664 |
| Total expenses | (18) | (216) | (5,694) |
| Profit/(loss) for the period | 288 | (146) | (5,030) |

5 SEGMENT REPORTING

For management purposes, the Group is currently organised into eight operating segment of which results and the performance are reviewed regularly by the Group's board of directors. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group's Management.

Information regarding the results of each reportable segment is included Tav Yatırım, Akfen İnşaat, Akfen GYO, HES I-II-III, MIP, Task Su and Tav Havalimanları.

Others

Subsidiaries and jointly controlled entities in other operations segment are Akınısı, Altyapı Danışmanlık, GYT, IBS, Turizm, Akfen Enerji, Simer, Tüvtürk Kuzey-Tüvtürk Güney, Tüvtürk İstanbul, PSA Liman, Artı Döviz, Hyper Foreign, RHI, RPI, Alsim Alarko, TAR and ATI. Akfen Holding is included in the other industrial segment as well.

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5 SEGMENT REPORTING (Continued)

| <u>31 December 2009</u> | <u>Tav Yatırım</u> | <u>Akfen İnşaat</u> | <u>Akfen GYO</u> | <u>HES I-II-III</u> | <u>MIP</u> | <u>Task Su</u> | <u>Tav Havalimanları</u> | <u>Other</u> | <u>Other Discontinued(*)</u> | <u>Consolidated</u> |
|---|--------------------|---------------------|------------------|---------------------|------------|----------------|--------------------------|--------------|------------------------------|---------------------|
| External revenues | 404,429 | 10,610 | 17,699 | 976 | 118,612 | 7,524 | 405,841 | 63,576 | 171,726 | 1,200,993 |
| Inter segment revenue | 113,507 | 138,528 | -- | -- | -- | -- | 5,425 | 10,613 | -- | 268,073 |
| Interest income | 2,708 | 10,435 | 2 | 1,318 | 1,853 | 1,429 | 8,711 | 834 | 2,185 | 29,475 |
| Interest expense | (5,794) | (25,724) | (16,607) | (3,783) | (35,365) | (1,522) | (33,028) | (62,979) | (9,072) | (193,874) |
| Depreciation and amortization | 6,213 | 735 | 76 | 1,452 | 17,729 | 6 | 17,884 | 576 | 21,498 | 66,169 |
| Reportable segment profit/ (loss) before income tax | 13,631 | (9,036) | 15,519 | (5,827) | 10,242 | (130) | 24,870 | (70,350) | 196,712 | 175,631 |
| Reportable segment assets | 362,812 | 109,818 | 479,931 | 316,922 | 624,302 | 19,691 | 1,078,964 | 329,846 | -- | 3,322,286 |
| Capital expenditure (**) | 18,684 | 724 | 20 | 121,776 | 6,959 | 178 | 188,732 | 3,138 | -- | 340,211 |
| Reportable segment liabilities | 318,992 | 123,441 | 192,031 | 131,082 | 571,338 | 6,217 | 851,191 | 598,986 | -- | 2,793,278 |

(*) See note 34.

(**) The goodwill additions during the year 2009 amounting to TL 33,307 are not included to capital expenditure.

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5 SEGMENT REPORTING (Continued)

| <i>31 December 2008</i> | <u>Tav</u> <u>Yatırım</u> | <u>Akfen</u> <u>İnşaat</u> | <u>Akfen</u> <u>GYO</u> | <u>HES</u> <u>I-II-III</u> | <u>MIP</u> | <u>Task</u> <u>Su</u> | <u>Tav</u> <u>Havalimanları</u> | <u>Other</u> | <u>Other</u> <u>Discontinued(*)</u> | <u>Consolidated</u> |
|--|------------------------------|-------------------------------|----------------------------|-------------------------------|------------|--------------------------|------------------------------------|--------------|--|---------------------|
| External revenues | 301,392 | 46,341 | 15,250 | -- | 106,075 | 5,726 | 319,300 | 55,382 | 39,359 | 888,825 |
| Inter segment revenue | 73,595 | 84,218 | -- | -- | -- | -- | -- | 843 | -- | 158,656 |
| Interest income | 747 | 3,759 | 241 | 247 | 1,446 | 35 | 5,458 | 3,976 | 28 | 15,937 |
| Interest expense | (2,724) | (13,193) | (13,694) | (21) | (32,999) | (26) | (28,417) | (33,410) | (18,889) | (143,373) |
| Depreciation and amortization | 5,462 | 1,144 | 63 | 1,120 | 17,317 | 348 | 14,353 | 852 | 9,870 | 50,529 |
| Reportable segment profit/ (loss) before income tax | 28,936 | (14,836) | 67,910 | (303) | 3,913 | (3,869) | 507 | (106,830) | (39,641) | (64,213) |
| Reportable segment assets | 312,947 | 171,503 | 437,364 | 149,071 | 619,333 | 12,341 | 741,995 | 711,387 | -- | 3,155,941 |
| Capital expenditure (***) | 12,532 | 1,640 | 113 | 50,651 | 13,940 | 8,081 | 104,273 | 266,148 | -- | 457,378 |
| Reportable segment liabilities | 272,926 | 166,599 | 174,379 | 14,645 | 602,380 | 2,070 | 606,602 | 976,032 | -- | 2,815,633 |

(***) The goodwill additions during the year 2008 amounting to TL 5,926 are not included to capital expenditure.

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5 SEGMENT REPORTING (Continued)

| <u>31 December 2007</u> | <u>Tav Yatırım</u> | <u>Akfen İnşaat</u> | <u>Akfen GYO</u> | <u>HES I-II-III</u> | <u>MIP</u> | <u>Task Su</u> | <u>Tav Havalimanları</u> | <u>Other</u> | <u>Other Discontinued(*)</u> | <u>Consolidated</u> |
|--|--------------------|-------------------------|----------------------|-------------------------|------------|--------------------|------------------------------|--------------|----------------------------------|---------------------|
| External revenues | 168,726 | 159,165 | 50,737 | -- | 58,915 | -- | 204,580 | 56,055 | -- | 698,178 |
| Inter segment revenue | 13,051 | 37,728 | 13,193 | -- | -- | -- | 380 | -- | -- | 64,352 |
| Interest income | 1,312 | 2,683 | 2 | 2 | 623 | -- | 4,610 | 7,026 | 25,502 | 41,760 |
| Interest expense | (6,054) | (14,362) | (3,840) | (471) | (22,749) | -- | (21,159) | (14,057) | -- | (82,692) |
| Depreciation and amortization | 2,616 | 1,403 | 45 | 511 | 7,957 | -- | 11,434 | 1,086 | 209 | 25,261 |
| Reportable segment profit/ (loss) before income tax | (11,832) | 40,276 | 86,617 | (2,405) | (2,328) | -- | (18,836) | 139,769 | 15,069 | 246,330 |
| Reportable segment assets | 166,952 | 156,673 | 290,023 | 81,710 | 457,158 | -- | 520,504 | 378,366 | -- | 2,051,386 |
| Capital expenditure (****) | 8,207 | 26,870 | 99 | 4,136 | 443,829 | -- | 26,661 | 279,114 | -- | 788,916 |
| Reportable segment liabilities | 153,426 | 56,426 | 102,082 | 16,574 | 408,064 | -- | 405,685 | 494,535 | -- | 1,636,792 |

(****) The goodwill additions during the year 2007 amounting to TL 4,526 are not included to capital expenditure.

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5 SEGMENT REPORTING (Continued)

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|------------------------------|------------------|----------------|----------------|
| Segment revenues | 1,223,151 | 951,897 | 706,475 |
| Other revenues | 245,915 | 95,584 | 56,055 |
| Elimination between segments | (268,073) | (158,656) | (64,352) |
| Discontinued operations | (171,726) | (39,359) | -- |
| Consolidated revenues | 1,029,267 | 849,466 | 698,178 |

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|-----------------|-----------------|----------------|
| Operating Profit | | | |
| Segment operating profit | 49,269 | 82,258 | 91,492 |
| Other operating profit/(loss) | 126,362 | (146,471) | 154,838 |
| | 175,631 | (64,213) | 246,330 |
| Elimination between segments | (19,056) | (1,830) | (3,327) |
| Discontinued operations | (196,712) | 39,641 | (15,069) |
| Consolidated segment operating profit/(loss) before tax | (40,137) | (26,402) | 227,934 |
| Profit/ (loss) from investment in equity accounted investees | -- | -- | (93) |
| Consolidated profit/ (loss) before tax | (40,137) | (26,402) | 227,841 |

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---------------------|------------------|------------------|------------------|
| Assets | | | |
| Segment assets | 2,992,440 | 2,444,554 | 1,673,020 |
| Other assets | 329,846 | 711,387 | 378,366 |
| Total assets | 3,322,286 | 3,155,941 | 2,051,386 |

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--------------------------|------------------|------------------|------------------|
| Liabilities | | | |
| Segment liabilities | 2,194,292 | 1,839,601 | 1,142,257 |
| Other liabilities | 598,986 | 976,032 | 494,535 |
| Total liabilities | 2,793,278 | 2,815,633 | 1,636,792 |

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6 CASH AND CASH EQUIVALENTS

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|----------------|----------------|---------------|
| Cash at banks | | | |
| -Demand deposit | 216,754 | 80,870 | 60,232 |
| -Time deposit | 64,227 | 24,799 | 17,412 |
| Cash on hand | 1,148 | 1,355 | 1,327 |
| Other liquid assets | 3,737 | 934 | 1,143 |
| Cash and cash equivalents | 285,866 | 107,958 | 80,114 |
| Bank overdrafts used for cash management purposes | (2,232) | (1,025) | (720) |
| Cash and cash equivalents | 283,634 | 106,933 | 79,394 |

As at 31 December 2009, the interest rate and the maturity of the foreign currency time deposits and Turkish Lira time deposits range between 0.20%-25% and 4 - 28 January 2010, and 6.25-8.93 percent and 1-4 January 2010, respectively, which are amounting TL 64,226 in total.

As at 31 December 2008, the interest rate and the maturity of the foreign currency time deposits and Turkish Lira time deposits range between 2%-6.75% and 1 January- 16 November 2009, and 9%-17.15% and 1-22 January 2009, respectively, which are amounting TL 24,799 in total.

The Group's exposure interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in Note 38.

As at 31 December 2009, 2008 and 2007, there is no pledge on bank accounts except as disclosed.

7 FINANCIAL INVESTMENTS

Current investment

As at 31 December, current investments comprised the following:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|------------------------------------|--------------|---------------|-------------|
| Derivatives | 3,606 | 14,977 | -- |
| Time deposits longer than 3 months | 100 | -- | -- |
| Treasury Bill | -- | -- | 91 |
| | 3,706 | 14,977 | 91 |

TAV Istanbul, buys certain derivatives such as currency swap contracts in order to manage its exposure to currency risk from DHMI concession payments. TAV Istanbul has entered into a forward exchange contract that fixes the parity between USD and Euro for the period of its project financing works. The contracts cover a period up to 2018 for payments in each December. As at 31 December 2009, the nominal value of the contract USD 122,977 thousand. (The Group's share: USD 32,121 thousand) (31 December 2008: USD 112,565 thousand; the Group's share: USD 24,414 thousand).

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7 FINANCIAL INVESTMENTS (continued)

Non-current Investments

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

| | <i>Ownership</i> | | <i>Ownership</i> | | <i>Ownership</i> | |
|---|------------------|--------------|------------------|--------------|------------------|---------------|
| | <i>(%)</i> | <i>2009</i> | <i>(%)</i> | <i>2008</i> | <i>(%)</i> | <i>2007</i> |
| TAV Urban Georgia LLC | 4.5 | 2,536 | 10.0 | 5,347 | 10.0 | 5,347 |
| Bati Karadeniz Elekt. Dağıtım ve Sis. AŞ | 12.5 | 1,504 | 12.5 | 1,504 | 12.5 | 1,504 |
| Riva İnş.Tur.Tic.ve Paz. AŞ (“Riva İnşaat”) | -- | -- | 58.0 | 594 | 58.0 | 594 |
| Tekaş Elektrik | -- | -- | 27.5 | 6 | 27.5 | 6 |
| Task Su | -- | -- | -- | -- | 33.3 | 5,038 |
| CAS | -- | -- | -- | -- | 50.0 | 443 |
| Other | -- | 243 | -- | 82 | -- | 96 |
| Subtotal | | 4,283 | | 7,533 | | 13,028 |
| Less: Impairment of investment | | (1,504) | | (1,510) | | (1,510) |
| Total investments | | 2,779 | | 6,023 | | 11,518 |

As at 31 December 2008 and 2007, based on the Group’s decision, investment in Bati Karadeniz Elektrik Dağıtım ve Sistemleri AŞ (“Bati Karadeniz”) and Tekaş Elektrik has been impaired, since Group does not expect any future economic benefit from these investments.

On 9 August 2007, TAV Urban Georgia LLC signed an agreement with the Georgian Ministry of Economic Development to transfer the management rights of all shares of the Batumi Airport LLC to TAV Batumi for 20 years. According to such share management agreement, all airport operations (excluding only the air traffic control and aviation security services) of the Batumi International Airport will be carried out by TAV Batumi until August 2027.

Task Su has been accounted by proportionate consolidation method in consolidated financial statements as at 31 December 2009 and 2008. Since Task Su had been planned to be sold in the first half of the 2008, it was stated at cost in the accompanying consolidated financial statements as at 31 December 2007.

Riva İnşaat is established by Akfen and Tepe Group on 14 January 1998 in order to execute the project that is planning to be constructed on the land at Istanbul, Ümraniye District, Municipality of Ömerli, Sırapınar Region. This investment is stated at cost to the consolidated financial statements as at 31 December 2008 and 2007 and this investment has been sold as at 31 December 2009.

Since the effect of the investments or the ownership rates of the Group on these investments were low, they have been stated at cost in the accompanying consolidated financial statements as at 31 December 2009, 2008 and 2007.

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8 LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings, which are measured at amortized cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 38.

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|------------------|------------------|----------------|
| Non-current liabilities | | | |
| Non-current secured bank loans | 1,808,579 | 1,286,072 | 949,048 |
| Non-current unsecured bank loans | 121,717 | 2,799 | 8,292 |
| Long term finance lease obligations | 11,676 | 4,449 | 3,964 |
| | 1,941,972 | 1,293,320 | 961,304 |
| Current liabilities | | | |
| Secured bank loan | 128,211 | 210,761 | 267,972 |
| Unsecured bank loan | 35,238 | 62,164 | 35,361 |
| Current portion of long –term secured bank loans | 120,677 | 384,847 | 62,806 |
| Current portion of long –term unsecured bank loans | 5,023 | 3,011 | 5,136 |
| Bank overdraft | 2,232 | 1,025 | 720 |
| Short-term finance lease obligations | 1,418 | 676 | 474 |
| | 292,799 | 662,484 | 372,469 |

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---------------------------|------------------|------------------|------------------|
| Bank loans | 2,221,677 | 1,950,679 | 1,329,335 |
| Finance lease obligations | 13,094 | 5,125 | 4,438 |
| | 2,234,771 | 1,955,804 | 1,333,773 |

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8 LOANS AND BORROWING (continued)

The Group's bank loans as at 31 December 2009 are as follows:

| | <u>Current Liabilities</u> | <u>Non-current liabilities</u> | <u>Total</u> |
|--------------------|-----------------------------------|---------------------------------------|---------------------|
| Akfen Holding | 61,676 | 421,801 | 483,477 |
| Akfen İnşaat | 28,153 | 31,407 | 59,560 |
| Akfen GYO | 27,103 | 161,137 | 188,240 |
| Akfen HES I-II-III | 4,165 | 111,422 | 115,587 |
| Akfen GYT | 8,444 | 39,304 | 47,748 |
| TASK Su | 273 | 3,720 | 3,993 |
| MIP | 7,452 | 514,187 | 521,639 |
| TAV Yatırım | 34,852 | 32,680 | 67,532 |
| TAV Havalimanları | 112,226 | 614,638 | 726,864 |
| RHI | 4,107 | -- | 4,107 |
| RPI | 2,930 | -- | 2,930 |
| | 291,381 | 1,930,296 | 2,221,677 |

The Group's bank loans as at 31 December 2008 are as follows:

| | <u>Current Liabilities</u> | <u>Non-current liabilities</u> | <u>Total</u> |
|---------------------------|-----------------------------------|---------------------------------------|---------------------|
| Akfen Holding | 225,187 | 57,400 | 282,587 |
| Akfen İnşaat | 126,175 | 7,623 | 133,798 |
| Akfen GYO | 61,235 | 105,720 | 166,955 |
| Akfen GYT | 17,992 | -- | 17,992 |
| Akfen Altyapı Yatırımları | 46,081 | 93,783 | 139,864 |
| Task Su | 133 | -- | 133 |
| MIP | 1,483 | 521,626 | 523,109 |
| TAV Yatırım | 72,575 | 391 | 72,966 |
| TAV Havalimanları | 103,027 | 406,833 | 509,860 |
| Tüvtürk İstanbul | 7,600 | 88,618 | 96,218 |
| RHI | 182 | 4,014 | 4,196 |
| RPI | 138 | 2,863 | 3,001 |
| | 661,808 | 1,288,871 | 1,950,679 |

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8 LOANS AND BORROWING (continued)

The Group's bank loans as at 31 December 2007 are as follows:

| | <u>Current Liabilities</u> | <u>Non-current liabilities</u> | <u>Total</u> |
|---------------------------|---------------------------------------|---|---------------------|
| Akfen Holding | 6,291 | 139,371 | 145,662 |
| Akfen İnşaat | 16,058 | 6,738 | 22,796 |
| Akfen GYO | 58,906 | 41,680 | 100,586 |
| Akfen Altyapı Yatırımları | 9,684 | 34,052 | 43,736 |
| MIP | 2,417 | 386,882 | 389,299 |
| TAV Yatırım | 52,915 | 2,252 | 55,167 |
| TAV Havalimanları | 86,481 | 278,939 | 365,420 |
| Tüvtürk Kuzey | 134,345 | -- | 134,345 |
| Tüvtürk İstanbul | 4,898 | 67,426 | 72,324 |
| | 371,995 | 957,340 | 1,329,335 |

Terms and debt repayment schedule

Repayment schedules of the Group bank loans according to original maturities as at 31 December are as follows:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|--------------------|--------------------|--------------------|
| Within one year | 291,381 | 661,808 | 371,995 |
| In the second year | 477,957 | 137,141 | 88,786 |
| In the third year | 151,466 | 117,604 | 170,316 |
| In the fourth year | 133,517 | 116,848 | 77,551 |
| In fifth year and more than five years | 1,167,356 | 917,278 | 620,687 |
| | 2,221,677 | 1,950,679 | 1,329,335 |

Details of the loans summarized for each subsidiary are as follows:

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at 31 December 2009, 2008 and 2007

(Currency: Thousands of TL)

8 LOANS AND BORROWINGS (continued)

Akfen Holding:

The breakdown of bank loans as at 31 December 2009 is as follows:

| | Current liabilities | Non-current liabilities | Total |
|---------------|----------------------------|--------------------------------|----------------|
| Akfen Holding | 61,676 | 421,801 | 483,477 |
| | 61,676 | 421,801 | 483,477 |

| | Currency | Nominal Interest Rate % | Year of Maturity | Face Value | Carrying Amount |
|-----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans ⁽¹⁾ | USD | 9 | 2010 | 9,938 | 10,087 |
| Secured Bank Loans ⁽¹⁾ | USD | Libor+1.75 | 2010 | 12,546 | 12,585 |
| Secured Bank Loans ⁽¹⁾ | USD | Libor+6.75 | 2011 | 3,764 | 3,764 |
| Secured Bank Loans ⁽¹⁾ | USD | 6.75 | 2011 | 5,722 | 5,785 |
| Secured Bank Loans ⁽²⁾ | USD | Libor+6.75 | 2011 | 18,822 | 18,822 |
| Secured Bank Loans ⁽³⁾ | USD | 9 | 2011 | 132,502 | 134,051 |
| Secured Bank Loans ⁽⁴⁾ | USD | 7 | 2011 | 3,764 | 3,812 |
| Secured Bank Loans ⁽⁴⁾ | USD | Libor +6 | 2011 | 34,388 | 34,388 |
| Secured Bank Loans ⁽¹⁾ | USD | 6.8 | 2011 | 5,270 | 5,327 |
| Secured Bank Loans ⁽⁵⁾ | USD | 8.25 | 2011 | 9,865 | 10,017 |
| Secured Bank Loans ⁽⁶⁾ | USD | 8 | 2011 | 14,688 | 14,874 |
| Secured Bank Loans ⁽¹⁾ | USD | 10 | 2011 | 4,894 | 4,897 |
| Secured Bank Loans ⁽³⁾ | USD | Monthly 0.65 | 2012 | 1,172 | 1,178 |
| Secured Bank Loans ⁽⁴⁾ | USD | Libor+3.5 | 2014 | 60,228 | 60,542 |
| Secured Bank Loans ⁽⁷⁾ | USD | 9.2 | 2015 | 112,928 | 115,025 |
| Secured Bank Loans ⁽⁸⁾ | Euro | 8 | 2011 | 475 | 481 |
| Secured Bank Loans ⁽²⁾ | TL | 17 | 2010 | 1,550 | 1,550 |
| Secured Bank Loans ⁽¹⁾ | TL | 16.25 | 2010 | 9,690 | 9,690 |
| Secured Bank Loans ⁽¹⁾ | TL | 14 | 2010 | 2,610 | 2,610 |
| Secured Bank Loans ⁽²⁾ | TL | 16.5 | 2010 | 700 | 700 |
| Secured Bank Loans ⁽²⁾ | TL | 15.5 | 2010 | 4,000 | 4,000 |
| Secured Bank Loans ⁽⁹⁾ | TL | 8.78 | 2011 | 29,156 | 29,246 |
| Banl Overdraft | TL | -- | 2010 | 46 | 46 |
| | | | | 478,718 | 483,477 |

⁽¹⁾ Sureties given by Hamdi Akın and Akfen İnşaat

⁽²⁾ Sureties given by Hamdi Akın, Akınısı and Akfen İnşaat

⁽³⁾ Sureties given by Hamdi Akın

⁽⁴⁾ Sureties given by Akfen İnşaat, Akfen Turizm, Akınısı and Hamdi Akın

⁽⁵⁾ Sureties given by Akfen Turizm and Hamdi Akın

⁽⁶⁾ Sureties given by Akfen Turizm, Akınısı, Hamdi Akın and Akfen İnşaat

⁽⁷⁾ 1/1 cash collateral.

⁽⁸⁾ Sureties given by Akfen Turizm, Akınısı, Hamdi Akın and Akfen İnşaat

⁽⁹⁾ Shares pledge on Tav Havalimanları with 14,166,267 shares

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at 31 December 2009, 2008 and 2007

(Currency: Thousands of TL)

8 LOANS AND BORROWINGS(continued)

The breakdown of bank loans as at 31 December 2008 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans ⁽¹⁾ | USD | 6.75 | 2009 | 2,594 | 2,604 |
| Secured Bank Loans ⁽²⁾ | USD | 9.5 | 2009 | 2,170 | 2,170 |
| Secured Bank Loans ⁽²⁾ | USD | 11.5 | 2009 | 1,946 | 1,946 |
| Secured Bank Loans ⁽⁵⁾ | USD | 14 | 2009 | 4,650 | 4,671 |
| Secured Bank Loans ⁽⁴⁾ | USD | 5.92 | 2009 | 113 | 114 |
| Secured Bank Loans ⁽⁴⁾ | USD | 6.90 | 2009 | 4,915 | 5,058 |
| Secured Bank Loans ⁽¹⁾ | USD | 12.25 | 2009 | 129 | 131 |
| Secured Bank Loans ⁽¹⁾ | USD | 12.75 | 2009 | 575 | 587 |
| Secured Bank Loans ⁽¹⁾ | USD | 10.4 | 2009 | 484 | 495 |
| Secured Bank Loans ⁽⁴⁾ | USD | 15 | 2009 | 2,541 | 2,541 |
| Secured Bank Loans ⁽³⁾ | USD | 7.01 | 2009 | 115,691 | 127,295 |
| Secured Bank Loans ⁽⁴⁾ | USD | Libor+2.28 | 2009 | 6,049 | 6,162 |
| Secured Bank Loans ⁽¹⁾ | USD | 8.21 | 2012 | 1,588 | 1,595 |
| Secured Bank Loans ⁽¹⁾ | USD | Libor+3.50 | 2014 | 60,492 | 61,004 |
| Secured Bank Loans ⁽²⁾ | Euro | 10 | 2009 | 1,606 | 1,606 |
| Secured Bank Loans ⁽⁴⁾ | Euro | Euribor+2.80 | 2009 | 1,820 | 1,867 |
| Secured Bank Loans ⁽⁴⁾ | TL | 36 | 2009 | 1,200 | 1,200 |
| Secured Bank Loans ⁽⁵⁾ | TL | 28 | 2009 | 4,942 | 4,943 |
| Secured Bank Loans ⁽⁴⁾ | TL | 29 | 2009 | 10,319 | 10,319 |
| Secured Bank Loans ⁽⁴⁾ | TL | 22 | 2009 | 6,025 | 6,025 |
| Secured Bank Loans ⁽⁴⁾ | TL | 30 | 2009 | 2,340 | 2,340 |
| Secured Bank Loans ⁽¹⁾ | TL | 27 | 2009 | 31,000 | 33,070 |
| Secured Bank Loans ⁽⁴⁾ | TL | 21.7 | 2009 | 4,690 | 4,797 |
| Bank Overdraft | TL | -- | -- | 47 | 47 |
| | | | | 267,926 | 282,587 |

⁽¹⁾ Sureties given by Hamdi Akın, Akfen İnşaat, Akınısı Makine and Akfen Turizm

⁽²⁾ Sureties given by Hamdi Akın, Akınısı and Akfen İnşaat

⁽³⁾ Pledges on TAV shares

⁽⁴⁾ Sureties given by Hamdi Akın and Akfen İnşaat

⁽⁵⁾ Sureties given by Akfen İnşaat and Akfen Turizm

The breakdown of bank loans as at 31 December 2007 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan ⁽¹⁾ | USD | Rotative | 2008 | 3,825 | 4,465 |
| Secured Bank Loan ⁽²⁾ | USD | Rotative | 2008 | 600 | 698 |
| Secured Bank Loan ⁽³⁾ | USD | 6.91 | 2009 | 89,100 | 91,648 |
| Secured Bank Loan ⁽⁴⁾ | USD | 8.21 | 2012 | 1,299 | 1,522 |
| Secured Bank Loan ⁽¹⁾ | USD | Libor+3.50 | 2014 | 46,588 | 47,185 |
| Secured Bank Loan ⁽²⁾ | TL | Rotative | 2008 | 144 | 144 |
| | | | | 141,556 | 145,662 |

⁽¹⁾ Sureties given by Hamdi Akın and Akfen İnşaat

⁽²⁾ Sureties given by Hamdi Akın, Akınısı Makine and Akfen İnşaat

⁽³⁾ Pledges on TAV shares

⁽⁴⁾ Sureties given by Hamdi Akın, Akınısı Makine, Akfen Turizm and Akfen İnşaat

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

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8 LOANS AND BORROWING (continued)

Collateral Shares

As of 31 December 2008, Tepe İnşaat, Akfen Holding and Sera Yapı have lent and transferred the title of shares that correspond to the 14.4% of the present share capital of TAV Havalimanları (the ‘‘Collateral Shares’’) under an agreement named Collateralized Stock Borrowing Agreement as a security for the performance of the obligations of the Sellers in connection with the Put Option (Not 16).

Goldman Sachs International (‘‘GS’’) has created pledge in favor of Tepe İnşaat, Akfen Holding and Sera Yapı on these Collateral Shares. All voting rights, dividends, rights for participating in share capital increase in connection with the Collateral Shares shall belong to Tepe İnşaat, Akfen Holding and Sera Yapı, provided that bonus shares issued as the result of such share capital increase made by way of transferring the reserves to share capital shall belong to GS in connection with the Collateral Shares. In the event of enforcement of Collateral Shares by GS as described above, the share pledge is released on the Collateral Shares. Collateral Shares are maintained by an escrow agent. Further, pursuant to GS SSPAs, GS has right to transfer the shares that it owns in TAV Havalimanları to its subsidiaries.

On 18 May 2009, GS announced that they transferred 17.437.499 TAV Havalimanları shares, which was received with TAV Havalimanları’s capital increase to Tepe İnşaat, Akfen Holding and Sera Yapı. Following the exercise of the put option to Holding shares by cash settlement by GS, on 17 August 2009, GS reimbursed TAV Havalimanları shares, which are held as collateral to Tepe İnşaat and Sera Yapı. On 3 November 2009, Akfen Holding announced that they have received the TAV Havalimanları’s shares from GS.

Akfen İnşaat:

The breakdown of bank loans as at 31 December 2009 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan ⁽⁴⁾ | USD | 8 | 2011 | 2,161 | 2,188 |
| Secured Bank Loan ⁽³⁾ | USD | 10 | 2011 | 7,408 | 7,408 |
| Secured Bank Loan ⁽⁴⁾ | USD | 9 | 2011 | 3,614 | 3,637 |
| Secured Bank Loan ⁽⁵⁾ | USD | 8.1 | 2011 | 17,308 | 17,492 |
| Secured Bank Loan ⁽⁸⁾ | USD | Monthly 0.65 | 2014 | 683 | 684 |
| Secured Bank Loan ⁽⁵⁾ | Euro | 8 | 2010 | 3,132 | 3,187 |
| Secured Bank Loan ⁽⁶⁾ | Euro | Monthly 0.6 | 2010 | 332 | 340 |
| Secured Bank Loan ⁽¹⁾ | TL | Monthly 1.3 | 2010 | 3,690 | 3,810 |
| Secured Bank Loan ⁽²⁾ | TL | 25 | 2010 | 5,699 | 5,699 |
| Secured Bank Loan ⁽²⁾ | TL | 17 | 2010 | 175 | 175 |
| Secured Bank Loan ⁽²⁾ | TL | 16 | 2010 | 975 | 975 |
| Secured Bank Loan ⁽⁶⁾ | TL | 17.61 | 2010 | 2,887 | 2,987 |
| Secured Bank Loan ⁽⁶⁾ | TL | 18.16 | 2010 | 202 | 224 |
| Secured Bank Loan ⁽⁷⁾ | TL | 14 | 2010 | 1,065 | 1,065 |
| Secured Bank Loan ⁽²⁾ | TL | 16.25 | 2010 | 8,947 | 8,947 |
| Secured Bank Loan ⁽⁶⁾ | TL | 22.4 | 2010 | 321 | 342 |
| Secured Bank Loan ⁽⁶⁾ | TL | Monthly 2.5 | 2010 | 267 | 290 |
| Bank Overdraft | TL | -- | -- | 110 | 110 |
| | | | | 58,976 | 59,560 |

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at 31 December 2009, 2008 and 2007

(Currency: Thousands of TL)

8 LOANS AND BORROWINGS (Continued)

⁽¹⁾ Sureties given by Akfen Holding,

⁽²⁾ Sureties given by Akfen Holding and Hamdi Akın

⁽³⁾ Sureties given by Akfen Holding and Hamdi Akın

⁽⁴⁾ Sureties given by Akfen Holding, Hamdi Akın and Akınısı

⁽⁵⁾ Sureties given by Akfen Holding, Akfen Turizm, Akınısı and Hamdi Akın

⁽⁶⁾ Sureties given by Akfen Holding, Hamdi Akın, Akınısı, Akfen Turizm, Akfen GYO and Akfen Enerji

⁽⁷⁾ Sureties given by Akfen Holding, Hamdi Akın, Aksel Turizm

⁽⁸⁾ Sureties given by Hamdi Akın

The breakdown of bank loans as at 31 December 2008 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-----------------------------------|-----------------|------------------------------------|-----------------------------|-----------------------|----------------------------|
| Secured Bank Loans ⁽¹⁾ | USD | Libor+2.8 | 2009 | 13,845 | 14,148 |
| Secured Bank Loans ⁽¹⁾ | USD | 3.94-14 | 2009 | 9,497 | 9,735 |
| Secured Bank Loans ⁽²⁾ | USD | 11.75-12.75 | 2009 | 2,170 | 2,209 |
| Secured Bank Loans ⁽³⁾ | USD | 7-12 | 2009 | 26,790 | 27,060 |
| Secured Bank Loans ⁽⁴⁾ | USD | 6.25 | 2009 | 2,216 | 2,247 |
| Secured Bank Loans ⁽⁵⁾ | USD | 6.9-10 | 2009 | 7,441 | 7,585 |
| Secured Bank Loans ⁽⁷⁾ | USD | 7 | 2009 | 307 | 310 |
| Secured Bank Loans ⁽²⁾ | USD | Libor+3.76 | 2011 | 5,444 | 5,471 |
| Secured Bank Loans ⁽¹⁾ | USD | 5.54 | 2014 | 877 | 877 |
| Secured Bank Loans ⁽²⁾ | Euro | 11 | 2009 | 2,663 | 2,663 |
| Secured Bank Loans ⁽³⁾ | Euro | 7.75-12.5 | 2009 | 3,575 | 3,650 |
| Secured Bank Loans ⁽⁴⁾ | Euro | 6 | 2009 | 988 | 990 |
| Secured Bank Loans ⁽¹⁾ | Euro | 5.18-12.12 | 2009 | 6,117 | 6,242 |
| Secured Bank Loans ⁽¹⁾ | Euro | Euribor+2.8 | 2009 | 321 | 331 |
| Secured Bank Loans ⁽¹⁾ | TL | 28-31.36 | 2009 | 32,917 | 32,951 |
| Secured Bank Loans ⁽⁷⁾ | TL | 2.5-2.65 | 2009 | 5,125 | 5,138 |
| Secured Bank Loans ⁽⁴⁾ | TL | 27 | 2009 | 7,500 | 7,500 |
| Secured Bank Loans ⁽⁶⁾ | TL | 19.75 | 2009 | 3,000 | 3,125 |
| Secured Bank Loans ⁽⁶⁾ | TL | 30.03 | 2010 | 1,000 | 950 |
| Secured Bank Loans ⁽¹⁾ | TL | 31.36 | 2010 | 554 | 554 |
| Bank Overdraft | TL | -- | -- | 62 | 62 |
| | | | | 132,409 | 133,798 |

⁽¹⁾ Sureties given by Akfen Holding and Hamdi Akın

⁽²⁾ Sureties given by Akfen Holding, Hamdi Akın and Akınısı

⁽³⁾ Sureties given by Akfen Holding and Akfen Turizm

⁽⁴⁾ Sureties given by Akfen Holding, Hamdi Akın, Akınısı and Akfen Turizm

⁽⁵⁾ Sureties given by Akfen Dış Ticaret and Hamdi Akın

⁽⁶⁾ Sureties given by Akfen Holding, Hamdi Akın and Akfen GYO

⁽⁷⁾ Sureties given by Akfen Holding, Akfen Turizm and Akınısı

Akfen Holding Anonim Şirketi and its Subsidiaries

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(Currency: Thousands of TL)

8 LOANS AND BORROWINGS (Continued)

The breakdown of bank loans as at 31 December 2007 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan ⁽⁴⁾ | USD | 6.85 | 2008 | 2,324 | 2,330 |
| Secured Bank Loan ⁽⁵⁾ | USD | 6.75 | 2008 | 1,147 | 1,153 |
| Secured Bank Loan ⁽¹⁾ | USD | Libor+0.80 | 2008 | 582 | 616 |
| Secured Bank Loan ⁽¹⁾ | USD | 6.80 | 2008 | 569 | 572 |
| Secured Bank Loan ⁽²⁾ | USD | Libor+3.76 | 2011 | 5,591 | 5,782 |
| Secured Bank Loan ⁽¹⁾ | USD | 5.54 | 2014 | 834 | 955 |
| Secured Bank Loan ⁽¹⁾ | Euro | 6.20 | 2008 | 807 | 812 |
| Secured Bank Loan ⁽¹⁾ | Euro | 6.15 | 2008 | 7,012 | 7,049 |
| Secured Bank Loan ⁽³⁾ | Euro | Euribor+1.40 | 2008 | 3,506 | 3,520 |
| Secured Bank Loan ⁽⁶⁾ | TL | 6.36 | 2008 | 7 | 7 |
| | | | | 22,379 | 22,796 |

⁽¹⁾ Sureties given by Akfen Holding, Hamdi Akın

⁽²⁾ Sureties given by Akfen Holding, Hamdi Akın, Delta Gıda

⁽³⁾ Sureties given by Akfen Holding, Hamdi Akın and pledged by Aksel Turizm

⁽⁴⁾ Sureties given by Akfen Holding, Akınısı and Akfen Turizm

⁽⁵⁾ Sureties given by Akfen Holding, Akınısı and Hamdi Akın

⁽⁶⁾ Sureties given by Hamdi Akın

Akfen GYO:

The breakdown of bank loans as at 31 December 2009 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan ⁽⁵⁾ | USD | 14 | 2010 | 1,054 | 1,060 |
| Secured Bank Loan ⁽⁵⁾ | Euro | 14 | 2010 | 648 | 652 |
| Secured Bank Loan ⁽²⁾ | Euro | Euribor+3.70 | 2015 | 38,885 | 39,388 |
| Secured Bank Loan ⁽¹⁾ | Euro | Euribor+4.75 | 2019 | 124,217 | 125,026 |
| Secured Bank Loan ⁽⁵⁾ | TL | 23.5 | 2010 | 1,641 | 1,641 |
| Secured Bank Loan ⁽⁴⁾ | TL | 23 | 2010 | 2,207 | 2,411 |
| Secured Bank Loan ⁽⁴⁾ | TL | 22.8 | 2010 | 1,460 | 1,543 |
| Secured Bank Loan ⁽³⁾ | TL | 10 | 2016 | 15,995 | 16,248 |
| Bank Overdraft | TL | -- | -- | 271 | 271 |
| | | | | 186,378 | 188,240 |

Akfen Holding Anonim Şirketi and its Subsidiaries

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(Currency: Thousands of TL)

8 LOANS AND BORROWINGS (Continued)

The breakdown of bank loans as at 31 December 2008 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan ⁽⁵⁾ | USD | 6.50-12.00 | 2009 | 7,146 | 7,285 |
| Secured Bank Loan ⁽⁶⁾ | USD | 14.00 | 2009 | 8,188 | 8,345 |
| Secured Bank Loan ⁽⁵⁾ | USD | 14.00-15.0 | 2009 | 2,465 | 2,469 |
| Secured Bank Loan ⁽⁴⁾ | Euro | 6.25-14 | 2009 | 4,035 | 4,075 |
| Secured Bank Loan ⁽⁴⁾ | Euro | 8-14 | 2009 | 10,254 | 10,273 |
| Secured Bank Loan ⁽⁶⁾ | Euro | 14.00 | 2009 | 2,141 | 2,154 |
| Secured Bank Loan ⁽³⁾ | Euro | Euribor+3.70 | 2015 | 44,957 | 46,028 |
| Secured Bank Loan ⁽¹⁾ | Euro | Euribor+3.75 | 2018 | 57,802 | 58,362 |
| Secured Bank Loan ⁽⁵⁾ | TL | 29.0-34.0 | 2009 | 9,978 | 10,295 |
| Secured Bank Loan ⁽³⁾ | TL | 10 | 2011 | 5,141 | 5,401 |
| Secured Bank Loan ⁽³⁾ | TL | 10 | 2012 | 2,545 | 2,601 |
| Secured Bank Loan ⁽³⁾ | TL | 10 | 2013 | 8,424 | 8,607 |
| Secured Bank Loan ⁽³⁾ | TL | 10 | 2016 | 1,028 | 1,041 |
| Bank Overdraft | USD | -- | -- | 19 | 19 |
| | | | | 164,123 | 166,955 |

⁽¹⁾ A loan agreement of Euro 100 million is signed with the cooperation of Türkiye İş Bankası AŞ and Türkiye Sınai Kalkınma Bankası AŞ ("TSKB") on 30 July 2008 for financing the hotel projects constructed based on the Memorandum of Understanding which is signed between the Company and Accor S.A. to develop hotel projects in Turkey. Based on the loan agreement, commitment commission which is calculated as annual rate of 1.25 percent on the unused portion of the loan at each quarter from the agreement date till the maturity date is paid. 0.50 percent of the related amount used in each grant from TSKB and 1.00 percent of the related amount is paid as commission. Bank borrowings obtained with this agreement is secured by the followings:

- Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Beylikdüzü and Zeytinburnu is pledged in favor of the creditors,
- Rental revenue of these hotels is pledged in favor of the creditors,
- Demand deposits in banks and financial institutions related with the these projects are pledged in favor of the creditors,
- Sureties of the shareholders' of Akfen GYO for the completion guarantee of the related projects.

⁽²⁾ Bank borrowings obtained from various banks for refinancing the bank borrowings obtained from various banks for financing the construction of Mercure in Northern Cyprus is secured by the followings:

- According to the Board of Directors resolution numbered 2008/16 and dated 3 July 2008, the Company pledged 279,000 of Type A shares of Akfen Ticaret amounting TL 7,000 as a surety,
- Right of tenancy of Mercure Hotel in Northern Cyprus is pledged in favor of the creditors,
- Rental revenue of the casino in Mercure Hotel in Northern Cyprus is pledged in favor of the creditors,
- Rental revenue of Mercure Hotel in Northern Cyprus is pledged in favor of the creditors,
- Sureties of the shareholders' of Akfen GYO for the total outstanding loan amount,
- Guarantees of letter from various banks for the total outstanding loan amount.

Akfen Holding Anonim Şirketi and its Subsidiaries

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8 LOANS AND BORROWINGS (continued)

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

- Letter of guarantees from various banks for the total outstanding loan amount,
- Sureties of the shareholders' of Akfen GYO for the total outstanding loan amount.

⁽⁴⁾ Bank borrowings obtained from various banks for financing the construction of Mercure Hotel in Northern Cyprus are secured by sureties of the shareholders' of Akfen GYO for the total outstanding loan amount.

⁽⁵⁾ Bank borrowings obtained from various banks for financing construction of ongoing hotel projects is secured by the following:

- Sureties of the shareholders' of Akfen GYO for the total outstanding loan amount.

⁽⁶⁾ 1st, 2nd and 3rd independent divisions of the real estate owned by Akfen GYO in Levent Loft are pledged in favor of the creditor.

The breakdown of bank loans as at 31 December 2007 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan ⁽³⁾ | USD | Libor+1.75 | 2008 | 271 | 275 |
| Secured Bank Loan ⁽³⁾ | USD | 7.25 | 2008 | 25,897 | 26,331 |
| Secured Bank Loan ⁽³⁾ | Euro | 6.25 | 2008 | 1,766 | 3,019 |
| Secured Bank Loan ⁽³⁾ | Euro | 6.30 | 2008 | 2,634 | 2,664 |
| Secured Bank Loan ⁽³⁾ | Euro | 6.85 | 2008 | 1,967 | 1,992 |
| Secured Bank Loan ⁽⁷⁾ | Euro | 6.10 | 2008 | 1,710 | 1,724 |
| Secured Bank Loan ⁽³⁾ | Euro | 5.80 | 2008 | 410 | 549 |
| Secured Bank Loan ⁽²⁾ | Euro | Euribor+4.10 | 2015 | 1,897 | 3,245 |
| Secured Bank Loan ⁽¹⁾ | Euro | Euribor+4.25 | 2016 | 25,653 | 27,551 |
| Secured Bank Loan ⁽⁴⁾ | TL | 10.00 | 2008 | 17,652 | 17,652 |
| Secured Bank Loan ⁽³⁾ | TL | 19.00 | 2008 | 141 | 141 |
| Secured Bank Loan ⁽⁵⁾ | TL | 19.00 | 2008 | 7,985 | 7,985 |
| Secured Bank Loan ⁽⁶⁾ | TL | 22.00 | 2008 | 5,777 | 5,777 |
| Secured Bank Loan ⁽⁸⁾ | TL | 20.50 | 2008 | 793 | 793 |
| Secured Bank Loan ⁽⁶⁾ | TL | 20.75 | 2008 | 505 | 506 |
| Secured Bank Loan ⁽⁷⁾ | TL | 21.00 | 2008 | 382 | 382 |
| | | | | 95,440 | 100,586 |

⁽¹⁾ Loans borrowed from Türkiye Vakıflar Bankası TAO for financing of the Zeytinburnu IBIS / NOVETEL project is secured by the followings:

- Pledged against rental revenue that will be generated
- Sureties of the shareholders' of Akfen GYO for the outstanding loan amount.

⁽²⁾ Bank borrowings obtained from T. Garanti Bankası AŞ for financing of the Eskişehir IBIS Hotel project.

- Sureties of the shareholders' Akfen GYO for the outstanding loan amount.

⁽³⁾ Bank borrowings obtained from various banks for financing of the construction of Mercure Hotel in Northern Cyprus.

Akfen Holding Anonim Şirketi and its Subsidiaries

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8 LOANS AND BORROWINGS (continued)

- Sureties of the shareholders' of Akfen GYO for the outstanding loan amount.

⁽⁴⁾ Bank borrowings obtained from Türkiye Kalkınma Bankası AŞ for financing of the construction of Mercure Hotel in Northern Cyprus is secured by the following:

- Letters of credit from various banks for the loan amount

- Sureties of the shareholders' of Akfen GYO for the outstanding loan amount.

⁽⁵⁾ Loans borrowed from Tekstil Bankası AŞ

- Sureties given by Akfen İnşaat and Hamdi Akın.

⁽⁶⁾ Loans borrowed from Türk Ekonomi Bankası AŞ

- Sureties given by Akfen Holding, Akfen İnşaat AŞ and Hamdi Akın.

⁽⁷⁾ Loans borrowed from Denizbank AŞ

- Sureties given by Akfen Holding, Akfen İnşaat and Hamdi Akın.

⁽⁸⁾ Loans borrowed from Finansbank AŞ

- Sureties given by Akfen Holding, Akfen İnşaat and Akınısı Makine

Akfen HES I-II-III:

The breakdown of bank loans as at 31 December 2009 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|---------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Unsecured Bank Loan | Euro | Euribor+6.5 | 2013-2020 | 112,085 | 115,587 |
| | | | | 112,085 | 115,587 |

As at 31 December 2008 and 2007, the Company has not any loans and borrowings.

Akfen GYT:

The breakdown of bank loans as at 31 December 2009 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan ⁽¹⁾ | USD | 9 | 2014 | 21,080 | 21,191 |
| Secured Bank Loan ⁽²⁾ | USD | 7 | 2012 | 26,350 | 26,557 |
| | | | | 47,430 | 47,748 |

⁽¹⁾ Sureties given by Hamdi Akın, Akfen Holding and Akfen İnşaat

⁽²⁾ Sureties given by Hamdi Akın and Akfen Holding

The breakdown of bank loans as at 31 December 2008 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|---------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Unsecured Bank Loan | USD | 6.75 | 2009 | 2,269 | 2,339 |
| Unsecured Bank Loan | USD | 12.75 | 2009 | 5,293 | 5,293 |
| Unsecured Bank Loan | USD | 10.5 | 2009 | 10,360 | 10,360 |
| | | | | 17,922 | 17,992 |

As at 31 December 2007, the Company has not any loans and borrowings.

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at 31 December 2009, 2008 and 2007

(Currency: Thousands of TL)

8 LOANS AND BORROWINGS (continued)

Akfen Altyapı Yatırımları Holding:

The breakdown of bank loans as at 31 December 2008 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan ⁽¹⁾ | USD | 6.38 | 2009 | 2,193 | 2,259 |
| Secured Bank Loan ⁽¹⁾ | USD | 6.42 | 2009 | 302 | 311 |
| Secured Bank Loan ⁽¹⁾ | USD | 8.96 | 2009 | 7,867 | 8,330 |
| Secured Bank Loan ⁽¹⁾ | USD | Libor+1.75 | 2010 | 36,572 | 37,243 |
| Secured Bank Loan ⁽¹⁾ | USD | Libor+2.12 | 2018 | 8,015 | 8,497 |
| Secured Bank Loan ⁽¹⁾ | USD | Libor+4.00 | 2018 | 24,499 | 25,774 |
| Secured Bank Loan ⁽²⁾ | USD | Libor+4.35 | 2018 | 20,568 | 21,093 |
| Secured Bank Loan ⁽³⁾ | USD | Libor+3.25 | 2018 | 31,002 | 31,297 |
| Secured Bank Loan ⁽¹⁾ | Euro | 10.77 | 2010 | 4,647 | 4,755 |
| Secured Bank Loan ⁽¹⁾ | TL | 28 | 2009 | 267 | 273 |
| Bank Overdraft | TL | -- | -- | 32 | 32 |
| | | | | 135,964 | 139,864 |

⁽¹⁾ Bank loans are secured by surety of Akfen İnşaat, Akfen Holding and Hamdi Akın

Revenue of sub operations and indemnity which is in the manner and conditions set out in Sub-Operation Agreements with Tüvtürk Güney shall be pledged to Garanti Bankası A.Ş.

⁽²⁾ Bank loans are secured by surety of Akfen İnşaat and Akfen Holding.

Revenue of sub operations and indemnity which is in the manner and conditions set out in Sub-Operation Agreements with Tüvtürk Güney shall be pledged amounting to USD 13,600 to Türkiye Vakıflar Bankası.

⁽³⁾ Bank loans are secured by surety of Akfen İnşaat, Akfen Holding, Akınısı Makine and Hamdi Akın.

Revenue of sub operations and indemnity which is in the manner and conditions set out in Sub-Operation Agreements with Tüvtürk Güney shall be pledged to Finansbank A.Ş.

AIH Muayene have received surety notes from surety of Akfen İnşaat, Akfen Holding , Akınısı Makine and Hamdi Akın.

The breakdown of bank loans as at 31 December 2007 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan ⁽¹⁾ | USD | 6.22 | 2008 | 1,514 | 1,533 |
| Secured Bank Loan ⁽¹⁾ | USD | 8.96 | 2009 | 11,647 | 12,326 |
| Secured Bank Loan ⁽¹⁾ | USD | Libor+1.75 | 2010 | 29,118 | 29,877 |
| | | | | 42,279 | 43,736 |

⁽¹⁾ Bank loans are secured by the personal surety of Hamdi Akın and surety of other Akfen Group companies.

Task Su:

The breakdown of bank loans as at 31 December 2009 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans ⁽¹⁾ | Euro | Euribor+8 | 2011 | 3,889 | 3,993 |
| | | | | 3,889 | 3,993 |

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

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(Currency: Thousands of TL)

8 LOANS AND BORROWINGS (continued)

⁽¹⁾Task Dilovası has executed a loan agreement with Bank Hapoalim amounted Euro 5,000 thousand with Euribor+8 percent in order to finance its ongoing project. Euro 500 thousand utilized in July 2009, a part of Euro 500 thousand utilized in August 2009 and a portion amounting Euro 800 thousand utilized in November 2009.

The shares of TASK Dilovası has been pledged with Bank Positive amounting to TL 6,050 as a security against the loan utilized from Bank Hapoalim.

The breakdown of bank loans as at 31 December 2008 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|----------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Unsecured Bank Loans | TL | 22 | 2009 | 133 | 133 |

MIP:

The breakdown of bank loans as at 31 December 2009 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans ⁽¹⁾ | USD | Libor+2.5 | 2020 | 437,404 | 437,404 |
| Secured Bank Loans ⁽¹⁾ | USD | Libor+1 | 2020 | 84,235 | 84,235 |
| | | | | 521,639 | 521,639 |

The breakdown of bank loans as at 31 December 2008 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans ⁽¹⁾ | USD | Libor+2.5 | 2020 | 440,782 | 440,782 |
| Secured Bank Loans ⁽¹⁾ | USD | Libor+1 | 2020 | 82,327 | 82,327 |
| | | | | 523,109 | 523,109 |

Finansal borçların 31 Aralık 2007 tarihi itibariyle detayı aşağıda verilmiştir:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans ⁽¹⁾ | USD | Libor+2.5 | 2020 | 328,650 | 328,650 |
| Secured Bank Loans ⁽¹⁾ | USD | Libor+1 | 2020 | 60,649 | 60,649 |
| | | | | 389,299 | 389,299 |

¹⁾ The Company has obtained two bank borrowings namely Senior Debt Loan and Mezzanine Loan amounting to USD 300,000 thousand and USD 50,000 thousand respectively, in order to finance the payment regarding the right received from TCDD to charge users of Mersin International Port. Senior Debt Loan is stated net of transaction costs amounting to USD 6,564 thousand. Mezzanine loan is a rotative loan and the principal payment can be paid at the maturity date of 2020 where till that date unpaid interest expenses are added to the principle.

According to the share pledge agreement signed on 11 May 2007 with Syndication Banks, the shares of MIP have been given as collateral for Senior Debt Loan to these banks. Mezzanine loan is secured by the surety of PSA International Group.

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at 31 December 2009, 2008 and 2007

(Currency: Thousands of TL)

8 LOANS AND BORROWINGS (continued)

TAV Yatırım:

The breakdown of bank loans as at 31 December are as follows:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|-------------|---------------|---------------|---------------|
| TAV Yatırım | 16,550 | 17,541 | 9,930 |
| TAV İnşaat | 45,167 | 51,218 | 27,392 |
| TAV Gulf | 5,815 | 4,207 | 2,516 |
| TAV Egypt | -- | -- | 15,284 |
| TAV Doha | -- | -- | 45 |
| | 67,532 | 72,966 | 55,167 |

TAV Yatırım:

The breakdown of bank loans as at 31 December 2009 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans ⁽¹⁾ | Euro | 8.0 | 2011 | 3,794 | 3,794 |
| Secured Bank Loans ⁽¹⁾ | TL | 8.8 | 2010 | 12,756 | 12,756 |
| | | | | 16,550 | 16,550 |

⁽¹⁾ Sureties given by Akfen İnşaat and Tepe İnşaat

TAV İnşaat

The breakdown of bank loans as at 31 December 2009 is below:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans ⁽²⁾ | USD | 6.0 | 2010 | 10,693 | 10,693 |
| Secured Bank Loans ⁽²⁾ | USD | 7.0 | 2010 | 176 | 176 |
| Secured Bank Loans ⁽²⁾ | USD | 6.9 | 2010 | 2 | 2 |
| Secured Bank Loans ⁽²⁾ | USD | 6.0 | 2011 | 6,334 | 6,334 |
| Secured Bank Loans ⁽¹⁾ | USD | 9.5 | 2011 | 3,388 | 3,388 |
| Secured Bank Loans ⁽¹⁾ | USD | 7.8 | 2011 | 3,264 | 3,264 |
| Secured Bank Loans ⁽³⁾ | Euro | 6.5 | 2010 | 4,650 | 4,650 |
| Secured Bank Loans ⁽²⁾ | Euro | 6.0 | 2010 | 51 | 51 |
| Secured Bank Loans ⁽¹⁾ | Euro | 8.1 | 2011 | 6,639 | 6,639 |
| Secured Bank Loans ⁽¹⁾ | Euro | 8.0 | 2011 | 3,725 | 3,725 |
| Secured Bank Loans ⁽²⁾ | Euro | 6.5 | 2011 | 6,245 | 6,245 |
| | | | | 45,167 | 45,167 |

⁽¹⁾ Sureties given by Akfen İnşaat and Tepe İnşaat

⁽²⁾ Sureties given by Akfen İnşaat, TAV Yatırım and Tepe İnşaat

⁽³⁾ Sureties given by TAV Yatırım Holding

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at 31 December 2009, 2008 and 2007

(Currency: Thousands of TL)

8 LOANS AND BORROWINGS (continued)

TAV Gulf:

The breakdown of bank loans as at 31 December 2009 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans ⁽¹⁾ | AED | 7.5 | 2010 | 3,137 | 3,137 |
| Secured Bank Loans ⁽²⁾ | AED | 7.5 | 2010 | 2,035 | 2,035 |
| Secured Bank Loans ⁽³⁾ | AED | 4.6 | 2010 | 180 | 180 |
| Bank Overdraft | AED | -- | -- | 463 | 463 |
| | | | | 5,815 | 5,815 |

⁽¹⁾ Sureties given TAV Yatırım İnşaat and TAV Yatırım Holding

⁽²⁾ Sureties given by TAV Yatırım İnşaat

⁽³⁾ Vehicle. Cars were pledged

TAV Yatırım:

The breakdown of bank loans as at 31 December 2008 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans ⁽¹⁾ | USD | 10.60 | 2009 | 12,954 | 12,954 |
| Secured Bank Loans ⁽¹⁾ | Euro | 11.89 | 2009 | 4,587 | 4,587 |
| | | | | 17,541 | 17,541 |

⁽¹⁾ Sureties given by Akfen İnşaat and Tepe İnşaat

TAV İnşaat:

The breakdown of bank loans as at 31 December 2008 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans ⁽¹⁾ | USD | 5.69 | 2009 | 3,285 | 3,285 |
| Secured Bank Loans ⁽¹⁾ | USD | 10.6 | 2009 | 3,238 | 3,238 |
| Secured Bank Loans ⁽²⁾ | USD | 6.23 | 2009 | 5,658 | 5,658 |
| Secured Bank Loans ⁽²⁾ | USD | 4.25 | 2009 | 8,367 | 8,367 |
| Secured Bank Loans ⁽²⁾ | USD | 7.1 | 2009 | 2,455 | 2,455 |
| Secured Bank Loans ⁽²⁾ | USD | 10 | 2009 | 6,431 | 6,431 |
| Secured Bank Loans ⁽²⁾ | USD | 6.98 | 2010 | 529 | 529 |
| Secured Bank Loans ⁽²⁾ | USD | 6.91 | 2010 | 6 | 6 |
| Secured Bank Loans ⁽¹⁾ | Euro | 7.75 | 2009 | 6,575 | 6,575 |
| Secured Bank Loans ⁽¹⁾ | Euro | 7.76 | 2009 | 3,752 | 3,752 |
| Secured Bank Loans ⁽²⁾ | Euro | 10 | 2009 | 4,561 | 4,561 |
| Secured Bank Loans ⁽²⁾ | Euro | 9.75 | 2009 | 6,192 | 6,192 |
| Secured Bank Loans ⁽²⁾ | Euro | 6 | 2010 | 169 | 169 |
| | | | | 51,218 | 51,218 |

⁽¹⁾ Sureties given by Akfen İnşaat, Tepe İnşaat and TAV Yatırım.

⁽²⁾ Sureties given by Akfen İnşaat and Tepe İnşaat

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at 31 December 2009, 2008 and 2007

(Currency: Thousands of TL)

8 LOANS AND BORROWINGS(continued)

TAV Gulf:

The breakdown of bank loans as at 31 December 2008 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans ⁽²⁾ | AED | 7.41 | 2009 | 378 | 378 |
| Secured Bank Loans ⁽¹⁾ | AED | 6.89 | 2009 | 2,568 | 2,568 |
| Secured Bank Loans ⁽²⁾ | AED | 7.22 | 2009 | 972 | 972 |
| Secured Bank Loans ⁽¹⁾ | AED | 4.88 | 2009 | 89 | 89 |
| Secured Bank Loans ⁽¹⁾ | AED | 4.25 | 2009 | 200 | 200 |
| | | | | 4,207 | 4,207 |

⁽¹⁾ Sureties given by TAV Yatırım İnşaat and TAV Yatırım Holding

⁽²⁾ Sureties given by Tav Yatırım İnşaat.

TAV Gulf draws loans from local banks in United Arap Emirates, the purpose of these loans are to fund the short-term cash requirements of the projects. TAV Gulf has variable interest rates determined by EIBOR plus applicable interest rate for AED.

TAV Yatırım:

The breakdown of bank loans as at 31 December 2007 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans ⁽¹⁾ | USD | 6.51 | 2008 | 9,930 | 9,930 |
| | | | | 9,930 | 9,930 |

⁽¹⁾ Sureties given by Akfen İnşaat, Tepe İnşaat and TAV Yatırım

TAV İnşaat:

The breakdown of bank loans as at 31 December 2007 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans ⁽¹⁾ | USD | 6.73 | 2008 | 10,121 | 10,121 |
| Secured Bank Loans ⁽¹⁾ | USD | 6.75 | 2009 | 1,803 | 1,803 |
| Secured Bank Loans ⁽¹⁾ | USD | 6.98 | 2010 | 687 | 687 |
| Secured Bank Loans ⁽¹⁾ | Euro | 6.61 | 2008 | 14,551 | 14,551 |
| Secured Bank Loans ⁽¹⁾ | Euro | 6 | 2010 | 230 | 230 |
| | | | | 27,392 | 27,392 |

⁽¹⁾ Sureties given by Akfen İnşaat and Tepe İnşaat

TAV Construction draws loans through its head office accounts in order to fund short term requirements of the Branches.

Akfen Holding Anonim Şirketi and its Subsidiaries

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(Currency: Thousands of TL)

8 LOANS AND BORROWINGS (continued)

TAV Gulf:

The breakdown of bank loans as at 31 December 2007 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans ⁽¹⁾ | AED | 7.6 | 2008 | 2,487 | 2,487 |
| Secured Bank Loans ⁽¹⁾ | AED | 4 | 2008 | 29 | 29 |
| | | | | 2,516 | 2,516 |

⁽¹⁾ Sureties given by TAV Yatırım İnşaat and TAV Yatırım

TAV Gulf draws loans from local banks in United Arab Emirates, the purpose of these loans are to fund the short-term cash requirements of the projects. TAV Gulf has variable interest rates determined by EIBOR plus applicable interest rate for AED.

TAV Egypt:

The breakdown of bank loans as at 31 December 2007 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-----------------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans ⁽¹⁾ | USD | 6.94 | 2008 | 6,248 | 6,248 |
| Secured Bank Loans ⁽¹⁾ | Euro | 6.96 | 2008 | 4,997 | 4,997 |
| Secured Bank Loans ⁽¹⁾ | EGP | 11.25 | 2008 | 4,039 | 4,039 |
| | | | | 15,284 | 15,284 |

⁽¹⁾ Sureties given by TAV Yatırım İnşaat and TAV Yatırım

TAV Egypt has executed a facility agreement with local Egypt banks and Arab Banking Co committed intermediation for the debtors.

The Group has utilised a bank loan amounting to USD 43,775 thousand with the maturity of 31 March 2008 in order to fund Cairo TB3 project. As at 31 December 2007 bank loans amounting to USD 13,123 thousand and expired after the year end.

TAV Doha:

The breakdown of bank loans as at 31 December 2007 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|---------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Unsecured Bank Loan | QARI | 7.25 | 2008 | 45 | 45 |
| | | | | 45 | 45 |

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

Akfen Holding Anonim Şirketi and its Subsidiaries

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(Currency: Thousands of TL)

8 LOANS AND BORROWINGS (continued))

TAV Havalimanları:

The breakdown of bank loans as at 31 December 2009 is as follows:

| <u>Projects</u> | <u>Current Liabilities</u> | <u>Non-current Liabilities</u> | <u>Total</u> |
|-----------------|----------------------------|--------------------------------|----------------|
| TAV İstanbul | 18,273 | 233,612 | 251,885 |
| TAV Tunus | 8,597 | 202,257 | 210,854 |
| TAV Holding | 58,261 | 32,063 | 90,324 |
| TAV Esenboğa | 4,813 | 76,559 | 81,372 |
| TAV İzmir | 10,472 | 32,345 | 42,817 |
| TAV Tblisi | 3,052 | 14,732 | 17,784 |
| ATÜ | 2,040 | 11,543 | 13,583 |
| HAVAS | 1,196 | 10,406 | 11,602 |
| Other | 5,522 | 1,121 | 6,643 |
| | 112,226 | 614,638 | 726,864 |

TAV İstanbul

The breakdown of bank loans as at 31 December 2009 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|--------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans | Euro | Euribor + 2.50 | 2018 | 234,616 | 229,514 |
| Secured Bank Loans | Euro | Euribor + 2.50 | 2019 | 22,570 | 22,064 |
| Bank Overdraft | TL | -- | -- | 307 | 307 |
| | | | | 257,493 | 251,885 |

TAV Tunus

The breakdown of bank loans as at 31 December 2009 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|--------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans | Euro | Euribor + 2.00 | 2022 | 94,980 | 93,638 |
| Secured Bank Loans | Euro | Euribor + 1.54 | 2028 | 62,200 | 61,126 |
| Secured Bank Loans | Euro | Euribor + 2.28 | 2028 | 16,900 | 16,643 |
| Secured Bank Loans | Euro | Euribor + 4.75 | 2028 | 39,498 | 39,447 |
| | | | | 213,578 | 210,854 |

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

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

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(Currency: Thousands of TL)

8 LOANS AND BORROWING (continued)

TAV Holding

The breakdown of bank loans as at 31 December 2009 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|----------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Unsecured Bank Loans | USD | 4.50 | 2010 | 3,933 | 3,935 |
| Unsecured Bank Loans | USD | Libor + 1.20 | 2010 | 3,277 | 3,293 |
| Secured Bank Loans | USD | Libor + 1.85 | 2012 | 35,176 | 35,330 |
| Secured Bank Loans | Euro | Euribor + 4.00 | 2010 | 5,643 | 5,666 |
| Unsecured Bank Loans | Euro | Euribor + 5.00 | 2010 | 7,053 | 7,083 |
| Unsecured Bank Loans | Euro | Euribor + 4.00 | 2010 | 11,285 | 11,316 |
| Unsecured Bank Loans | Euro | 6.25 | 2010 | 1,975 | 2,041 |
| Secured Bank Loans | Euro | 8.00 | 2011 | 5,642 | 5,670 |
| Unsecured Bank Loans | Euro | 4.1 | 2011 | 8,464 | 8,470 |
| Unsecured Bank Loans | TL | 16.25 | 2010 | 2,612 | 2,860 |
| Unsecured Bank Loans | TL | 16.50 | 2010 | 2,651 | 2,902 |
| Unsecured Bank Loans | TL | 8.75 | 2010 | 1,698 | 1,718 |
| Bank Overdraft | TL | -- | -- | 40 | 40 |
| | | | | 89,449 | 90,324 |

TAV Esenboğa

The breakdown of bank loans as at 31 December 2009 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan | Euro | Euribor + 2.35 | 2021 | 82,945 | 81,279 |
| Bank Overdraft | TL | -- | -- | 93 | 93 |
| | | | | 83,038 | 81,372 |

TAV İzmir

The breakdown of bank loans as at 31 December 2009 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan | Euro | Euribor + 3.00 | 2013 | 41,931 | 42,817 |
| | | | | 41,931 | 42,817 |

TAV Tblisi

The breakdown of bank loans as at 31 December 2009 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan | USD | Libor + 4.50 | 2015 | 17,749 | 17,784 |
| | | | | 17,749 | 17,784 |

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at 31 December 2009, 2008 and 2007

(Currency: Thousands of TL)

8 LOANS AND BORROWINGS (continued)

ATÜ

The breakdown of bank loans as at 31 December 2009 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan | Euro | 5.00 | 2012 | 689 | 689 |
| Secured Bank Loan | Euro | Euribor + 2.70 | 2015 | 7,132 | 7,097 |
| Secured Bank Loan | Euro | Euribor + 2.70 | 2018 | 5,640 | 5,797 |
| | | | | 13,461 | 13,583 |

HAVAŞ

The breakdown of bank loans as at 31 December 2009 is as follows:

| | <u>Para birimi</u> | <u>Nominal Faiz oranı</u> | <u>Vade</u> | <u>Nominal değeri</u> | <u>Defter değeri</u> |
|-----------------------|--------------------|---------------------------|-------------|-----------------------|----------------------|
| Secured Bank Loan (*) | Euro | Euribor + 5.75 | 2017 | 11,285 | 11,157 |
| Bank Overdraft | TL | -- | -- | 445 | 445 |
| | | | | 11,730 | 11,602 |

(*) On 9 December 2009, HAVAŞ has entered into a Loan Agreement with an amount of Euro 4,337 thousand to finance acquisition of TGS. Following securities are provided in favor of the lender:

- First ranking pledge was established on 50% of the shares in TGS.
- Time deposit amounting to Euro 2,314 thousand is provided as guarantee.
- TAV Holding is provided surety for the total outstanding loan amount.
- Dividend receivables arising from joint ventures are assigned to repayment of the outstanding loan.
- Pledge has been registered with first priority against trade register and all assets of HAVAŞ.
- A mortgage has been registered with first priority against land in Fatih / Istanbul.

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

TAV Havalimanları:

The breakdown of bank loans as at 31 December 2008 is as follows:

| <u>Projects</u> | <u>Current Liabilities</u> | <u>Non-current Liabilities</u> | <u>Total</u> |
|-----------------|----------------------------|--------------------------------|----------------|
| TAV İstanbul | 14,222 | 185,286 | 199,508 |
| TAV Tunus | 3,841 | 75,211 | 79,052 |
| TAV Holding | 66,146 | 31,437 | 97,583 |
| TAV Esenboğa | 4,409 | 63,426 | 67,835 |
| TAV İzmir | 8,912 | 33,079 | 41,991 |
| TAV Tiflis | 1,629 | 8,274 | 9,903 |
| ATÜ | 1,686 | 9,974 | 11,660 |
| HAVAŞ | 410 | -- | 410 |
| Others | 1,772 | 146 | 1,918 |
| | 103,027 | 406,833 | 509,860 |

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(Currency: Thousands of TL)

8 LOANS AND BORROWINGS (continued)

TAV İstanbul

TAV İstanbul'un 31 Aralık 2008 tarihi itibarıyla banka kredileri aşağıdaki gibidir:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan (*) | Euro | Euribor + 2.50 | 2018 | 201,434 | 196,371 |
| Secured Bank Loan (**) | Euro | Euribor + 2.50 | 2019 | 2,908 | 2,908 |
| Bank Overdraft | | -- | -- | 229 | 229 |
| | | | | 204,571 | 199,508 |

TAV İstanbul has bank loan amounting to TL 199,279 under facility agreement. The terms of the loan require monthly principal and interest payments for the first year and semi-annual principal and interest payments on 4 July and 4 January of each year according to the loan agreements.

(*) Interest rate is Euribor+2.50% until 4 January 2013, Euribor+2.65% between the period of 4 January 2013 and 4 January 2016 and Euribor+2.75% between of 4 January 2016 and 4 July 2018.

(**) Interest rate is Euribor+2.50% until 4 January 2013, Euribor+2.65% between the period of 4 January 2013 and 4 January 2016 and Euribor+2.75% between the period of 4 January 2016 and 4 January 2019.

TAV Tunus

The breakdown of bank loans as at 31 December 2008 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|--------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans | Euro | Euribor + 2.00 | 2022 | 52,858 | 51,281 |
| Secured Bank Loans | Euro | Euribor + 2.28 | 2028 | 21,966 | 21,489 |
| Secured Bank Loans | Euro | Euribor + 4.75 | 2028 | 6,429 | 6,282 |
| | | | | 81,253 | 79,052 |

TAV Holding

The breakdown of bank loans as at 31 December 2008 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|----------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Unsecured Bank Loans | USD | Libor + 4.00 | 2009 | 12,923 | 13,478 |
| Unsecured Bank Loans | USD | Libor + 9.00 | 2009 | 3,280 | 3,286 |
| Unsecured Bank Loans | USD | Libor + 1.20 | 2010 | 5,466 | 5,484 |
| Secured Bank Loans | USD | Libor + 1.85 | 2012 | 33,529 | 33,704 |
| Unsecured Bank Loans | Euro | Euribor + 3.00 | 2009 | 11,607 | 11,877 |
| Unsecured Bank Loans | Euro | Euribor + 2.00 | 2009 | 9,287 | 9,678 |
| Secured Bank Loans | Euro | Euribor + 1.10 | 2009 | 5,572 | 5,717 |
| Secured Bank Loans | Euro | Euribor + 4.00 | 2010 | 13,929 | 14,331 |
| Bank Overdraft | TL | -- | -- | 28 | 28 |
| | | | | 95,621 | 97,583 |

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(Currency: Thousands of TL)

8 LOANS AND BORROWINGS (continued)

TAV Esenboğa

The breakdown of bank loans as at 31 December 2008 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|--------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans | Euro | Euribor + 2.35 | 2021 | 69,262 | 67,764 |
| Bank Overdraft | TL | -- | -- | 71 | 71 |
| | | | | 69,333 | 67,835 |

TAV Esenboğa has a bank loan in the amount of TL 67,764 under loan agreement. The terms of the loan require semi-annual principal and interest payments at each 30 June and 31 December according to the loan agreements starting from 31 December 2007 for interest and 30 June 2008 for principal.

TAV İzmir

The breakdown of bank loans as at 31 December 2008 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|--------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans | Euro | Euribor + 3.00 | 2013 | 40,850 | 41,991 |
| | | | | 40,850 | 41,991 |

TAV İzmir has bank loans in the amount of TL 41,991 under loan agreements. The terms of the loan require semi-annual principal and interest payments at each 23 January and 23 July according to the loan agreements

TAV Tblisi

The breakdown of bank loans as at 31 December 2008 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|--------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans | USD | Libor +4.50 | 2015 | 9,762 | 9,903 |
| | | | | 9,762 | 9,903 |

ATÜ

The breakdown of bank loans as at 31 December 2008 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|--------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans | Euro | Euribor + 2.70 | 2015 | 3,504 | 3,407 |
| Secured Bank Loans | Euro | Euribor + 2.70 | 2015 | 3,504 | 3,407 |
| Secured Bank Loans | Euro | 7.00 | 2018 | 4,641 | 4,773 |
| Bank Overdraft | TL | -- | -- | 73 | 73 |
| | | | | 11,722 | 11,660 |

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

Akfen Holding Anonim Şirketi and its Subsidiaries

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8 LOANS AND BORROWINGS (continued)

HAVAŞ

The breakdown of bank loans as at 31 December 2008 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan | Euro | 5.75 | 2009 | 138 | 138 |
| Bank Overdraft | TL | -- | -- | 272 | 272 |
| | | | | 410 | 410 |

TAV Havalimanları:

The breakdown of bank loans as at 31 December 2007 is as follows:

| <u>Projects</u> | <u>Current Liabilities</u> | <u>Non-current Liabilities</u> | <u>Total</u> |
|-----------------|----------------------------|--------------------------------|----------------|
| TAV İstanbul | 19,359 | 158,388 | 177,747 |
| TAV Tunus | 25,706 | -- | 25,706 |
| TAV Holding | 19,043 | 32,282 | 51,325 |
| TAV Esenboğa | 3,875 | 49,454 | 53,329 |
| TAV İzmir | 5,867 | 30,817 | 36,684 |
| TAV Tblisi | 10,269 | 2,845 | 13,114 |
| ATÜ | 1,148 | 5,048 | 6,196 |
| Others | 1,214 | 105 | 1,319 |
| | 86,481 | 278,939 | 365,420 |

TAV İstanbul

The breakdown of bank loans as at 31 December 2007 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-------------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans | Euro | Euribor + 5.00 | 2013 | 5,531 | 5,442 |
| Secured Bank Loans (*) | Euro | Euribor + 2.50 | 2015 | 131,926 | 132,953 |
| Secured Bank Loans (**) | USD | Libor + 2.50 | 2015 | 40,027 | 39,352 |
| | | | | 177,484 | 177,747 |

(*)Interest rate is Euribor+2.50% until 31 December 2009, Euribor+2.85% between the period of 31 December 2009 and 31 December 2015.

(**)Interest rate is libor+2.50% until 31 December 2009, libor+2.85% between the period of 31 December 2009 and 31 December 2015.

Akfen Holding Anonim Şirketi and its Subsidiaries

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(Currency: Thousands of TL)

8 LOANS AND BORROWINGS (continued)

TAV Tunus

The breakdown of bank loans as at 31 December 2007 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|----------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Unsecured Bank Loans | Euro | Euribor + 1.00 | 2008 | 25,584 | 25,706 |
| | | | | 25,584 | 25,706 |

TAV Holding

The breakdown of bank loans as at 31 December 2007 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|----------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Unsecured Bank Loans | USD | Libor + 1.20 | 2010 | 6,223 | 6,254 |
| Secured Bank Loans | USD | Libor + 1.85 | 2012 | 28,624 | 28,849 |
| Unsecured Bank Loans | Euro | 5.30 | 2008 | 9,137 | 9,469 |
| Unsecured Bank Loans | Euro | Euribor + 1.10 | 2009 | 6,579 | 6,753 |
| | | | | 50,563 | 51,325 |

TAV Esenboğa

The breakdown of bank loans as at 31 December 2007 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|--------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans | Euro | Euribor + 2.35 | 2021 | 54,823 | 53,329 |
| | | | | 54,823 | 53,329 |

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

a) Share pledge: In case of an event of default, the banks have the right to take control of the shares. Upon the occurrence of any event of default, the banks can demand the sale of shares by way of public auction in accordance with the applicable provisions of the Bankruptcy and Execution Law of the Republic of Turkey or by way of private auction among the nominees.

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

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

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8 LOANS AND BORROWINGS (continued)

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

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

Pledges regarding the project bank loan of TAV Tunisia:

Similar to above, TAV Tunisia has granted share pledge, account pledge and pledge of rights from the Concession Agreement to the lenders. TAV Tunisia has a right to have additional indebtedness;

- with a maturity of less than one year for an aggregate amount not exceeding Euro 3,000 thousand (up to 1 January 2020) and not exceeding Euro 5,000 thousand (thereafter),
- under finance or capital leases of equipment if the aggregate capital value of the equipment leased does not exceed Euro 5,000 thousand,
- incurred by, or committed in favour of, TAV Tunisia under an Equity Subordinated Loan Agreement,
- disclosed in writing by TAV Tunisia to the Intercreditor Agent and in respect of which it has given its prior written consent.

TAV İzmir

The breakdown of bank loans as at 31 December 2007 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan | Euro | Euribor + 3.00 | 2013 | 35,492 | 36,684 |
| | | | | 35,492 | 36,684 |

TAV Tbilisi

The breakdown of bank loans as at 31 December 2007 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|---------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan | USD | 5.30 | 2008 | 3,638 | 3,744 |
| Unsecured Bank Loan | USD | 13 | 2008 | 6 | 11 |
| Secured Bank Loan | USD | Libor + 4.00 | 2009 | 8,879 | 9,359 |
| | | | | 12,523 | 13,114 |

Pledges regarding the bank loans

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

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8 LOANS AND BORROWINGS (continued)

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

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

Pledges regarding the bank loans (continued):

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

- to pay to EBRD and IFC on demand, and in the currency in which the same falls due for payment by TAV Tbilisi, all money and liabilities which shall have been advanced to, become due, owing or incurred by TAV Tbilisi to or in favour of EBRD and IFC;
- to indemnify EBRD and IFC in full on demand against all losses, costs and expenses suffered or incurred by EBRD and IFC arising from or in connection with any one or more of the purported liabilities or obligations of TAV Tbilisi to EBRD and IFC under the loan and related agreements.

ATÜ

The breakdown of bank loans as at 31 December 2007 is as follows

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan | Euro | Euribor + 2.70 | 2015 | 6,154 | 6,196 |
| | | | | 6,154 | 6,196 |

RHI:

The breakdown of bank loans as at 31 December 2009 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|--------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans | Euro | Euribor +7.5 | 2010 | 4,107 | 4,107 |
| | | | | 4,107 | 4,107 |

The breakdown of bank loans as at 31 December 2008 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|--------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loans | Euro | Euribor +7.5 | 2009 | 4,196 | 4,196 |
| | | | | 4,196 | 4,196 |

Regarding the agreement on 19 August 2008, Company has obtained the loan from Credit Europe Bank with Euribor+7.5 on 19 August 2008 by the pledge of land in order to finance Samara City Hotel. Due to local complications the Company has not determined an expiry date for the project but also the Company and the Bank signed a supplementary agreement according to which the period was extended till the end of August 2010.

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8 LOANS AND BORROWINGS (continued)

RPI:

The breakdown of bank loans as at 31 December 2009 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan | Euro | Euribor +7.5 | 2010 | 2,930 | 2,930 |
| | | | | 2,930 | 2,930 |

The breakdown of bank loans as at 31 December 2008 is as follows:

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan | Euro | Euribor +7.5 | 2009 | 2,992 | 2,992 |
| Bank Overdraft | Euro | -- | -- | 9 | 9 |
| | | | | 3,001 | 3,001 |

Regarding the agreement on 22 May 2008, Company has obtained the loan from Credit Europe Bank with Euribor+7.5 on 19 August 2008 by the pledge of land in order to finance Samara City Hotel. Due to local complications the Company has not determined an expiry date for the project but also the Company and the Bank signed a supplementary agreement according to which the period was extended till the end of August 2010.

Tüvtürk İstanbul:

The breakdown of bank loans as at 31 December 2008 is as follows

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan | USD | Libor+2.5 | 2019 | 96,119 | 96,218 |
| | | | | 96,119 | 96,218 |

The breakdown of bank loans as at 31 December 2007 is as follows

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan | USD | Libor+2.0 | 2019 | 71,676 | 72,324 |
| | | | | 71,676 | 72,324 |

According to the share pledge agreement signed on 10 August 2007 with Bayerische Hypo-und Vereinsbank AG, the shares of the Company have been pledged as collateral to Bayerische Hypo-und Vereinsbank AG for the bank loans obtained.

Tüvtürk Kuzey:

The breakdown of bank loans as at 31 December 2007 is as follows

| | <u>Currency</u> | <u>Nominal Interest Rate %</u> | <u>Year of Maturity</u> | <u>Face Value</u> | <u>Carrying Amount</u> |
|-------------------|-----------------|--------------------------------|-------------------------|-------------------|------------------------|
| Secured Bank Loan | USD | Libor+1.25 | 2008 | 134,345 | 134,345 |
| | | | | 134,345 | 134,345 |

In 2007 the Group has obtained bank borrowings amounting USD 58,666 thousand in total from the banks. As per the loan agreement in addition to the initial 25% upfront fee, the remaining 75% of the Upfront Sub-Operation Fee Payments must be paid to the Group and to the banks by the Sub-Operator as the VIS's are opened. The Group had repaid the outstanding loan balance during 2008.

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9 OTHER CURRENT FINANCIAL LIABILITIES

Other current financial liabilities of the Group as at 31 December are as below:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|----------------------------------|---------------|---------------|--------------|
| Derivative financial instruments | 48,188 | 33,837 | 6,610 |
| | <u>48,188</u> | <u>33,837</u> | <u>6,610</u> |

As at 31 December 2009 all other current liabilities comprised derivatives of Tav Havalimanları. As at 31 December 2008 other current liabilities comprised derivatives of Tav Havalimanı amounting to TL 32,362, Tüvtürk İstanbul amounting to TL 1,475. As at 31 December 2007 it is comprised derivatives of Tav Havalimanı amounting to TL 6,266 and Tüvtürk İstanbul amounting to TL 344.

Interest rate swap

TAV Esenboğa uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings. 100% of project finance loan is hedged through Interest Rate Swap (“IRS”) contract during the life of the loan with an amortising schedule depending on repayment of the loan.

TAV İstanbul uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings. 100% of project finance loan is hedged through IRS contract during the life of the loan with an amortising schedule depending on repayment of the loan.

TAV Tunisia uses interest rate derivatives to manage its exposure to interest rate fluctuations on its bank borrowings. 85% of project finance loan is hedged through IRS instrument contract during the life of the hedging contract loan with an amortising schedule depending on repayment of the loan.

TAV İzmir uses interest rate derivative to manage its exposure to interest rate fluctuations on its bank borrowings. 74% of total project finance loan is hedged through IRS contract.

Tüvtürk İstanbul uses interest rate swap to hedge its exposure to interest fluctuations in libor rates on its bank borrowings.

Other Non-current Financial Liabilities

Other non-current financial liabilities of the Group as at 31 December are as below:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|----------------------------------|---------------|---------------|---------------|
| Derivative financial instruments | 37,596 | 83,573 | 13,353 |
| | <u>37,596</u> | <u>83,573</u> | <u>13,353</u> |

As at 31 December 2009, this account consists of derivatives of MIP. As at 31 December 2008 this account comprises of TL 73,040 derivatives of MIP and TL 10,533 derivatives of Tüvtürk İstanbul and as at 31 December 2007 it comprises of TL 11,466 derivatives of MIP and TL 1,908 derivatives of Tüvtürk İstanbul derivatives.

Derivative agreements

MIP uses interest rate swap to manage its exposure to interest rate movements on 75% of its senior debt loan from Bayerische Hypo-und Vereinsbank AG and ABN Amro Bank.

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10 TRADE RECEIVABLES AND PAYABLES

Short term trade receivables

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|----------------|----------------|----------------|
| Due from related parties -trade (Note 37) | 23,804 | 17,271 | 22,074 |
| Other trade receivables | 258,927 | 230,514 | 156,657 |
| | <u>282,731</u> | <u>247,785</u> | <u>178,731</u> |

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|----------------|----------------|----------------|
| Trade receivables | 76,233 | 88,721 | 53,439 |
| Contract receivables | 54,116 | 41,770 | 48,744 |
| Due from customers for contract work (Note 15) | 96,856 | 88,246 | 45,057 |
| Guaranteed passenger fee receivable from DHMİ | 12,329 | 10,736 | 8,946 |
| Notes receivables | 182 | 292 | 1,475 |
| Retention receivable | 21,277 | 2,622 | 1,490 |
| Allowance for doubtful receivables (-) | (2,066) | (1,873) | (2,494) |
| | <u>258,927</u> | <u>230,514</u> | <u>156,657</u> |

As at 31 December 2009, contract receivable is mainly comprised of receivable from Sağlam İnşaat AŞ (“Sağlam İnşaat”) related to Loft 2 residence project, Aliağa Organize Sanayi Bölgesi İdaresi, Garanti Barter AŞ, T.C. İstanbul Büyükşehir Belediyesi İSKİ Head Office, Qatar Government, Mısır Holding in Egypt and Libya Civil Aeronautics.

Guaranteed passenger fee receivable represents the remaining discounted guaranteed passenger fee to be received from DHMİ according to the agreements made for the operations of Ankara Esenboğa Airport and İzmir Adnan Menderes Airport as a result of IFRIC 12 application.

Retentions held by the employer as guarantee are retentions held from progress payments to specified contractual rates. Such guarantees are collected following the completion of the project.

Long term trade receivables

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|----------------|----------------|---------------|
| Due from related parties -trade (Note 37) | 3,751 | 4,750 | 7,668 |
| Other trade receivables | 99,407 | 102,511 | 77,718 |
| | <u>103,158</u> | <u>107,261</u> | <u>85,386</u> |

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10 TRADE RECEIVABLES AND PAYABLES (continued)

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|---------------|----------------|---------------|
| Guarenteed passenger fee receivable from DHMİ | 75,868 | 72,574 | 65,580 |
| Retentions held by the Group | 13,968 | 26,503 | 12,138 |
| Receivables from OSB | 9,571 | 3,434 | -- |
| | <u>99,407</u> | <u>102,511</u> | <u>77,718</u> |

Short term trade payables

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|----------------|----------------|---------------|
| Due to related parties- trade (Note 37) | 24,650 | 13,931 | 21,432 |
| Other trade payables | 154,571 | 124,050 | 70,906 |
| | <u>179,221</u> | <u>137,981</u> | <u>92,338</u> |

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---------------------------------------|----------------|----------------|---------------|
| Trade payables | 145,863 | 116,703 | 65,390 |
| Retentions held by the Group | 8,708 | 4,900 | 4,843 |
| Customers for contract work (Note 15) | -- | 2,447 | 673 |
| | <u>154,571</u> | <u>124,050</u> | <u>70,906</u> |

Trade payables consist of payables to the suppliers for construction in progress activities, payables to subcontractors and payables to insurance companies. Currency and liquidity risk related with trade payables is explained in Note 38.

Long term trade payables

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|---------------|--------------|--------------|
| Due to related parties-trade (Note 37) | 5,889 | 2,352 | 1,331 |
| Other trade payables | 10,422 | 5,342 | 1,143 |
| | <u>16,311</u> | <u>7,694</u> | <u>2,474</u> |

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|------------------------------|---------------|--------------|--------------|
| Retentions held by the Group | 10,315 | 5,308 | 1,143 |
| Other trade payables | 107 | 34 | -- |
| | <u>10,422</u> | <u>5,342</u> | <u>1,143</u> |

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11 OTHER NON-TRADE RECEIVABLES AND PAYABLES

Other short term receivables

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|----------------|----------------|----------------|
| Due from related parties-non trade (Note 37) | 5,295 | 22,769 | 1,192 |
| Other non-trade receivables | 183,805 | 139,978 | 103,667 |
| | <u>189,100</u> | <u>162,747</u> | <u>104,859</u> |

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|----------------|----------------|----------------|
| Project reserve and funding accounts (*) | 177,320 | 135,158 | 87,895 |
| Cash collaterals (**) | -- | -- | 6,226 |
| Restricted cash balances | -- | 3,912 | 7,381 |
| Other | 6,485 | 908 | 2,165 |
| | <u>183,805</u> | <u>139,978</u> | <u>103,667</u> |

(*) Some of the joint ventures, namely TAV İstanbul, TAV Esenboğa, TAV İzmir, TAV Tunisia, TAV Tbilisi and ATÜ (“the Borrowers”) opened Project Accounts designated mainly in order to reserve required amount of debt services, lease payment to DHMİ based on agreements with their lenders. As a result of pledges regarding the project bank loans, all cash hold by above mentioned joint ventures except for cash on hand are classified in these accounts. Based on these agreements, the Group can access and use such restricted cash but all withdrawals from the project accounts are upon the lenders’ consent.

(**) As at 31 December 2007, collateral for cash and cash equivalent is against the loans of TAV Havalimanları with 5% interest rate.

Other long term receivables

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|--------------|---------------|---------------|
| Due from related parties- non trade (Note 37) | 1,878 | 14,010 | 5,755 |
| Other non-trade receivables | 2,214 | 2,008 | 5,760 |
| | <u>4,092</u> | <u>16,018</u> | <u>11,515</u> |

As of 31 December 2009, other non trade receivables consist of deposits and guarantees given amounting to TL 2,214. (31 December 2008: TL 2,008, and 31 December 2007: TL 1,008)

Other short term payables

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|----------------|----------------|---------------|
| Due to related parties – non trade (Note 37) | 13,143 | 33,335 | 21,095 |
| Other non-trade payables | 152,801 | 95,999 | 66,686 |
| | <u>165,944</u> | <u>129,334</u> | <u>87,781</u> |

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11 OTHER NON TRADE RECEIVABLES AND PAYABLES (continued)

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|----------------|---------------|---------------|
| Advances received | 106,903 | 63,417 | 34,221 |
| Taxes and duties payable | 16,875 | 12,219 | 9,057 |
| Deposits and guarantees received | 7,390 | 4,063 | 2,912 |
| Payable to personel | 6,887 | 5,273 | 3,107 |
| Corporate tax payable | 5,237 | 4,083 | 1,128 |
| Concession payable of TAV Tunisia | 6,461 | 1,946 | -- |
| Payables to ex-shareholders of the hydroelectric production companies | -- | -- | 9,685 |
| Other payables | 3,048 | 4,998 | 6,576 |
| | <u>152,801</u> | <u>95,999</u> | <u>66,686</u> |

Advances received are mainly comprised of advances received from employers for construction projects.

Deposits and guarantees received are mainly comprised of guarantee deductions from subcontractors' progress payments.

According to the concession agreement, for the Monastir Airport, TAV Tunisia is obliged to pay 33.7% and 11.7% of the total revenues for 2008 and 2009 respectively, or minimum Euro 14.8 million (Group share: Euro 3.9 million) per year will be paid to Tunisian government, as the concession rent expense (31 December 2008: 33.7%).

Other long term payables

At 31 December, other long term payables comprised the following:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|---------------|---------------|---------------|
| Due to related parties- non trade (Note 37) | 10,833 | 13,345 | 11,964 |
| Other non- trade payables | 27,181 | 37,957 | 13,497 |
| | <u>38,014</u> | <u>51,302</u> | <u>25,461</u> |

As of 31 December 2009, 2008 and 2007 other non trade payables mainly consists of advances received from employers for construction projects.

12 RECEIVABLES AND PAYABLES OF FINANCIAL ACTIVITIES

The group does not have any receivables and payable from financial activities as at 31 December 2009, 2008 and 2007.

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13 INVENTORIES

As at 31 December, inventories comprised the following:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--------------------------------------|---------------|---------------|--------------|
| Trading properties under development | 30,967 | 25,072 | -- |
| Tax-free shop inventory | 3,319 | -- | 1,913 |
| Spare parts | 2,639 | -- | 1,129 |
| Goods in transit | -- | -- | 2,162 |
| Trading property | 7,030 | 6,778 | 1,248 |
| Other inventory | 1,803 | 277 | 3,089 |
| | <u>45,758</u> | <u>32,127</u> | <u>9,541</u> |

As of 31 December 2009, trading properties under development is composed of a land; where Loft 2 Building is being constructed on, amounted to TL 28,486 (31 Aralık 2008: TL 16,346) and other land located in İncek, amounted to TL 2,481 (2008: TL 3,015). Tax-free shop inventory and spare parts belongs to TAV Havalimanları. Other inventory consists of raw materials amounting to TL 124 and currency inventory amounting to TL 553.

The movement of trading property during the years ended 31 December is as follows:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|--------------|--------------|--------------|
| Opening balance as at 1 January | 6,778 | 1,248 | 16,611 |
| Additions | 80 | 6,616 | 17,176 |
| Transfer from investment property (Note17) | -- | 853 | -- |
| Disposals | (78) | (439) | (32,539) |
| Reversal of impairment | 250 | -- | -- |
| Impairment | -- | (1,500) | -- |
| Closing balance as at period end | <u>7,030</u> | <u>6,778</u> | <u>1,248</u> |

The additions in 2009 are comprised of cost which Akfen İnşaat made for Loft 1 Residence in 2009.

Trading property is comprised of apartments of Akfen GYT amounted to TL 5,941 with a fair value of TL 4,691 in Beylikdüzü (since the impairment loss amounting TL 1,500 is recognized at other income in the consolidated financial statements as at 31 December 2008, then impairment cancellation amounting TL 250 is recognized at other income in the consolidated financial statements as at 31 December 2009) and apartments of Akfen İnşaat amounting to TL 928 in Loft 1 Residence, and building and offices of Akfen GYO and Akfen GYT amounted to TL 1,005 and TL 416, with a fair value of TL 4,450 and TL 4,450, respectively, as of 31 December 2009.

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13 INVENTORIES (continued)

As at 31 December 2008, trading property is comprised of transfer from investment property, amounting TL 853, comprised of apartments in Loft 1 Residence. As at 31 December 2008, addition of trading property amounting to TL 5,941 is comprised of apartments which Akfen GYT bought 20 apartments in Beylikdüzü and TL 416 of trading property is comprised of 3 independent divisions in Loft 1 Residence. In addition, trading property amounting to TL 5,941 with the fair value of TL 4,441 (the impairment loss amounting TL 1,500 is recognized at other expense in the consolidated financial statements) is comprised of apartments and building and offices of Akfen GYO and Akfen GYT amounted to TL 1,068 and TL 416, with a fair value of TL 4,450 and TL 4,450, respectively, as of 31 December 2008.

As at 31 December 2007, trading property is comprised of apartment building of Akfen GYO amounted to TL 1,248 with a nominal value of TL 6,045

As at 31 December 2009 there is pledge on trading properties amounting TL 19,543 (2008: TL 22,882, 2007: nil).

14 BIOLOGICAL ASSETS

The Group doesn't have any biological assets as at 31 December 2009, 2008 and 2007.

15 DUE FROM/DUE TO CUSTOMERS FOR CONTRACT WORK

At 31 December the details of uncompleted contracts were as follows:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|---------------|---------------|---------------|
| Total costs incurred on uncompleted contracts | 1,171,596 | 774,853 | 295,461 |
| Estimated earnings/(costs) | 110,573 | 67,107 | 27,939 |
| Total estimated revenue on uncompleted contracts | 1,282,169 | 841,960 | 323,400 |
| Less: Billings to date | (1,185,313) | (756,161) | (279,016) |
| Net amounts due from (due to) customers for contract work | 96,856 | 85,799 | 44,384 |

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|---------------|---------------|---------------|
| Due from customers for contract work (Note 10) | 96,856 | 88,246 | 45,057 |
| Due to customers for contract work (Note 10) | -- | (2,447) | (673) |
| | 96,856 | 85,799 | 44,384 |

16 EQUITY ACCOUNTED INVESTEEES

The Group's share of loss from equity accounted investees for the year ended 31 December 2007 is TL 93.

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17 INVESTMENT PROPERTY

As at 31 December, investment property comprised the following:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---------------------------------------|----------------|----------------|----------------|
| Operating investment properties | 496,248 | 425,463 | 285,555 |
| Investment property under development | 35,399 | 43,880 | 18,280 |
| | <u>531,647</u> | <u>469,343</u> | <u>303,835</u> |

Operating Investment Properties

| | Not | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|------------|----------------|----------------|----------------|
| Balance at 1 January | | 425,463 | 285,555 | 5,003 |
| Transfer from property, plant and equipment | 18 | -- | -- | 120,962 |
| Transfer from investment property under development | | 57,517 | 23,234 | 61,316 |
| Transfer from intangible assets | | -- | -- | 28 |
| Transfer to trading property | 13 | -- | (853) | -- |
| Additions | | 989 | 8,575 | 1,303 |
| Change in fair value | 31 | 30,382 | 117,345 | 132,987 |
| Disposals | | -- | (4,200) | (3,950) |
| Impairment (-) | 31 | (18,103) | (4,193) | (32,094) |
| Balance at period end | | <u>496,248</u> | <u>425,463</u> | <u>285,555</u> |

Transfers

As at 31 December 2009, transfer from investment property under development is composed of Novotel/IBIS Gaziantep and Novotel/IBIS Kayseri that completed and started to its operations during 2009.

As at 31 December 2008, transfer from investment property under development is composed of IBIS Eskişehir Hotel Fitness Center and Novotel/IBIS Trabzon that completed and started to its operations during 2008.

As at 31 December 2007, transfer from property, plant and equipment is composed of IBIS Eskişehir and Novotel/IBIS Istanbul Hotels that completed and started to its operations in 2007, Accor/ Mercure Girne Hotel and various land and buildings of Akfen İnşaat.

Transfer to trading properties is comprised of apartments in Loft 1 Residence of Akfen İnşaat as at 31 December 2008.

Change in fair value

As at 31 December 2009, the change in fair value of investment property is recognised based on the fair value increase of the Novotel/IBIS Kayseri, by TL 18,275, the fair value increase of the Novotel/IBIS Gaziantep, by TL 10,752, land in Polland by TL 1,121 of Akfen GYO and various lands and buildings of Akfen İnşaat, by TL 234.

As at 31 December 2008, the change in fair value of investment property is recognised based on the fair value increase of the Mercure Hotel-Girne, Novotel/IBIS Istanbul and Trabzon Hotels by TL 107,569 and various lands and buildings of Akfen İnşaat, by TL 9,776.

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17 INVESTMENT PROPERTY (continued)

As at 31 December 2007, the change in fair value of investment property is mainly recognised based on the fair value increase of the Novotel/IBIS Istanbul and Novotel/IBIS Eskişehir amounting to TL 65,363, the fair value increase of the Mercure Hotel-Girne by TL 50,305 and various lands and buildings of Akfen İnşaat, by TL 8,588.

The fair value of the Company's investment property at 31 December 2009, 2008 and 2007 has been arrived at on the basis of a valuation carried out at that date by companies that included in the approved list of Capital Market Board ("CMB") for "Property Appraisal Companies". These property appraisal companies determined the fair value of land by considering investigations on land, geographical location, size, physical conditions, and at by reference to market evidence of transaction prices for similar properties.

Additions

Additions in 2009, 2008 and 2007 mainly stems of additions to Akfen İnşaat and Akfen GYO. Additions in 2008 are mainly comprised of the additional improvements in Kemberburgaz Villa amounting TL 4,015 by Akfen İnşaat.

Disposals

Certain assets of Akfen İnşaat, including investment properties in Zeytinburnu (two apartments) and Antalya-Lara (one apartment and the land of apartment) were disposed off through sale transactions realized in 2008

Impairment

As at 31 December 2009, the impairment on investment property amounting TL 18,103 is recognized based on the decrease in fair value of Accor/Mercure Girne Hotel amounting TL 12,577, the fair value of Novotel Trabzon Hotel, amounting TL 3,494, the fair value of Eskişehir İbis Hotel and Fitness Center amounting to TL 982 and various lands and buildings of Akfen İnşaat by TL 516.

As at 31 December 2008, the impairment on investment property amounting TL 4,193 is recognized based on the decrease in fair value of Eskişehir İbis Hotel and Fitness Center amounting TL 2,647, and the fair value of building located in Kemer, amounting TL 1,545.

As at 31 December 2007, the impairment on investment property amounting TL 32,094 is mainly recognised based on the decrease in fair value of the land in Söğütözü 2270 Parcel, Beynam/Ankara amounting TL 30,633.

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17 INVESTMENT PROPERTY (continued)

Pledges

As at 31 December 2009 there is pledge on investment property amounting TL 467,404 (31 December 2008: TL 466,653). As at 31 December 2009 there is mortgage on investment property amounting to TL 50,290.

Investment Property Under Development

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|--------------------|--------------------|--------------------|
| Balance at 1 January | 43,880 | 18,280 | 47,035 |
| Additions | 28,047 | 48,834 | 32,561 |
| Transfer to operating investment properties | (57,517) | (23,234) | (61,316) |
| Transfer from property, plant and equipment (Note 18) | 9,752 | -- | -- |
| Change in fair value (Note 31) | 11,585 | -- | -- |
| Disposals | (348) | -- | -- |
| Balance at 31 December | 35,399 | 43,880 | 18,280 |

Additions in 2007, 2008 and 2009 are composed of additions to investment property under development in related years.

Investment property under development (recurring projects) in 2009 is comprised of Novotel/Ibis Gaziantep Hotel, Novotel/Ibis Kayseri Hotel and Ibis Bursa hotel, various Kocaeli projects and hotel projects in Russia constructed by RHI BV and RPI BV that the companies 50% share owned by Akfen GYO. As at 31 December 2009 constructions of Novotel/Ibis Gaziantep Hotel amounting to TL 33,424 and Novotel/Ibis Kayseri Hotel amounting to TL 24,093 have completed and transferred to operating investment properties.

Additions in 2008 are comprised of improvements of Novotel/Ibis Gaziantep Hotel, Novotel/Ibis Kayseri Hotel, Ibis Eskişehir Hotel Fitness Center and Novotel Trabzon Hotel. As at 31 December 2008 constructions of Novotel Trabzon Hotel amounting to TL 22,679 and Ibis Eskişehir Hotel Fitness Center amounting to TL 555 have completed and transferred to operating investment properties.

For the year ended 31 December 2009, the change in fair value of investment property under development is based on the fair value increase of the IBIS Bursa Hotel and recognized as other income in statement of comprehensive income for the year ended 31 December 2009.

For the year ended 31 December 2009 disposals from investment property under development is related to costs of annulled project in Kocaeli and recognized as other expenses in statement of comprehensive income for the year ended 31 December 2009.

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18 PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment and related accumulated depreciation during the year ended 31 December 2009 was as follows:

| | Land and buildings | Machinery and equipment | Vehicles | Furniture and fixtures | Other fixed assets | Construction in progress | Leasehold improvements | Total |
|--|---------------------------|--------------------------------|-----------------|-------------------------------|---------------------------|---------------------------------|-------------------------------|--------------|
| Cost | | | | | | | | |
| Balance at 1 January 2009 | 77,331 | 70,369 | 21,500 | 26,355 | 688 | 76,743 | 27,792 | 300,778 |
| Effect of change in group structure (*) | 32 | 454 | 1,148 | 441 | 8 | 2,241 | -- | 4,324 |
| Additions (**) | 2,774 | 6,641 | 12,190 | 2,544 | 302 | 152,964 | 2,128 | 179,543 |
| Transfer to intangibles | -- | (39) | -- | 53 | -- | (2,985) | 2,670 | (301) |
| Revaluation of property transferred to investment property | (3,511) | (137) | -- | -- | -- | -- | -- | (3,648) |
| Transfer to investment property | -- | -- | -- | -- | -- | (7,764) | -- | (7,764) |
| Transfer | 4,675 | 7,041 | -- | -- | -- | (11,716) | -- | -- |
| Translation difference | (100) | 200 | 16 | (132) | 17 | (29) | 105 | 77 |
| Difference in ownership rate | 1,369 | 4,861 | 1,575 | 1,529 | -- | 1,483 | 2,670 | 13,487 |
| Disposals | (59,447) | (19,740) | (1,185) | (5,029) | (466) | (1,819) | (14,722) | (102,408) |
| Balance at 31 December 2009 | 23,123 | 69,650 | 35,244 | 25,761 | 549 | 209,118 | 20,643 | 384,088 |
| Less: Accumulated depreciation | | | | | | | | |
| Balance at 1 January 2009 | (4,423) | (29,936) | (7,873) | (14,213) | (372) | -- | (4,572) | (61,389) |
| Effect of change in group structure(*) | (12) | (242) | (388) | (189) | -- | -- | -- | (831) |
| Depreciation charge for the period | (1,053) | (5,830) | (2,653) | (3,467) | (195) | -- | (2,389) | (15,587) |
| Transfer to investment property | 1,523 | 137 | -- | -- | -- | -- | -- | 1,660 |
| Transfer | -- | (2) | -- | 2 | -- | -- | -- | -- |
| Impairment | -- | -- | (1,580) | -- | -- | -- | -- | (1,580) |
| Translation difference | (27) | (144) | (13) | (28) | (21) | -- | (28) | (261) |
| Difference in ownership rate | (6) | (3,975) | (877) | (1,095) | -- | -- | (1,220) | (7,173) |
| Disposals | 2,363 | 1,753 | 495 | 1,623 | 358 | -- | 647 | 7,239 |
| Balance at 31 December 2009 | (1,635) | (38,239) | (12,889) | (17,367) | (230) | -- | (7,562) | (77,922) |
| Net book value | | | | | | | | |
| At 31 December 2008 | 72,908 | 40,433 | 13,627 | 12,142 | 316 | 76,743 | 23,220 | 239,389 |
| At 31 December 2009 | 21,488 | 31,411 | 22,355 | 8,394 | 319 | 209,118 | 13,081 | 306,166 |

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18 PROPERTY, PLANT AND EQUIPMENT (continued)

Movements of property, plant and equipment and related accumulated depreciation during the year ended 31 December 2008 were as follows:

| | Land and buildings | Machinery and equipment | Vehicles | Furniture and fixtures | Other fixed assets | Construction in progress | Leasehold improvements | Total |
|---|-----------------------|----------------------------|----------|---------------------------|-----------------------|-----------------------------|---------------------------|----------|
| Cost | | | | | | | | |
| Balance at 1 January 2008 | 21,274 | 32,539 | 15,755 | 16,664 | 471 | 28,167 | 9,826 | 124,696 |
| Additions (***) | 54,590 | 27,730 | 2,581 | 7,259 | 318 | 79,089 | 2,364 | 173,931 |
| Transfer to intangibles | -- | -- | -- | -- | -- | (1,538) | 1,233 | (305) |
| Transfer to trading properties under development | -- | -- | -- | -- | -- | (7,657) | -- | (7,657) |
| Transfer | -- | 4,171 | 20 | 2,131 | (199) | (19,649) | 13,526 | -- |
| Translation difference | 1,588 | 6,434 | 3,742 | 1,553 | 115 | 334 | 833 | 14,599 |
| Difference in ownership rate | 80 | 275 | 79 | 85 | -- | 78 | 141 | 738 |
| Disposals | (201) | (780) | (677) | (1,337) | (17) | (2,081) | (131) | (5,224) |
| Balance at 31 December 2008 | 77,331 | 70,369 | 21,500 | 26,355 | 688 | 76,743 | 27,792 | 300,778 |
| Less: Accumulated depreciation | | | | | | | | |
| Balance at 1 January 2008 | (2,604) | (21,738) | (4,690) | (10,230) | (185) | -- | (2,799) | (42,246) |
| Depreciation charge for the period | (1,798) | (4,627) | (2,720) | (3,806) | (162) | -- | (1,889) | (15,002) |
| Transfer | (35) | 6 | -- | (6) | -- | -- | 35 | -- |
| Translation difference | (27) | (3,742) | (883) | (819) | (39) | -- | 95 | (5,415) |
| Impairment | -- | (143) | (5) | -- | -- | -- | -- | (148) |
| Difference in ownership rate | -- | (200) | (25) | (42) | -- | -- | (40) | (307) |
| Disposals | 41 | 508 | 450 | 690 | 14 | -- | 26 | 1,729 |
| Balance at 31 December 2008 | (4,423) | (29,936) | (7,873) | (14,213) | (372) | -- | (4,572) | (61,389) |
| Net book value | | | | | | | | |
| At 31 December 2007 | 18,670 | 10,801 | 11,065 | 6,434 | 286 | 28,167 | 7,027 | 82,450 |
| At 31 December 2008 | 72,908 | 40,433 | 13,627 | 12,142 | 316 | 76,743 | 23,220 | 239,389 |

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18 PROPERTY, PLANT AND EQUIPMENT (continued)

Movements of property, plant and equipment and related accumulated depreciation during the year ended 31 December 2007 were as follows:

| | Land and buildings | Machinery and equipment | Vehicles | Furniture and fixtures | Other fixed assets | Construction in progress | Leasehold improvements | Total |
|---|-------------------------------|------------------------------------|-----------------|-----------------------------------|-------------------------------|-------------------------------------|-----------------------------------|--------------|
| Cost | | | | | | | | |
| Balance at 1 January 2007 | 65,952 | 27,566 | 16,969 | 16,071 | 613 | 45,444 | 8,536 | 181,151 |
| Effect of change in group structure (***) | 5,108 | 6,583 | 1,267 | 1,008 | (5) | 69 | 1,991 | 16,021 |
| Additions | 23,658 | 5,556 | 2,406 | 3,433 | 260 | 42,732 | 2,052 | 80,097 |
| Transfers to intangibles | (1,285) | -- | -- | -- | 19 | -- | -- | (1,266) |
| Transfers to assets held for sale | (3,413) | -- | -- | -- | -- | -- | -- | (3,413) |
| Revaluation of property transferred to investment property | 50,305 | -- | -- | -- | -- | -- | -- | 50,305 |
| Offset of accumulated depreciation on property transferred to investment property | (1,135) | -- | -- | -- | -- | -- | -- | (1,135) |
| Transfer to investment property | (107,433) | (28) | -- | (24) | -- | (63,782) | -- | (171,267) |
| Acquisition through business combinations | 126 | 28 | 75 | 28 | -- | 4,539 | -- | 4,796 |
| Transfer | 16 | (22) | 17 | 95 | -- | (834) | 728 | -- |
| Translation difference | (41) | (1,180) | (1,867) | (451) | (77) | -- | (307) | (3,923) |
| Difference in ownership rate | (166) | (5,062) | (1,643) | (1,978) | -- | -- | (2,447) | (11,296) |
| Corrections (****) | (1) | (86) | (780) | (12) | -- | -- | 117 | (762) |
| Disposals | (10,417) | (816) | (689) | (1,506) | (339) | (1) | (844) | (14,612) |
| Balance at 31 December 2007 | 21,274 | 32,539 | 15,755 | 16,664 | 471 | 28,167 | 9,826 | 124,696 |

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18 PROPERTY, PLANT AND EQUIPMENT (continued)

| | Land and buildings | Machinery and equipment | Vehicles | Furniture and fixtures | Other fixed assets | Construction in progress | Leasehold improvements | Total |
|---|-----------------------|----------------------------|----------|---------------------------|-----------------------|-----------------------------|---------------------------|----------|
| Less: Accumulated depreciation | | | | | | | | |
| Balance at 1 January 2007 | (3,072) | (20,399) | (5,061) | (9,061) | (287) | -- | (2,213) | (40,093) |
| Effect of change in group structure (****) | (3) | (5,090) | (475) | (837) | -- | -- | (1,133) | (7,538) |
| Depreciation charge for the year | (1,406) | (1,708) | (1,459) | (2,213) | (66) | -- | (985) | (7,837) |
| Transfers to intangibles | 515 | -- | -- | -- | (6) | -- | -- | 509 |
| Transfers to assets held for sale | 154 | -- | -- | -- | -- | -- | -- | 154 |
| Offset of accumulated depreciation on property transferred to investment property | 1,135 | -- | -- | -- | -- | -- | -- | 1,135 |
| Transfer | (2) | 6 | -- | (4) | -- | -- | -- | -- |
| Impairment | -- | -- | 402 | -- | -- | -- | -- | 402 |
| Translation difference | 3 | 720 | 340 | 201 | 33 | -- | 106 | 1,403 |
| Difference in ownership rate | 8 | 3,691 | 595 | 893 | -- | -- | 609 | 5,796 |
| Corrections(*****) | -- | 421 | 396 | (20) | -- | -- | (35) | 762 |
| Disposals | 64 | 621 | 572 | 811 | 141 | -- | 852 | 3,061 |
| Balance at 31 December 2007 | (2,604) | (21,738) | (4,690) | (10,230) | (185) | -- | (2,799) | (42,246) |
| Net book value | | | | | | | | |
| At 31 December 2006 | 62,880 | 7,167 | 11,908 | 7,010 | 326 | 45,444 | 6,323 | 141,058 |
| At 31 December 2007 | 18,670 | 10,801 | 11,065 | 6,434 | 286 | 28,167 | 7,027 | 82,450 |

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18 PROPERTY, PLANT AND EQUIPMENT (continued)

(*)It consist of combination of Akfen Altyapı with Akfen Holding and acquisition of 6% of shares of TAV Tblisi by Tav Havalimanları.

(**)Additions to CIP are mainly comprised of progress payments related with Otluca HEPP project amounting TL 44,257; Saraçbendi HEPP project amounting to TL 38,584; Çamlıca 3 project amounting TL 16,259; Karasu 4-2, Karasuhes 1 Erzurum, Karasuhes 2 Erzurum, Karasu 4-3 ve Karasu 5 HEPP projects amounting TL 32,076 and Gazipaşa and Tunusia Airport projects amounting TL 23,268 as of 31 December 2009.

(***)Additions to CIP are mainly comprised progress payments related with Karasu I, Karasu II, Karasu 4-2, Karasu 4-3, Karasu 5 HEPP projects amounting TL 5,459; Çamlıca III, Saraçbendi HEPP projects amounting TL 8,463; Sirma, Otluca, and Yuvarlakçay HEPP projects amounting TL 11,997, expropriation expenses amounting TL 7,266 and AIH Muayene projects and Gazipasa and Tunus terminal projects amounting to 17,233 as of 31 December 2008.

(****)Effect of change in group structure is due to the consolidation of IBS , the consolidation of Batum Terminal and acquisition of 40% of Havaş in 2007.

(*****)Correction represents differences at fixed asset count results of Havaş.

As at 31 December 2009, a mortgage is on land and buildings amounting TL 18,601 (31 December 2008: TL 18,849, 31 December 2007: TL 12,462).

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19 INTANGIBLE ASSETS

At 31 December 2009, 2008 and 2007, intangible assets comprised the following:

| | Development Costs | Licences | Other intangibles | Sub-operation right | Customer Relations | Water service operation right | Airport and Harbour Management Right | Total |
|--|-------------------|----------|-------------------|---------------------|--------------------|-------------------------------|--------------------------------------|-----------|
| Cost | | | | | | | | |
| Balance at 1 January 2007 | -- | 5,433 | 1,515 | -- | 7,561 | -- | 123,331 | 137,840 |
| Effect of change in group structure (*****) | -- | 865 | (112) | -- | 2,951 | -- | -- | 3,704 |
| Additions | -- | 2,259 | 936 | 243,984 | -- | -- | 461,640 | 708,819 |
| Acquisition through business combination (***) | 17,831 | 53,171 | 28 | -- | -- | -- | -- | 71,030 |
| Transfer from tangible asset | -- | 12 | 22 | 1,232 | -- | -- | -- | 1,266 |
| Translation difference | -- | (169) | -- | -- | (409) | -- | (7,151) | (7,729) |
| Revaluation | -- | 658 | -- | -- | 591 | -- | -- | 1,249 |
| Difference in ownership rate | -- | (1,245) | -- | -- | (2,204) | -- | (35,940) | (39,389) |
| Corrections | -- | (5) | -- | -- | -- | -- | -- | (5) |
| Disposals | -- | (432) | -- | -- | -- | -- | -- | (432) |
| Balance at 31 December 2007 | 17,831 | 60,547 | 2,389 | 245,216 | 8,490 | -- | 541,880 | 876,353 |
| Balance at 1 January 2008 | 17,831 | 60,547 | 2,389 | 245,216 | 8,490 | -- | 541,880 | 876,353 |
| Additions (*) | -- | 3,961 | 244 | 175,648 | -- | 5,460 | 98,134 | 283,447 |
| Transfer from tangible asset | -- | 305 | -- | -- | -- | -- | -- | 305 |
| Translation difference | -- | 1,190 | -- | -- | 2,169 | -- | 161,513 | 164,872 |
| Difference in ownership rate | -- | 72 | -- | 69 | 126 | -- | 1,743 | 2,010 |
| Disposals | (2,560) | (639) | -- | -- | -- | -- | -- | (3,199) |
| Balance at 31 December 2008 | 15,271 | 65,436 | 2,633 | 420,933 | 10,785 | 5,460 | 803,270 | 1,323,788 |
| Balance at 1 January 2009 | 15,271 | 65,436 | 2,633 | 420,933 | 10,785 | 5,460 | 803,270 | 1,323,788 |
| Effect of change in group structure (*****) | -- | 1,413 | -- | -- | 5,349 | -- | 18,206 | 24,968 |
| Additions (*) | -- | 429 | 236 | -- | -- | 178 | 159,825 | 160,668 |
| Transfers | -- | 301 | -- | -- | -- | -- | -- | 301 |
| Translation difference | -- | 90 | -- | -- | 118 | -- | (471) | (263) |
| Difference in ownership rate | -- | 1,853 | -- | -- | 2,204 | -- | 47,561 | 51,618 |
| Disposals (***) | (213) | (2,568) | (13) | (420,933) | -- | -- | -- | (423,727) |
| Balance at 31 December 2009 | 15,058 | 66,954 | 2,856 | -- | 18,456 | 5,638 | 1,028,391 | 1,137,353 |

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19 INTANGIBLE ASSETS (continued)

| | Development Costs | Licences | Other intangibles | Sub-operation right | Customer Relations | Water service operation right | Airport and Harbour Management Right | Total |
|---|-------------------|----------|-------------------|---------------------|--------------------|-------------------------------|--------------------------------------|-----------|
| Amortisation | | | | | | | | |
| Balance at 1 January 2007 | -- | (581) | (189) | -- | (1,134) | -- | (3,551) | (5,455) |
| Effect of change in group structure (*****) | -- | (88) | 106 | -- | -- | -- | -- | 18 |
| Amortisation for the period | -- | (1,052) | (763) | -- | (577) | -- | (15,032) | (17,424) |
| Transfers form tangible asset | -- | -- | (509) | -- | -- | -- | -- | (509) |
| Translation difference | -- | 28 | -- | -- | 83 | -- | 475 | 586 |
| Difference in ownership rate | -- | 168 | -- | -- | 330 | -- | 1,035 | 1,533 |
| Corrections | -- | (56) | -- | -- | -- | -- | -- | (56) |
| Balance at 31 December 2007 | -- | (1,581) | (1,355) | -- | (1,298) | -- | (17,073) | (21,307) |
| Balance at 1 January 2008 | -- | (1,581) | (1,355) | -- | (1,298) | -- | (17,073) | (21,307) |
| Amortisation for the period | -- | (2,932) | (448) | (7,138) | (830) | (232) | (23,947) | (35,527) |
| Translation difference | -- | (298) | -- | -- | (438) | -- | (5,545) | (6,281) |
| Difference in ownership rate | -- | (14) | -- | -- | (19) | -- | (137) | (170) |
| Disposals | -- | 101 | -- | -- | -- | -- | -- | 101 |
| Balance at 31 December 2008 | -- | (4,724) | (1,803) | (7,138) | (2,585) | (232) | (46,702) | (63,184) |
| Balance at 1 January 2009 | -- | (4,724) | (1,803) | (7,138) | (2,585) | (232) | (46,702) | (63,184) |
| Effect of change in group structure (*****) | -- | (34) | -- | -- | -- | -- | (3,218) | (3,252) |
| Amortisation for the period (**) | -- | (2,492) | (148) | -- | (971) | -- | (25,473) | (29,084) |
| Translation differences | -- | 35 | -- | -- | (33) | -- | (66) | (64) |
| Difference in ownership | -- | (629) | -- | -- | (692) | -- | (5,741) | (7,062) |
| Corrections | -- | -- | (45) | -- | -- | -- | -- | (45) |
| Disposals (****) | -- | 816 | 3 | 7,138 | -- | -- | -- | 7,957 |
| Balance at 31 December 2009 | -- | (7,028) | (1,993) | -- | (4,281) | (232) | (81,200) | (94,734) |
| Net book value | | | | | | | | |
| Balance at 31 December 2007 | 17,831 | 58,966 | 1,034 | 245,216 | 7,192 | -- | 524,807 | 855,046 |
| Balance at 31 December 2008 | 15,271 | 60,712 | 830 | 413,795 | 8,200 | 5,228 | 756,568 | 1,260,604 |
| Balance at 31 December 2009 | 15,058 | 59,926 | 863 | -- | 14,175 | 5,406 | 947,191 | 1,042,619 |

(*)Additions mainly comprised the additions to sub-operation rights, terminal and port operation rights. Additions during 2009 comprise of terminal and port operation rights in Tunus-Enfidha Airport and Gazipasa Airport amounting to TL 158,804. The remaining amount TL 1,021 consists of İçel Port operation right.

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19 INTANGIBLE ASSETS (continued)

Additions mainly comprised the additions to sub-operation rights during 2008. AIH Muayene paid an upfront suboperation fee under the sub-operation agreement signed between AIH Muayene and Tüvtürk Kuzey-Tüvtürk Güney which expires in September 2027. Amortization of the sub-operation right commenced after the vehicle inspection stations were opened on 26 April 2008 (Adana), 4 August 2008 (Mersin), 16 August 2008 (Hatay). Airport and management right includes rights amounting to TL 84,053 belongs to Tunus-Enfidha and Gazipasa Airports.

(**)The amortization expenses amounting TL 9,256 (31 December 2008: TL 7,855) on airport and management rights have been presented as cost of sale in the consolidated statement of comprehensive income.

(***)As of 31 December 2007, license rights and developments costs stem from the acquisition of 13 hydroelectric energy production companies.

(****)Disposals in sub-operation rights amounting to TL 420,933 stem from sale of Tüvtürk Kuzey and Tüvtürk İstanbul, AIH Muayene stations in 2009.

(*****) Effect of acquisition of 6% of TAV Tbilisi shares in 2009 and consolidation of IBS, acquisition of 40% of Havaş in 2007.

20 GOODWILL

Cost

| | |
|------------------------------------|----------------|
| Balance at 1 January 2007 | 43,915 |
| Translation difference | 19,312 |
| Additions (*) | 4,526 |
| Impairment of goodwill (*) | (4,526) |
| Difference in ownership rate | (11,833) |
| Balance at 31 December 2007 | 51,394 |
| Balance at 31 December 2007 | 51,394 |
| Translation difference | 12,287 |
| Additions (**) | 5,926 |
| Difference in ownership rate | 714 |
| Balance at 31 December 2008 | 70,321 |
| Balance at 31 December 2008 | 70,321 |
| Translation difference | 670 |
| Additions (***) | 33,307 |
| Difference in ownership rate | 12,479 |
| Balance at 31 December 2009 | 116,777 |

As at 31 December 2008 and 2007 TL 3,309 of goodwill comprised of acquisition of 29.3% Akfen GYO shares by TL 8,233. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the Akfen GYO. There is no impairment in goodwill. The remaining is regarding the acquisition of shares of Havaş up to 40% by TAV Holding on 9 November 2007 and increase in share rate from 60% to 100%.

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20 GOODWILL (continued)

(*)Current year additions as of 31 December 2007 are related to the acquisition of the shares of ATI. Since Group does not expect any expected cash flow in the future from this investment, the goodwill has been impaired.

(**)Additions for goodwill as of 31 December 2008 are related to the acquisition of 768,581 shares of TAV Havalimanları Holding from Sera Yapı.

(***)Additions for goodwill as of 31 December 2009 comprises of TGS acquisition amounting to TL 9,017, acquisition of TAV Tbilis shares of 6% amounting to TL 2,177. (See note 3). The remaining amount by TL 22,113 is regarding to acquisition of 14,162,267 shares of TAV Havalimanları from Hamdi Akın on 17 November 2009.

21 GOVERNMENT GRANTS

According to the Investment Incentive Law numbered 47/2000, the Group has a 100% of investment incentive on capital expenditures made until 31 December 2008 in Northern Cyprus.

22 PROVISIONS

As at 31 December, provisions comprised the following:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---------------------------|--------------|--------------|--------------|
| Provision for litigations | 984 | 1,379 | 4,455 |
| Unused vacation accrual | 3,964 | 2,937 | 1,919 |
| Others | 436 | 26 | -- |
| | <u>5,384</u> | <u>4,342</u> | <u>6,374</u> |

Movement of the provision for the years ended 31 December, is as follows:

| | <u>2009</u> | | | |
|--|-------------------|-----------------|--------------|--------------|
| | <u>Litigation</u> | <u>Vacation</u> | <u>Other</u> | <u>Total</u> |
| Balance at the beginning of the period | 1,379 | 2,937 | 26 | 4,342 |
| Provisions provided during the period | 787 | 1,099 | 411 | 2,297 |
| Provisions released during the period | (1,188) | (68) | -- | (1,256) |
| Foreign currency differences | 6 | (4) | (1) | 1 |
| Balance at the end of the period | <u>984</u> | <u>3,964</u> | <u>436</u> | <u>5,384</u> |

| | <u>2008</u> | | | |
|--|-------------------|-----------------|--------------|--------------|
| | <u>Litigation</u> | <u>Vacation</u> | <u>Other</u> | <u>Total</u> |
| Balance at the beginning of the period | 4,455 | 1,919 | -- | 6,374 |
| Provisions provided during the period | 424 | 1,142 | 26 | 1,591 |
| Foreign currency differences | 574 | 141 | -- | 715 |
| Provisions released during the period | (4,074) | (265) | -- | (4,338) |
| Balance at the end of the period | <u>1,379</u> | <u>2,937</u> | <u>26</u> | <u>4,342</u> |

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22 PROVISIONS (continued)

| | | <u>2007</u> | | |
|---|-------------------|-----------------|--------------|--------------|
| | <u>Litigation</u> | <u>Vacation</u> | <u>Other</u> | <u>Total</u> |
| Balance at the beginning of the period | -- | 844 | -- | 844 |
| Provisions provided during the period | 4,455 | 2,566 | -- | 7,021 |
| Foreign currency differences | -- | (29) | -- | (29) |
| Provisions released during the period | -- | (1,462) | -- | (1,462) |
| Balance at the end of the period | 4,455 | 1,919 | -- | 6,374 |

Litigation

As at 31 December 2007, provision for litigations is mainly related to the ongoing legal cases with tax provision which is paid amounting to TL 3,380 in 2008, the employees and customers amounting to TL 569 and TL 506, respectively.

Vacation pay liability

For the periods ended 31 December 2009, 2008 and 2007, the Group has provided vacation pay liability accrual amounting to TL 3,964, TL 2,937 and TL 1,919, respectively. Provision is calculated by the remaining vacation days multiplied by one days' pay. Provisions provided during the year have been reflected under cost of sales and administrative expenses in the accompanying consolidated financial statements.

Contingent Assets and Liabilities

After the sale of shares of Tüvtürk Kuzey-Tüvtürk Güney, Tüvtürk İstanbul and AIH Muayene on October 27, 2009 pursuant to the terms of the contract, conditions that Akfen Holding is to require as follows:

The contract for the sale of the shares of Tüvtürk Kuzey-Tüvtürk Güney, Tüvtürk İstanbul and AIH Muayene, there are available two types of pay the share price, advance payment and conditional payment. Advance payment made during transfer of shares and conditional payment (the contingent payment) was also indicated in the sales contract. Contingent Payment is not a fixed cost and will be calculated according to the terms of the realization rates in case of the fulfillment of conditions specified in the contract. The contingent payment has upper limit, but it has not a lower limit. Thus in case of the fulfillment of conditions is not occurred, it is possible not to born of the contingent payment.

In case of cleanup conditions have occurred, the amount to be paid according to the terms of the realization rates may be paid by the recipient ("Bridge Point") in cash or through undertaken the appropriate amount from the debt of Akfen Holding to Garanti Bank. The recipient would prefer to pay cash, but the payment is not made, according to the agreement signed with Garanti Bank, the amount of debt passes to the receiver itself.

The contingent payment amount will be calculated pursuant to terms of the contract by reference to the total targeted revenues of the mentioned companies for the period between 1 January 2012 and 31 December 2014 ("The Review Period").

When targeted revenues:

- are more than 90% of USD 210,858 thousand, the pay to Akfen Holding is USD 120,000 thousand.
- are between 80% and 90% of USD 210,858 thousand, the pay to Akfen Holding will be USD 12,000 thousand for each percent exceeding 80%.
- are equal to 80% of USD 210,858 thousand or less, there will not be a payment to Akfen Holding.

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23 COMMITMENT AND CONTINGENCIES

(a) Commitments, Pledges and Mortgages

As at 31 December 2009, the group's position related to letter of guarantees given, Pledges and Mortgages were as follows:

| | |
|---|-------------------------|
| Commitments, Pledges, Mortgages ("CPM") are given by the Group | <u>2009</u> |
| A. Total amount of CPM is given on behalf of own legal personality | 925.573 |
| B. Total amount of CPM is given in favor of subsidiaries which are fully consolidated | 1.438.454 |
| C. Total amount of CPM is given for assurance of third party's debts in order to conduct of usual business activities | -- |
| D. Total Amount of other CPM | 205.751 |
| i. Total amount of CPM is given in favor of parent company | 204.319 |
| ii. Total amount of CPM is given in favor of other group companies, which B and C doesn't include | -- |
| iii. The amount of CPM is given in favor of third party which C doesn't include | 1.432 |
| | <u>2.569.778</u> |

As at 31 December 2009, total amount of other CPM given by the group is 486% of the Group's equity

Commitments and contingencies related to Akfen Holding and its subsidiaries arising in the ordinary course of business for the Group comprised the following items as at 31 December 2009, 2008 and 2007:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|-----------------------|-----------------------|-----------------------|
| Banks | 65,887 | 90,832 | -- |
| Official / Autonomous Administrations | 41,765 | 45,126 | 56,180 |
| Tax offices | 12,221 | 8,647 | -- |
| Ministries | 7,029 | 9,686 | -- |
| Universities | 381 | 1,494 | -- |
| Court of bailiff | 836 | 1,019 | -- |
| Given for concession of vehicle inspection | -- | -- | 26,545 |
| Given to previous shareholders of hydroelectric production companies | -- | -- | 14,559 |
| Given to related parties and suppliers | -- | -- | 15,139 |
| Municipalities, Custom offices | 2,372 | 2,335 | -- |
| | <u>130,491</u> | <u>159,139</u> | <u>112,423</u> |

The Group has provided the guarantee amounting to USD 60,000 thousand (equivalent to TL 90,738) as at 31 December 2008 to Bayerische Hypo-Und Vereinsbank AG for the loan obligations of Tüvtürk İstanbul, Tüvtürk Kuzey-Tüvtürk Güney.

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23 COMMITMENT AND CONTINGENCIES (continued)

(a) Letter of Guarantees Given, Pledges and Mortgages (continued)

The Group obtained hydroelectric energy production licenses from Energy Market Regulatory Authority and gives letter of guarantee for the construction of hydroelectric power plants to Energy Market Regulatory Authority and Ministry of Energy and Natural Resources. As at 31 December 2008, letter of guarantee given to Energy Market Regulatory Authority is TL 24,295 (31 December 2007: TL 13,465).

As at 31 December 2008 the Group has given letters of guarantee to tax institutions for the tax returns amounting to TL 8,647.

As at 31 December 2008 the Group has given letters of guarantees amounting to TL 1,019 to court of bailing and other court for opening law suits

The Group has given letters of guarantee amounting to TL 26,479 to Privatization Administration Presidency to obtain the concession right of vehicle inspection stations in Turkey on 31 December 2007.

The Group has acquired 14 hydroelectric production companies during 2007 and has paid a part of acquisition price to previous shareholders in cash and for the remaining part; the Group has become indebted to ex-shareholders. For the remaining unpaid acquisition price, the Group has given letters of guarantee amounting to TL 14,559 to previous shareholders of hydroelectric production companies. In 2008, this letter of guarantees is returned.

Letters of guarantee given to related parties amounting to TL 15,139 comprise of guarantees given to Tüvtürk Güney to obtain the concession right of vehicle inspection stations at Adana, İçel and Hatay by AİH.

The commitments for subsidiaries to proportional consolidation as at 31 December are as below:

TAV Yatırım

Letter of guarantees given by TAV Yatırım for construction and planing of international airport projects as at 31 December are below:

| | <u>2008</u> | <u>Group Share</u> | <u>2007</u> | <u>Group Share</u> |
|--|----------------|--------------------|----------------|--------------------|
| Letters of guarantee given to TAV DOHA | 204,796 | | 121,758 | |
| Letters of guarantee given to TAV Tunisia | 232,767 | | 85,693 | |
| Letters of guarantee given to TAV Libya | 164,513 | | 13,898 | |
| Letters of guarantee given to TAV Muscat | -- | | -- | |
| Letters of guarantee given to TAV Gulf | 120,217 | | 33,685 | |
| Letters of guarantee given to Cairo Airport | 52,351 | | 40,649 | |
| Letters of guarantee given to TAV Construction | -- | | -- | |
| Letters of guarantee given to TAV Esenboğa | 19,421 | | 15,549 | |
| Letters of guarantee given to TAV Tunisia | 47,539 | | -- | |
| Letters of guarantee given to Cairo Airport | 4,641 | | 12,388 | |
| Other Letters of guarantee given | 26,472 | | 24,009 | |
| | 872,717 | 370,898 | 347,629 | 147,740 |

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

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

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(Currency: Thousands of TL)

23 COMMITMENT AND CONTINGENCIES (continued)

(a) Letter of Guarantees Given, Pledges and Mortgages (continued)

TAV Havalimanları

| | 2008 | Group Share | 2007 | Group Share |
|---|----------------|--------------------|----------------|--------------------|
| Letters of guarantee given to DHMİ | 243,638 | | 187,056 | |
| Letters of guarantee given to Tunisian Government | 147,460 | | 55,754 | |
| Letters of guarantee given to third parties | 148,115 | | 117,800 | |
| Letters of guarantee given to Macedonian Government | 12,844 | | -- | |
| | 552,057 | 119,732 | 360,610 | 77,066 |

TAV Havalimanları is obliged to give 6% of the total rent amount of USD 152,580 thousand (Group's share: USD 39,854 thousand) of TAV İstanbul as a letter of guarantee according to the rent agreement made with DHMİ. The total obligation has been provided by TAV İstanbul.

TAV Havalimanları is obliged to give a letter of guarantee at an amount of TL 89,482 (Group's share: TL 23,373), to the Ministry of Transportation of Tunisia and TL 35,645 (Group's share: TL 9,310) to OACA according to the BOT agreement signed with OACA in Tunisia. The total obligation has been provided by the Group.

Majority of letters of guarantee given to third parties includes the guarantees given to customs and some customers.

(b) Letter of Guarantees Received

Akfen Holding and its subsidiaries has also received letters of guarantee, cheques and securities amounting to TL 152,585 in total as of 31 December 2009 (31 December 2008: TL 169,825; 31 December 2007: TL 72,957) from subcontractors for the construction of hydroelectric power plants and hotel constructions. Letters of guarantees comprise of securities given to hydroelectric production companies amounting to TL 30,519, securities taken from construction companies amounting to TL 32,504 TL as of 31 December 2009. The remaining letters of guarantee amounting to TL 8,453 has been received for the agreements of the other group companies. The jointly control entities has received the letters of guarantee, cheques and sureties amounting to TL 19,704 (Group's share: TL 9,582) (31 December 2008; TL 92,164 (Group's share: TL 33,878), 31 December 2007; TL 97,814 (Group's share: TL 30,635).

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

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(Currency: Thousands of TL)

23 COMMITMENT AND CONTINGENCIES (continued)

(b) Letter of Guarantees Received (continued)

MIP

| | <u>2009</u> | <u>Group Share</u> | <u>2008</u> | <u>Group Share</u> | <u>2007</u> | <u>Group Share</u> |
|--|---------------|--------------------|---------------|--------------------|--------------|--------------------|
| Letters of bank guarantees obtained | | | | | | |
| ZPMC | 8,378 | | 8,218 | | -- | |
| MSC Gemi Acent A.Ş. | 1,581 | | 1,588 | | -- | |
| Limar Liman ve Gemi İşletmeleri A.Ş. | 828 | | 1,588 | | 1,223 | |
| Maersk Denizcilik A.Ş. | 602 | | 1,089 | | 839 | |
| Botros Levante Taşımacılık ve Tic.Ltd.Şti. | 602 | | -- | | -- | |
| AKAN-SEL Nakliyat Petrol San. Ve Tic. A.Ş. | 337 | | 387 | | -- | |
| Sanmar Denizcilik Mak.ve Tic.Ltd.Şti. | 301 | | -- | | -- | |
| Others | 2,314 | | 1,846 | | -- | |
| | 14,943 | 7,471 | 14,716 | 7,358 | 2,062 | 1,031 |

(c) Contractual obligations

TAV İstanbul

TAV İstanbul is bound by the terms of the Concession Agreement made with DHMİ:

DHMİ may terminate the Concession Agreement if the ownership of interest of TAV and founding partner in TAV İstanbul falls below 49% during the first three years of the concession period.

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

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

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

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

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(Currency: Thousands of TL)

23 COMMITMENT AND CONTINGENCIES (continued)

(c) Contractual obligations (continued)

TAV Esenboğa ve TAV İzmir

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

- The share capital of the companies can not be less than 20% of fixed investment amount.
- The companies have a commitment to make additional investment up to 20% of the initial BOT investment upon request of DHMİ. DHMİ has requested an extension of Euro 13,900 thousand (13% of the initial investment) (Group's share: Euro 3,630 thousand) from TAV İzmir on 21 August 2006 which extended the construction period by 2 months and 20 days, and operation period by 8 months and 27 days. TAV İzmir completed the construction for such extension on 10 May 2007. After granting of temporary acceptance by DHMİ in year 2007, final acceptance was granted by DHMİ at 21 March 2008.

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

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

All equipment used by TAV Esenboğa and TAV İzmir must be brand new and under warranty and need to meet the international standards and Turkish Standards as well.

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

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

Akfen Holding Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at 31 December 2009, 2008 and 2007

(Currency: Thousands of TL)

23 COMMITMENT AND CONTINGENCIES (continued)

(c) Contractual obligations (continued)

HAVAŞ

In accordance with the general ground handling agreement (an integral part of the ground handling operation A Group license) signed with DHMİ, HAVAŞ undertakes the liability of all losses incurred by its personnel to DHMİ or to third parties. It also takes the responsibility of the training facilities given to the personnel and the quality of the service provided by its personnel together with the repair and maintenance of the ground handling vehicles and equipment. HAVAŞ is required to provide DHMİ with a letter of guarantee amounting to USD 1,000 thousand (Group's share: USD 261 thousand). Fines received from losses incurred by the ground handling personnel or fines arising from the violation of the related agreement will be charged to HAVAŞ. Fines which are overdue in accordance with the appointed agreement / period declared by DHMİ will be settled by the liquidation of the letter of guarantee. If DHMİ liquidates the collateral, HAVAŞ is obliged to complete the collateral at its original amount which is USD 1,000 thousand (Group's share: USD 261 thousand) within 15 days.

In accordance with the rental agreements signed with DHMİ regarding several parking areas, land, buildings, offices at the Atatürk, Esenboğa, Adnan Menderes, Dalaman, Adana, Trabzon, Milas, Nevşehir, Antalya, Gaziantep, Kayseri, Urfa, Batman, Adıyaman, Elazığ, Muş, Sivas and Konya airports; when the rent period ends, DHMİ will have the right to retain the immovables in the area free of charge.

TAV Tiflis

TAV Tbilisi is bound by the terms of the BOT Agreement. In case TAV Tbilisi fails to comply with the rules and regulations set forth in the agreement, it may be forced to cease its operations.

With regards to the BOT Agreement, TAV Tbilisi is required to;

- comply with all applicable safety standards and ensure that the airport and all other ancillary equipment are operated in a manner safe to passengers, workers and general public, as well as to comply with the technical and operational requirements of Tbilisi International Airport and environmental standards of Georgia;
- maintain and operate the new terminal and infrastructure at Tbilisi International Airport in accordance with the applicable requirements of the BOT Agreement and International Air Transport Association ("IATA"), International Civil Aviation Organization ("ICAO") or European Civil Aviation Conference ("ECAC");
- ensure that its subcontractors and TAV Tbilisi itself obtain and maintain relevant insurance policies from financially strong and internationally reputable insurance companies;
- remedy accidents that might occur upon mechanical damage inflicted by TAV Tbilisi to existing communication networks or inappropriate use or operation thereof.

Akfen Holding Anonim Şirketi and its Subsidiaries

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23 COMMITMENT AND CONTINGENCIES (continued)

(c) Contractual obligations (continued)

TAV Tiflis (continued)

The commercial operation of the New Terminal is carried out based on the Provisional Acceptance Protocol concluded according to the BOT Agreement for Tbilisi International Airport terminal building and related infrastructure. The Final Acceptance Protocol was not concluded as of the date of approval for issue of these consolidated financial statements, as the legal form of transfer of the New Terminal was still under discussion among the parties to the BOT Agreement in order to be in compliance with the Georgian legislation. The legal form of the final acceptance of the New Terminal may have various effects on the TAV Tbilisi's financial and/or tax positions.

Tax legislation and contingencies

Georgian commercial legislation and tax legislation in particular may give rise to varying interpretations and amendments. In addition, as management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result TAV Tbilisi may be assessed additional taxes, penalties and interest. Tax periods are remaining open to review by the tax authorities for three years. Management believes that their interpretation of the relevant legislation is appropriate and TAV Tbilisi's profit, currency and customs positions will be sustained.

On 4 June 2009, TAV Tbilisi received a Tax Request from Large Taxpayers Inspection of the Ministry of Finance of Georgia notifying accrual of tax charges of GEL 5,479 thousand (Euro 2,353 thousand) (Group's share: Euro 615 thousand) consisting of cancellation of recoverable VAT of GEL 5,091 thousand (Euro 2,186 thousand) (Group's share: Euro 571 thousand) and related fines of GEL 388 thousand (Euro 167 thousand) (Group's share: Euro 44 thousand) reported in the interim report prepared by the Auditing Department of Ministry of Finance of Georgia based on the tax audit of TAV Tbilisi.

Management submitted legal objection to contest the tax charges accrued as at 30 June 2009. For subsequent events refer to note 40.

TAV Batumi

TAV Batumi is obliged to perform the terms agreed under the Agreement for Management of 100 percent of Shares in "Batumi Airport Ltd" (the "Agreement") together with its Schedules annexed to the Agreement.

In the event that TAV Batumi fails to fulfill its material obligations under the Agreement and its Schedules, it may be forced to cease the management of the Batumi International Airport and all operation rights generated at the Airport.

With regards to the Agreement, TAV Batumi is required to;

- comply with all requirements of the relevant statutes and the Applicable Laws of Georgia;
- prevent repatriation and transfer of the dividends distributable by Batumi Airport Ltd from Georgia;
- comply with the terms of Permits that materially adversely affect the performance of TAV Batumi's obligations under the Agreement or achievement of the Revenues by Batumi Airport Ltd and/or achievement of dividends by the TAV Batumi from Batumi Airport Ltd;

Akfen Holding Anonim Şirketi and its Subsidiaries

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(Currency: Thousands of TL)

23 COMMITMENT AND CONTINGENCIES (continued)

(c) Contractual obligations (continued)

Tav Batum (continued)

- protect, promote, develop and extend the business interests and reputation of Batumi Airport in connection with the Services (reasonable effort basis);
- maintain and operate Batumi Airport in accordance with the international standards applicable to similar international airports, and any other local standards that will be applicable to the operations of an international airport;
- recruit and train sufficient number of staff for the operation of Batumi Airport in accordance with standard, accepted operational standards;
- perform regular, periodic and emergency maintenance and repair works of all the fixed assets, as well as the annexations and accessories related thereto located on the territory of Batumi Airport; and procure and maintain insurance policies listed under the Agreement during the term of the operation.

TAV Tunisia

TAV Tunisia is bound by the terms of the Concession Agreements related to the building and operation of Enfidha Airport and to the operation of Monastir Airport. In case TAV Tunisia fails to comply with the provisions of these Concession Agreements as well as the Terms and Specifications annexed thereto, it may be forced to cease the operation of the said airports.

According to Enfidha Concession Agreement, TAV Tunisia is required to:

- design, construct, maintain, repair, renew, operate and improve at its own costs and risks and under its liabilities, the land made available to it, infrastructures, buildings, facilities, equipments, networks and services necessary for the operation of Enfidha Airport;
- complete the construction of the Airport and start operating it at the latest on 1 October 2009 which is then extended to 1 December 2009 through a notice from the Authority, unless the requirements by the Terms and Specifications of the Agreement fails;
- finance up to 30% of the Project by Equity;
- improve at its own costs and risks and under its liabilities, the land made available to it, infrastructures, buildings, facilities, equipments, networks and services necessary for the operation of Monastir Airport.

Pursuant to both Concession Agreements, TAV Tunisia is required to:

- market and promote the activities operated in the Airports and perform the public service related with these activities
- provide with and maintain the bank guarantees in accordance with the Agreements;
- pay the Domainial and Operational Royalties to the Conceding Authorities (Tunisian State and OACA);
- comply particularly with provisions of Appendix 2 to the Terms and Specifications annexed to the Agreements related to the ownership of the shares by TAV Tunisia's shareholders;
- require the approval of the Conceding Authority prior to the transfer of its rights under the Concession Agreements to any third party or to the conclusion of any sub-contract during the operation phase of the Airports;
- comply with its obligations under the Agreements and with all applicable Tunisian Laws and International rules related particularly but not limited to safety, security, technical, operational and environmental requirements;
- to comply with its obligations related to insurance as provided for by the Agreements.

Akfen Holding Anonim Şirketi and its Subsidiaries

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(Currency: Thousands of TL)

23 COMMITMENT AND CONTINGENCIES (continued)

(c) Contractual obligations (continued)

TAV Tunisia (continued)

TAV Tunisia may also be obliged to cease the operation of the said airports if (i) it is declared insolvent or is subject to judicial liquidation proceedings or (ii) it is forced to cease the operation of one of the Airports.

TAV Gazipaşa

TAV Gazipaşa is bound by the terms of the Concession Agreement made with DHMİ for Antalya Gazipaşa Airport.

If TAV Gazipaşa violates the agreement and does not remedy the violation within the period granted by DHMİ, DHMİ may terminate the Agreement.

The share transfers of the shareholders of TAV Gazipaşa are subject to the approval of DHMİ.

The Agreement is made for a period of twenty-five years effective from the date TAV Gazipaşa obtains the operation authorisation from the Ministry of Transportation. The contractual obligations of TAV Gazipaşa include the operation of the facilities in compliance with the international norms and standards subject to the supervision of the Ministry of Transportation. Civil Aviation General Directorate and DHMİ; obtaining maintenance and periodic maintenance and repairs of all systems and equipment requisite for the operation and the transfer of the facilities together with the systems, equipment, furniture and fixtures in a proper and usable condition to DHMİ, without any debt or liabilities, upon the expiry of the Agreement (if the economic lives of the systems, equipment, furniture and fixtures have come to an end, they should be renewed before the transfer to DHMİ). Upon the expiry of the Agreement, TAV Gazipaşa will be responsible for one year for the maintenance and repair of the systems and equipment in the facilities. In case the necessary maintenance and repairs are not made, DHMİ will have this maintenance and repairs made and the cost will be charged to TAV Gazipaşa.

If expropriation of land is required for construction of additional facilities or systems during the term of the Agreement, TAV Gazipaşa will be responsible for the compensation for expropriation and will not demand any compensation and/or additional rent period from DHMİ and the owner of the subject land will be DHMİ.

In the case where TAV Gazipaşa as the lessee performs a delayed and/or incomplete rent payment to DHMİ, TAV Gazipaşa is charged a penalty of 10% of the rent amount to be paid.

By the beginning of the rental period, except the amount of rent, TAV Gazipaşa will pay annually a fixed facility usage amounting to USD 50 thousand (Group's share: USD 13 thousand) to DHMİ for using the facilities of the airport (lower-upper structure) in last 1 month of each rental year.

Management believes that as at 31 December 2009, the Group has complied with the terms of the contingencies mentioned above.

Akfen Holding Anonim Şirketi and its Subsidiaries

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23 COMMITMENT AND CONTINGENCIES (continued)

(d) Contingent Asset

TAV İstanbul is able to expense VAT on concession rent payments upon the issuance of the related invoice and DHMI issues the invoice monthly. Cumulative VAT expense related with DHMI invoices as at 31 December 2009 is TL 118,340 (Group's share: TL 30,910) (31 December 2008: TL 59,249).

TAV İstanbul has opened a tax court case in February 2006 against the Ministry of Finance for the concession rent, which has been paid partially and the remaining will be paid to DHMI, for not being subject to VAT. According to temporary VAT code number 12, TAV İstanbul stated that airport privatisations are exempt from VAT. The resolution of the İstanbul First Tax Court has been declared to TAV İstanbul on 9 April 2007. The resolution sets forth that the administrative transaction is not a tax error in the manner prescribed in the Tax Procedures Law, and that no legal inappropriateness had been observed in the transaction that had been formed via the rejection of the application made upon complaint. The decision does not assess whether there is an exemption from the VAT or not; and it is judged that the application does involve a legal shortcoming; TAV İstanbul had submitted the case to the Court of Appeals. With regard to the mentioned case, the Company had submitted a letter to the 4th Department of the Court of Appeals on 28 May 2007 and required a motion for stay. TAV İstanbul has brought a tax case against Ministry of Finance and Maltepe Tax Administration, with the claim that the rent amounts paid to the State Airports Authority General Directorate are exempt from value added tax; and the Tax Court dismissed the case on the grounds of incompetence. TAV İstanbul had applied against the dismissal decision of the Tax Court. The award of the 4th Chamber of the Council of State ("Danistay") had been declared to TAV İstanbul on 25 July 2007. Accordingly, the Council of State approved the application of TAV İstanbul and decided to reverse the judgement of the Tax Court. The case reverted to the Tax Court according to the Code of Administrative Procedures and the Tax Court rejected the case with the decision notified to TAV İstanbul on 29 November 2007. An application for appeal has been made, and the process is continuing as of the date of this report. Group management believes that this court will be finalised in Group's favour, paid VAT will be reimbursed to the Group, and the Group will not pay VAT on concession rent anymore.

(e) Contingent Liability

BTA and the Ministry of Finance were not able to reach an agreement upon a reconciliation requested for the corporate and value added tax notified in the penalty report regarding the accounts of October 2007-December 2007. Ministry of Finance had determined a value added tax, a corporate tax and a tax loss penalty of the total tax in the penalty report. On 20 January 2010, BTA has decided to file a lawsuit disputing the abovementioned tax and penalty. The management, lawyers and tax auditors of BTA are in the opinion that the lawsuit will result in BTA's favor, so no provision is provided in the accompanying consolidated financial statements.

Akfen Holding Anonim Şirketi and its Subsidiaries

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23 COMMITMENT AND CONTINGENCIES (continued)

(e) Contingent Liability (continued)

Memorandum of understanding signed between Akfen Holding and ACCOR S.A.

Akfen Holding signed a Memorandum of Understanding (“MoU”) with a 100% owned subsidiary of ACCOR S.A., one of the world’s leading hotel groups. Based on the MoU, the entities will join their efforts to establish a partnership to develop hotel projects in Turkey. The Company will build and lease number of hotels. According to the “investment program” of MoU, in every five years starting from 1 January 2005, a minimum 12 hotels will be leased to ACCOR S.A. by the Company. All of the operating lease arrangements that the Company is lessor are based on MoU. According to MoU:

- Any sale of a controlling shareholding of the Company by Akfen Holding to a third party, not a member of its shareholder’s and/or family group shall be submitted to a first refusal right agreement of ACCOR S.A. under the same terms and conditions proposed by the third party offeror, except in case that the Company becomes a publicly listed entity..
- For securitisation of further investments, Akfen Holding and ACCOR S.A. agree that the share capital of the Company be increased by the entry of new shareholders but at all times while ACCOR S.A. and Akfen Holding are partners, Akfen Holding should directly or indirectly keep control of the shareholding and the outside investor permitted by the above mention terms will not be another national or international hotel operator.
- Respected, and not wish to continue under same terms and conditions with the new acquirer of the controlling shareholding, the present agreement be terminated by ACCOR S.A. In case of termination of the agreement by ACCOR S.A., on going lease contracts shall continue until eachof their own expiry term.

If the above stated investment program for the first five year period until 31 December 2009 or for any subsequent period is not realised, either party will be free to terminate their partnership.

Real estate investment trust investment portfolio constraints

According to the Part b of the Article 27 of the CMB Communiqué Serial VI, No 11 governing the real estate investment trusts, the Company has a limitation to invest a maximum of 10% of its portfolio value in demand and time deposits denominated on domestic and foreign currencies. The Article 35 of the same communiqué restricts the Company’s use of bank loans with 3 times of its net asset value declared in the latest 3 month consolidated portfolio report.

As at 31 December 2009 and 2008, the Company is within the defined limits.

In accordance with Part a of the Article 27 of the same Communiqué, the participation into Akfen Ticaret does not exceed 10% of the portfolio value of the Company as at 31 December 2009 and 2008.

As amended by the Part c of the Article 27 of the same Communiqué, investment of Akfen Ticaret to Mercure Hotel Kyrenia does not exceed 49% of the portfolio value of the Company as at 31 December 2008.

Akfen Holding Anonim Şirketi and its Subsidiaries

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(Currency: Thousands of TL)

23 COMMITMENT AND CONTINGENCIES(*contunied*)

Real estate investment trust investment portfolio constraints (*contunied*)

The Group is joint guarantor of the Company's all loans and commitments obtained in order to fund Russian Hotel Samara Project. Total loan amount is Euro 15,000 and as at 31 December 2009 Euro 3,750 has utilized.

The Group is joint guarantor of the Company's all loans and commitments obtained in order to fund Russian Office Project. Total loan amount is Euro 6,800 thousand and as at 31 December 2009 Euro 2,675 thousand has utilized.

Other sureties given by the shareholders and the transfer of rental revenue which will be generated from the hotels are presented at 8.

The Group as Lessee

Leasing Agreements

As at 31 December 2009, the Group has undergone 8 operating lease arrangements as lessee;

- The Group signed a rent agreement on 15 July 2003 with Finance Ministry of Turkish Republic of Northern Cyprus to lease a land to construct a hotel in Kyrenia. The lease term is 49 years. The lease payments started in 2003, the Group makes payments yearly.
- The Group obtained a servitude right of a land in Zeytinburnu Istanbul from the Ministry of Treasury and Finance in return for a construction of a hotel building on the land on 4 December 2003. The term of the servitude right is 49 years. The lease payment composed of yearly fixed lease payments determined by Ministry of Treasury and Finance and 1% of the total yearly revenue generated by the hotel constructed on the land.
- The Group has entered into a rent agreement with Municipality of Eskişehir on 8 August 2005 to lease an incomplete hotel construction site located at Eskişehir for the lease term of 22 years. The construction has been completed and the hotel started its operations in 2007.
- The Group signed a rent agreement with Trabzon Dünya Ticaret Merkezi AŞ on 30 October 2006 to lease a land to construct a hotel in Trabzon. The lease term is 49 years. The lease payments will start after the acquiring operational permissions from the Ministry of Culture and Tourism. The lease agreement has a five year rent free period. The Group has privileged right within the companies submitting equivalent proposals to increase the lease term.

Akfen Holding Anonim Şirketi and its Subsidiaries

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(Currency: Thousands of TL)

23 COMMITMENT AND CONTINGENCIES(*continued*)

The Group as Lessor

Leasing Agreements

- The Group signed a rent agreement with Kayseri Chamber of Industry on 4 November 2006, to lease a land to construct and operate a hotel for 49 years. Lease payments will start after a 5 year rent free period, which will initiate after acquiring necessary permits from the Ministry of Culture and Tourism. The Group has privileged right within the companies submitting equivalent proposals to increase the lease term
- The Group has entered into a rent agreement with Municipality of Gaziantep on 31 May 2007 to lease an incomplete hotel construction site located at Gaziantep. The lease term is 30 years. The lease payment for the first 5 years is paid in advance after obtaining construction permit. The yearly lease payments will start when the hotel starts its operations
- The Group signed a rent agreement with BUTTİM (Bursa International Textile Trading Centre Business Cooperative) on 9 May 2008 to lease a land to construct Ibis Hotel and operate it for 30 years. Lease payments will start in the fifth year of the agreement.
- The Group signed a rent agreement with Municipality of Georgia Batumi on 30 July 2009 to lease a land to construct a hotel and operate it for 49 years. The lease payments will be made as two instalments in June and December for each year; the yearly payments are Georgian Lari 15 thousand.

All operating lease contracts contain market review clauses in the event that the Group exercises its option to renew. The Group does not have an option to purchase the leased assets at the expiry of the lease period.

Payments recognised as an expense

| | 2009 | 2008 | 2007 |
|-----------------------|--------------|--------------|------------|
| Minimum rent payments | 1,908 | 1,843 | 623 |
| | 1,908 | 1,843 | 623 |

Non cancellable operating lease commitments

| | 2009 | 2008 | 2007 |
|----------------------------|---------------|---------------|---------------|
| Less than one year | 603 | 531 | 375 |
| Between one and five years | 2,636 | 3,037 | 1,774 |
| More than five years | 57,890 | 60,076 | 51,185 |
| | 61,129 | 63,644 | 53,334 |

In respect of non-cancellable operating leases the following liabilities have been recognised:

| | 2009 | 2008 | 2007 |
|----------------------|--------------|------------|------------|
| Accrued rent expense | | | |
| Current | 269 | 283 | 293 |
| Non-current | 794 | 364 | 176 |
| | 1.063 | 647 | 469 |

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23 COMMITMENT AND CONTINGENCIES(contunied)

The Group as Lessor (contunied)

Leasing Agreements (contunied)

As of 31 December 2009, the Group has undergone 5 operating lease arrangements as lessor;

- The Company has signed a rent agreement with Accor S.A. on 18 November 2005 to lease a hotel which is completed in 2007 and started operations in Eskişehir.
- The Company has signed a rent agreement with Accor S.A. on 12 December 2005 to lease two hotels which are completed in 2007 and started operations in Istanbul.
- The Company has signed a rent agreement with Accor S.A. on 26 July 2006 to lease a hotel which is completed in 2008 and started operations in Trabzon.
- The Group has signed a rent agreement with ACCOR S.A. on 24 March 2008 to lease a hotel which is completed in 2009 and starting operations in 2010 in Kayseri.
- The Group has signed a rent agreement with ACCOR S.A. on 24 March 2008 to lease a hotel which is completed in 2009 and starting operations in 2010 in Gaziantep.

All of the five agreements have similar clauses described below;

The initial lease term is sum of the period between the opening date and the end of that calendar year plus, twenty full calendar years for Trabzon, İstanbul and Eskişehir; and 25 calendar years for Kayseri and Gaziantep from the 1st of January following the opening date of the hotel with an optional extension of 5 years. ACCOR S.A. has the right to terminate the agreement, if the Company fails to meet the completion date (after 6 months additional period over the completion date). In this case, the parties shall be freed of all mutual obligations, and ACCOR S.A. will receive immediate payment of any due amounts upon the date of termination and liquidated damages up to Euro 750 thousand. An annual rent of 22% of the annual gross revenue of each hotel is to be paid by the lessee to the lessor. For every agreement, a minimum guarantee annual rent is determined, which can not be less than the minimum guaranteed annual rent for each of the years. The table below summarises the minimum guaranteed annual rent for each agreement and its remaining period as at 31 December 2009:

| <u>Agreement</u> | <u>Duration</u> | <u>Minimum guaranteed annual rent (in Euros)</u> | <u>Minimum guaranteed total rent (in Euros)</u> |
|--------------------------|--|--|---|
| NOVOTEL / İBİS Kayseri | For the following 12 years from the opening date | 915 | 10,979 |
| NOVOTEL / İBİS Gaziantep | For the following 12 years from the opening date | 941 | 11,288 |
| NOVOTEL Trabzon | For the following 11 years from the opening date | 1,100 | 12,100 |
| İBİS Eskişehir | For the remaining 9 years | 278 | 2,502 |
| NOVOTEL / İBİS İstanbul | 2010 | 1,400 | 1,400 |
| NOVOTEL / İBİS İstanbul | For 2011 and 2012 | 1,600 | 3,200 |
| NOVOTEL / İBİS İstanbul | For 2013 and 2014 | 1,800 | 3,600 |
| NOVOTEL / İBİS İstanbul | For 2015 and 2016 | 2,000 | 4,000 |
| | | | <u>49,069</u> |

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23 COMMITMENT AND CONTINGENCIES(contunied)

The Group as Lessor (contunied)

Leasing Agreements (contunied)

All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The Group has undergone three other operating lease arrangements as lessor:

- The Group has signed a rent agreement with Voyager Kıbrıs Limited on 15 March 2007 to lease a casino. Lease period has started on 1 July 2007 with the opening of casino. An annual rent is Euro 3,210 thousand as of 1 July 2008 which will be paid quarterly (at the end of March, June, September and December). The rent increases at the beginning of the period depending on annual Euribor rate.
- The Group has signed rent agreement with Sportif Makine AŞ for Eskişehir İbis Hotel Fitness Center at 1 September 2006. The rent payments begin after two months from 1 January 2007 which the fitness center is delivered. The monthly rent is Euro 7 thousand without VAT and the length of rent the agreement is 7 years. The rent increases at the beginning of the period depending on euribor rate. The Group has signed an additional agreement with Sportif for the rent payments of 2009 on 26 March 2009. Based on the agreement, the monthly rent amount is decreased to Euro 6 thousand by the discount rate of 25 percent.
- The Group has leased Accor / Mercure Hotel to Serenas Turizm Kongre ve Organizasyon Hizmetleri Limited Şirketi (“Serenas Turizm”) with the option of extending rent duration for five years as at 1 January 2008. Serenas Turizm has given Euro 3,000 thousand amount of bank collateral to the Group. The annual rent amount will be paid quarterly (February, May, August and November).

The details of minimum guaranteed annual rent is as indicated below:

| <u>Agreement</u> | <u>Duration</u> | <u>Minimum guaranteed annual rent (in Euros)</u> | <u>Minimum guaranteed total rent (in Euros)</u> |
|-----------------------|-----------------|--|---|
| ACCOR / MERCURE Girne | For 2010 | 1,200 | 1,200 |
| ACCOR / MERCURE Girne | For 2011 | 1,500 | 1,500 |
| ACCOR / MERCURE Girne | For 2012 | 2,000 | 2,000 |
| | | | 4,700 |

Non- cancellable operating lease receivables

| | <u>31 December 2009</u> | <u>31 December 2008</u> | <u>31 December 2007</u> |
|----------------------------|-------------------------|-------------------------|-------------------------|
| Less than one year | 19,603 | 19,426 | 7,487 |
| Between one and five years | 60,946 | 58,103 | 37,303 |
| More than five years | 49,353 | 70,037 | 28,335 |
| | 129,902 | 147,566 | 73,125 |

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24 EMPLOYEE BENEFITS

For the years ended 31 December, the movements in the reserve for severance payments were as follows:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|--------------|--------------|--------------|
| Balance at the beginning of the period | 3,387 | 2,575 | 1,852 |
| Interest cost | 1,678 | 859 | 1,039 |
| Service cost | 3,132 | 1,057 | 347 |
| Paid during the year, reversal (*) | (2,769) | (680) | (530) |
| Effects of change in foreign exchange rate | 47 | (43) | 24 |
| Effect of change in ownership | 308 | 80 | -- |
| Actuarial difference | 666 | (461) | (570) |
| Effect of change in group structure | -- | -- | 413 |
| Balance at the end of the period | 6,449 | 3,387 | 2,575 |

(*)1,161 of total personnel transferred from TGS to HAVAŞ has obtained termination benefits amounting to TL 1,682.

Such payments are calculated on the basis of 30 days' pay maximum full TL 2.365 as at 31 December 2009 (31 December 2008: TL 2.173, 31 December 2007: TL 2.030) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the financial statements on a current basis. The reserve has been calculated by estimating the present value of future probable obligation of the Company arising from the retirement of the employees. The calculation was based upon the retirement pay ceiling announced by the government.

The provision has been calculated by estimating the present value of the future probable obligation of the Company and its subsidiaries and joint venture registered in Turkey arising from the retirement of employees. International Accounting Standard No. 19 ("IAS 19") "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at 31 December 2009 have been calculated by 5.92% discount rate assuming an annual inflation rate of 4.80% and interest rate of 11% (31 December 2008: annual inflation rate of 5.40%, a interest rate of 12.00% and 6.26% discount rate, 31 December 2007: annual inflation rate of 5.00% ,an interest rate of 11.00% and 5.71% discount rate). It is planned for some of the jointly controlled entities that rights related to employee benefits to be paid at the end of the concession agreement. Accordingly, the net present value of the total retirement pay obligation is calculated with considering the duration of concession agreements.

25 RETIREMENT PLANS

The Group does not have any retirement plans as of 31 December 2009, 31 December 2008 ve 31 December 2007.

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26 OTHER ASSETS AND LIABILITIES

Other Current Assets

At 31 December, other current assets comprised the following:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|----------------|----------------|----------------|
| Prepaid concession expenses | 66,173 | 59,750 | 51,460 |
| VAT carried forward | 42,952 | 55,217 | 19,436 |
| Advances given to subcontractors | 29,294 | 77,768 | 21,119 |
| Advances given to suppliers | 15,570 | 17,670 | 20,801 |
| Accrued income | 15,153 | 15,099 | -- |
| Prepaid expenses | 12,078 | 9,725 | 9,980 |
| Prepaid taxes | 2,884 | 6,769 | 6,359 |
| Taxes and funds to be refunded | 863 | 991 | 1,236 |
| Job advances | 401 | 1,783 | 1,015 |
| VAT share for prepaid rent paid to DHMI | -- | -- | 7,349 |
| Other | 5,498 | 6,943 | 3,271 |
| | 190,866 | 251,715 | 142,026 |

VAT portion of prepaid rent related with DHMI is closed in the year 2008. According to the 4th clause of the rent agreement related with renting of operation rights of İstanbul Atatürk Airport Domestic and International Terminal Building, Parking Building and General Airport Terminal, advance payment made to DHMI is amounting to USD 690,170. (Group share: USD 180,267) VAT amount in this payment is USD 105,280. (Group share: USD 27,498)

As at 31 December 2009, VAT receivable of MIP for storage and terminal services is amounting to TL 18,134 since MIP cannot offset its VAT payable resulted from given services with its VAT receivable resulted from received services (31 December 2008: TL 11,132; 31 December 2007: TL 3,563). VAT receivables amounting to TL 7,759 is resulted from VAT related with TAV Tblisi and TAV Tunisia due to local laws.

As at 31 December 2009, advances given to subcontractors are comprised of projects in Doha, Dubai and Oman and Karasu HEPP, Otlucahes HEPP and Loft 2 and Bursa Otel projects. At 31 December 2008, advances given to subcontractors are mainly comprised of advances given to subcontractors for the Otlucahes Dam Hydroelectric Power Plant project, Saraçbendi Dam Hydroelectric Power Plant project and Çamlıca III Dam Hydroelectric Power Plant project in Turkey.

As at 31 December 2009 and 2008, accrued income is mainly comprised of accruals for progress billings of Aliğa Organized Industrial District primary and secondary jobs project and natural gas project.

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26 OTHER ASSETS AND LIABILITIES (continued)

Other Non-current Assets

At 31 December, other non-current assets comprised the following:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|----------------|----------------|----------------|
| Prepaid concession expense | 60,609 | 55,849 | 56,342 |
| VAT carried forward | 59,738 | 30,521 | 22,120 |
| VAT share of prepaid rent expense to DHMI | -- | -- | 6,761 |
| Advance given | 24,450 | 13,971 | 4,134 |
| Withholding taxes over progress billings | 5,210 | 2,819 | 7,877 |
| Advances given to subcontractors | 4,968 | 3,933 | -- |
| Prepaid expense | 2,049 | 2,122 | 4,211 |
| Income accrual | 1,422 | 1,322 | -- |
| Deferred commission expense | -- | 2,882 | -- |
| Advances given for the share acquisition | -- | 1,371 | -- |
| Other | 3,599 | 1,256 | 392 |
| Other Non-Current Asset | 162,045 | 116,046 | 101,837 |

As of 31 December 2009, prepaid concession expense amounting to TL 60,609 is related with Tav Havalimanları (31 December 2008: TL 55.849. 31 December 2007: TL 56.342).

As at 31 December 2009, VAT carried forward is mainly related to the VAT incurred from capital expenditures amounted to TL 27,289 especially made for the hydroelectric plant projects. Since these plants are under construction for hydroelectric plant projects, the Group does not have adequate VAT payable in order to net-off these VAT receivables. As at 31 December 2009 income accruals amounting to TL 1,422 (31 December 2008: TL 1,322) includes income accruals related to Levent Loft Project. As at 31 December 2009 VAT carried forward belongs to Akfen GYO is TL 25,953 (31 December 2008: TL 22,374, 31 December 2008: TL 18,595)

The income of real estate investment trusts is exempt from Corporate Income Tax according to New Corporate Tax Law. However, Akfen GYO is subject to pay 18% VAT for the purchase of construction materials.

Advances given amounting to TL 24,016 is related with fixed asset advance of Akfen Hes project construction.

Other current liabilities

As of 31 December 2009, other current liabilities mainly include expense accruals of Tav Yatırım, Tav Insaat Libya, Tav Insaat Gulf, Tav Insaat Tunisia, Tav Insaat Egypt, Tav Insaat Turkey, Tav Insaat Doha, Tav Insaat Umman amounting to TL 14,152, provisions related to subcontractors of HES projects of Akfen Insaat, Loft 2 and Bursa Hotel projects amounting to TL 5,734, bonus provision and provision for unreceived invoices of MIP amounting to TL 3,290.

As at 31 December 2008 other current liabilities mainly consists of Hes Projects of Akfen İnşaat amounting to TL14,500 and provisions related to subcontractors of Loft 2 and Antep hotel projects.

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26 OTHER ASSETS AND LIABILITIES (continued)

Other non-current liabilities

As at 31 December 2009 other non-current liabilities are mainly comprised of deferred income related with the unearned concession rent income from ATÜ amounting to TL 8,092.

As at 31 December 2008 other non-current liabilities are mainly comprised of upfront sub-operation fees collected from sub-operators of Tüvtürk Kuzey amounting to TL 342,258.

27 EQUITY

At 31 December, the shareholding structure of the Company based on the number of shares is presented below:

| | <u>2009</u> | | <u>2008</u> | | <u>2007</u> | |
|----------------------------------|---------------|------------------|---------------|------------------|---------------|------------------|
| | <u>Share</u> | <u>% of</u> | <u>Share</u> | <u>% of</u> | <u>Share</u> | <u>% of</u> |
| | <u>Amount</u> | <u>ownership</u> | <u>Amount</u> | <u>ownership</u> | <u>Amount</u> | <u>ownership</u> |
| Hamdi Akın | 94.363 | 94,68 | 59.005 | 94,07 | 59,005 | 94,07 |
| Akfen İnşaat | 4.125 | 4,14 | 3.595 | 5,72 | 3,595 | 5,72 |
| Şafak Akın | 41 | 0,04 | 41 | 0,07 | 41 | 0,07 |
| Meral Köken | 41 | 0,04 | 41 | 0,07 | 41 | 0,07 |
| Nihal Karadayı | 41 | 0,04 | 41 | 0,07 | 41 | 0,07 |
| Akınıs Makine | 529 | 0,53 | -- | -- | -- | -- |
| Akfen Turizm | 529 | 0,53 | -- | -- | -- | -- |
| Paid in capital (nominal) | 99.669 | 100 | 62.723 | 100 | 62,723 | 100 |

As at 31 December 2009, 2008 and 2007 there is no pledge on Akfen Holding's share.

As at 31 December 2009, the number of shares is 104,513,890 with a par value of TL 1 each. As at 31 December 2009, TL 4,845 is unpaid portion of the share capital amounting to TL 104,514. As mentioned in the explanatory note 2.1 (f) (i) above, after the merger of Akfen Altyapı with Akfen Holding on 29 July 2009, the Group's paid in capital increased by TL 36,946. The part of balance amounting to TL 1,587 is presented in treasury shares.

Translation reserve

The translation reserve amounting TL 25,004 (31 December 2008: TL 25,931, 31 December 2007: TL 29,950) comprise of foreign exchange difference arising from the translation of the financial statements of MIP, TAV Yatırım, RHI, RPI, Hyper Foreign and TAV Havalimanları from their functional currency of USD and Euro to the presentation currency TL which is recognized in other comprehensive income under equity.

Hedging Reserve

The hedging reserve comprise the effective portion of the cumulative net change in the fair value of cash flow hedging instrument related to hedged transaction that have not yet occurred. As at 31 December 2009, the hedging reserve amounting TL 60,677 is recognized in equity which is related to the interest rate swap contracts made in 2009 by MIP and TAV Havalimanları (31 December 2008: TL 82,571 from MIP and TAV Havalimanları; 31 December 2007: TL 10,959 from MIP and Tüvtürk İstanbul "swap" agreements).

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27 EQUITY (continued)

Revaluation Surplus

The customer relationship and DHMI licence were remeasured to their fair values by TAV Havalimanları in 2007. The change in fair value is reflected as revaluation surplus in the consolidated financial statements of TAV Havalimanları.

The accompanying consolidated financial statements include the Group's share of therevaluation surplus as at 31 December 2009, 2008 and 2007.

Treasury shares

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

Business combination of entities under common control

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

Restricted Reserves

Retained earnings as per statutory financial statements, other than legal reserve requirements, are available for distribution subject to legal reserve requirement referred to below:

The legal reserve consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

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28 REVENUE AND COST OF SALES

28.1 Sales

For the years ended 31 December, revenue comprised the following:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|------------------|----------------|----------------|
| Contract revenue | 551,093 | 438,497 | 356,019 |
| Revenue from ship side operations | 117,468 | 98,006 | 56,522 |
| Revenue from aviation services | 63,013 | 53,116 | 37,568 |
| Revenue from sales of tax free goods | 62,494 | 61,170 | 51,479 |
| Ground handling income | 54,295 | 43,773 | 24,129 |
| Revenue from sales of foreign currency | 49,195 | 42,909 | 37,824 |
| Commission from sales of duty free goods | 38,322 | 30,080 | 23,104 |
| Revenue from catering services | 18,254 | 14,989 | 12,058 |
| Rent income from investment property | 17,699 | 14,970 | 5,842 |
| Insurance brokerage commission income | 13,975 | 11,365 | 8,497 |
| Revenue from trading property sold | -- | -- | 37,396 |
| Others | 43,459 | 40,591 | 47,740 |
| | 1,029,267 | 849,466 | 698,178 |

28.2 Cost of sales

For the years ended 31 December, cost of sales comprised the following:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|----------------|----------------|----------------|
| Contract cost | 291,352 | 201,809 | 225,695 |
| Personnel expense | 140,390 | 105,359 | 55,061 |
| Cost of trading goods sold | 131,407 | 123,103 | 89,324 |
| Rent expense | 84,007 | 75,846 | 57,065 |
| Cost of sale of foreign currency | 47,505 | 41,374 | 34,858 |
| Amortization and depreciation | 39,770 | 36,804 | 21,239 |
| Cost of ship side operations | 23,818 | 26,153 | 12,297 |
| Cost of services sold | 16,462 | 15,592 | 8,576 |
| Property operating expense and cost of investment property sold | 1,687 | 3,632 | 35,752 |
| Others | 66,949 | 45,105 | 29,962 |
| | 843,347 | 674,777 | 569,829 |

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29 SALES, MARKETING AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

29.1 General Administrative Expenses

For the years ended 31 December, general administrative expenses comprised the following:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|-----------------------------|----------------|---------------|----------------|
| Compensation expense (*) | 32,750 | -- | -- |
| Personnel expenses | 29,084 | 25,467 | 27,208 |
| General office expenses | 12,896 | 12,206 | 13,362 |
| Non-deductible VAT | 10,660 | 7,067 | 7,967 |
| Consultancy expenses | 8,575 | 7,235 | 11,728 |
| Insurance expense | 5,494 | 3,156 | 3,368 |
| Depreciation expenses (***) | 4,901 | 3,855 | 3,813 |
| Rent expense | 2,876 | 5,553 | 4,143 |
| Other project costs (**) | 3,666 | 4,198 | 4,152 |
| Representation expenses | 3,558 | 5,349 | 5,357 |
| Travel expenses | 2,753 | 3,615 | 3,517 |
| Taxes and duties | 1,918 | 2,259 | 5,700 |
| Office equipment expenses | 1,408 | 1,004 | 2,609 |
| Outsourced expenses | 343 | 501 | 3,982 |
| Others | 11,539 | 11,127 | 9,884 |
| | 132,421 | 92,592 | 106,790 |

(*) On 3 November 2009, Akfen Holding paid an additional fee amounting 32,750 TL to release the pledge on the shares of TAV Havalimanları.

(**) Other project costs comprised of expenses related with the construction projects. Since these costs are not directly associated with projects, they are not allocated to the project costs.

(***) For the years ended 31 December 2008 and 2007, depreciation and amortization expenses amounting to TL 9,870 and TL 209 are shown under discontinued operations. (See note 34).

30 EXPENSES BY NATURE

As at 31 December 2009, 2008 and 2007, The Group's expenses are presented on functional basis (see note 29).

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31 OTHER INCOME/EXPENSE

For the years ended 31 December, other income comprised the following:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|---------------|----------------|----------------|
| Gain on sale of investments (*) | 5,336 | -- | 158,625 |
| Change in fair value of investment property (Not 17) | 41,967 | 117,345 | 132,987 |
| Gain on sale of trading properties | 8,108 | -- | -- |
| Advertising income | 6,836 | 3,655 | 4,643 |
| Rent income | 5,255 | 1,498 | 5,478 |
| Compensation income | 1,684 | -- | -- |
| Gain on sale of tangible assets | 569 | 1,342 | 209 |
| Gain on sale of marketable securities | 291 | 822 | 419 |
| Provisions released during the period | 135 | 2,764 | 1,623 |
| Others | 8,237 | 7,894 | 333 |
| | 78,418 | 135,320 | 304,317 |

For the year ended 31 December 2009, compensation income is mainly due to the collection of delay progress receivables from ISKI amounting to TL 866 and the letter of guarantees which was turned into cash amounting to TL 745.

(*) As of 31 December 2009, gain on sale of investment includes the gain of sale TAV Tunisia shares to International Finance Corporation ("IFC") amounting to TL 4,326. The agreement regarding the sale of 15% of shares of TAV Tunisie SA, amounting to Euro 27,999 (equivalent to TL 60,488) to International Finance Corporation (IFC), a World Bank entity, is signed by the parties in 30 June 2009. The sale has completed in August 2009 and the transfer of the shares has been completed by IFC. As at 31 December 2009 ownership stake in TAV Tunisie SA decreased to 85% from 100% (31 December 2008: 100%).

As of 31 December 2007, gain on sale of investments is comprised from the gain of the sale of TAV Havalimanları and Akfen GYO shares to public and THO, amounting TL 138,655 and TL 19,970, respectively.

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31 OTHER INCOME/EXPENSE (continued)

For the years ended 31 December, other expenses comprised the following:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|---------------|---------------|---------------|
| Impairment loss on investment property (Not 17) | 18,103 | 4,193 | 32,094 |
| Loss on liquidation of subsidiaries | 1,656 | -- | -- |
| Loss on sale on tangible assets | 1,030 | 27 | 124 |
| Loss from sale on subsidiary | -- | 1,889 | 2,797 |
| Loss on sale on investment property | -- | 1,554 | -- |
| Impairment of trading property | -- | 1,500 | -- |
| Impairment of subsidiary | -- | -- | 1,510 |
| Goodwill impairment (Not 20) | -- | -- | 4,526 |
| Indemnity expenses | -- | -- | 2,585 |
| Guarentee expenses of temporary accepted projects | -- | -- | 3,680 |
| Other | 4,202 | 1,431 | 3,777 |
| | 24,991 | 10,594 | 51,093 |

Impairment of subsidiary is attributable to the impairment of Batı Karadeniz and Tekaş Elektrik during 2007.

Loss on liquidation of subsidiaries is attributable to the management decision about liquidation of ATI as at 31 December 2009.

For the year ended 31 December 2008, loss from sale of subsidiary is attributable to the difference in the buying and selling prices of 979 shares of BGT sold by Akfen HES to MNG Emaş Elektro Sistemleri Mühendislik Sanayi ve Ticaret A.Ş. which were bought at TL 2,059 and sold at TL 170 on 8 August 2008.

For the year ended 31 December 2009, TL 12,577, TL 3,494 and remaining TL 982 part of impairment loss on investment property are comprised of impairment of Girne Mercure Hotel, IBIS Eskişehir Hotel Fitness Center and IBIS Eskişehir Hotel respectively. For the year ended 31 December 2008, TL 1,545 and remaining TL 2,648 part of impairment loss on investment property are comprised of impairment of a property in İstanbul and of revaluation of IBIS Eskişehir Hotel Fitness Center, respectively. For the year ended 31 December 2007, the impairment on investment property amounted to TL 32,094 is mainly recognised based on the fair value of the land in Ankara amounting TL 30,633. Impairment related with trading property is explained in Note 17.

Indemnity expense is attributable to the cancellation of a rental contract of a casino in Northern Cyprus during 2007.

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32 FINANCE INCOME

For the years ended 31 December, finance income comprised the following:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|---------------|---------------|---------------|
| Finance income | | | |
| Foreign exchange gain | 54,203 | 178 | 27,323 |
| Interest income | 14,974 | 10,167 | 10,086 |
| Discount income related to IFRIC 12(*) | 3,746 | 2,072 | 916 |
| Unearned interest income, net | 2,959 | -- | -- |
| Others | 192 | 157 | 2,475 |
| | 76,074 | 12,574 | 40,800 |

(*)Discount income includes unwinding of discount on guaranteed passenger fee receivables from DHMI (concession receivables).

For the years ended 31 December, financial income/(expenses) accounted in other comprehensive income are as follows:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|---------------|-----------------|-----------------|
| Foreign currency translation differences | (3,018) | 57,649 | (19,914) |
| Hedging reserve | 21,894 | (71,562) | (9,548) |
| | 18,876 | (13,913) | (29,462) |

As at 31 December 2009, the hedging reserve amounting TL 21,894 (31 December 2008: TL 71,562; 31 December 2007: TL 9,548) is recognized in equity which is related to the interest rate swap contracts made in 2009 by MIP and TAV Havalimanları.

The translation reserve amounting TL 3,018 comprises of foreign exchange difference arising from the translation of the financial statements of MIP, TAV Yatırım, RPI, RHI and TAV Havalimanları, from their functional currency of USD and Euro to the presentation currency TL which is recognized in equity for the year ended 31 December 2009 (31 December 2008: TL 57,649 from TAV Yatırım, RPI, RHI and TAV Havalimanları; 31 December 2007: TL 19,914 from MIP, TAV Yatırım, TAV Havalimanları and Hyper Foreign).

33 FINANCE EXPENSES

For the years ended 31 December, finance expense comprised the following:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--------------------------------|------------------|------------------|-----------------|
| Interest expenses | (170,750) | (112,648) | (64,876) |
| Foreign exchange loss | (46,440) | (128,356) | (14,985) |
| Unearned interest expense, net | -- | (3,195) | -- |
| Others | (5,946) | (1,407) | (6,565) |
| | (223,136) | (245,606) | (86,426) |

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34 ASSET CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Group, as explained in Note 2 and Note 4, has sold its shares in 33.33% owned Tüvtürk Kuzey- Tüvtürk Güney and Tüvtürk İstanbul and 100% owned AIH Muayene to TEST AŞ on 27 October 2009. As explained in Note 2.1 (f) (i), profit for the year is classified as “profit from discontinued operations, net of tax” for the consolidated financial statements for the year ended 31 December 2009, 2008 and 2007.

The period income of Tüvtürk Kuzey-Tüvtürk Güney and Tüvtürk İstanbul for the year ended 31 December 2009, 2008 and 2007 has been presented under “profit from discontinued operation, net of tax” balances in the accompanying consolidated financial statements.

Assets classified as held for sale as at 31 December 2007 comprised of land owned by Akfen İnşaat and sold within the year 2008, amounting to TL 3,260.

Profit from discontinued operations, net of tax

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|----------------|-----------------|---------------|
| Revenue | 171,726 | 39,359 | -- |
| Cost of sales | (137,572) | (34,086) | -- |
| Other income | 154 | 28,682 | -- |
| Other expense | -- | (27,622) | -- |
| General administrative expenses | (18,601) | (12,326) | (5,942) |
| Marketing expense | (262) | (886) | (52) |
| Finance income | 10,696 | 1,775 | 25,493 |
| Finance expense | (13,297) | (34,953) | (4,212) |
| Tax income/(expense) | (1,878) | 8,814 | (3,097) |
| Gain sale of subsidiaries (AIH Muayene, Tüvtürk Kuzey- Tüvtürk Güney, İstanbul) | 183,869 | -- | -- |
| | 194,835 | (31,243) | 12,190 |

35 TAXATION

Corporate tax:

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

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

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

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35 TAXATION (continued)

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

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

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

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

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

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

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

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

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35 TAXATION (continued)

Investment allowance:

The Temporary Article 69 added to the Income Tax Law no.193 with the Law no.5479, which became effective starting from 1 January 2006, upon being promulgated in the Official Gazette no.26133 dated 8 April 2006, stating that taxpayers can deduct the amount of the investment allowance exemption which they are entitled to according to legislative provisions effective at 31 December 2005 (including rulings on the tax rate) only from the taxable income of 2006, 2007 and 2008. Accordingly, the investment incentive allowance practice was ended as of 1 January 2006. At this perspective, an investment allowance which cannot be deducted partially or fully in three years time was not allowed to be carried forward to the following years and became unavailable as of 31 December 2008. On the other side, the Article 19 of the Income Tax Law was annulled and the investment allowance practice was ended as of 1 January 2006 with effectiveness of the Article 2 and the Article 15 of the Law no.5479 and the investment allowance rights on the investment expenditures incurred during the period of 1 January 2006 and 8 April 2006 became unavailable.

However, at 15 October 2009, the Turkish Constitutional Court decided to cancel the clause no.2 of the Article 15 of the Law no.5479 and the expressions of “2006, 2007, 2008” in the Temporary Article 69 related to investment allowance mentioned above that enables effectiveness of the Law as of 1 January 2006 rather than 8 April 2006, since it is against the Constitution. Accordingly, the time limitations for the carried forward investment allowances that were entitled to in the previous period of mentioned date and the limitations related with the investments expenditures incurred between the issuance date of the Law promulgated and 1 January 2006 were eliminated. According to the decision of Turkish Constitutional Court, cancellation related with the investment allowance became effective with promulgation of the decision on the Official Gazette and the decision of the Turkish Constitutional Court was promulgated in the Official Gazette no.27456 dated 8 January 2010.

According to the decision mentioned above, the investment allowances carried forward to the year 2006 due to the lack of taxable income and the investment allowances earned through the investments started before 1 January 2006 and continued after that date constituting economic and technical integrity will be used not only in 2006, 2007 and 2008, but also in the following years. In addition, 40% of investment expenditures that are realized between 1 January 2006 and 8 April 2006, within the context of the Article 19 of the Income Tax Law will have the right for investment allowance exemption.

35.1 Taxation income/(expense)

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|----------------|-----------------|--------------|
| Corporation tax expense | (17,358) | (10,583) | (10,520) |
| Deferred tax benefits | 14,239 | 573 | 10,004 |
| Total tax expense | (3,119) | (10,010) | (516) |
| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
| -Income tax benefit/(expense) from continued operations | (1,241) | (18,824) | 2,581 |
| Income tax benefit/(expense) from discontinued operations- (Note 34) | (1,878) | 8,814 | (3,097) |
| Total tax expense | (3,119) | (10,010) | (516) |

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35 TAXATION (continued)

35.1 Tax benefit/(expense) (continued)

Reconciliation of effective tax rate

The reported taxation charge for the years ended 31 December 2009, 2008 and 2007 are different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

| | <u>2009</u> | | <u>2008</u> | | <u>2007</u> | |
|--|----------------|--------------|-----------------|-------------|---------------|--------------|
| | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| Profit/ (loss) for the period | 153,458 | | (76,469) | | 242,612 | |
| Tax expense | (3,119) | | (10,010) | | (516) | |
| Profit/ (loss) excluding income tax) | 156,577 | | (66,459) | | 243,128 | |
| Income tax using the Company's domestic tax rate | (31,315) | (20.0) | 13,292 | (20.0) | (48,626) | (20.0) |
| <i>Permanent differences:</i> | | | | | | |
| Disallowable expenses | (8,671) | (5.5) | (4,777) | 7.2 | (5,512) | (2.3) |
| Translation differences of non-monetary equity items | 112 | 0.1 | (1,217) | 1.8 | 1,725 | 0.7 |
| Tax exempt income | 6,986 | 4.5 | 11,405 | (17.2) | 28,247 | 11.6 |
| Consolidation adjustments | (214) | (0.1) | 174 | (0.3) | 10,035 | 4.1 |
| Investment incentive | 13,165 | 8.4 | 266 | (0.4) | 16,529 | 6.8 |
| Non taxable portion of gain on sale of subsidiary and jointly control entities | 18,599 | 11.9 | -- | -- | -- | -- |
| Recognition of previously unrecognized tax losses | 12,357 | 7.9 | 3,173 | (4.8) | 3,362 | 1.4 |
| Current year losses which no deferred tax asset was recognized | (1,325) | (0.8) | (25,915) | 39.0 | (6,928) | (2.8) |
| Recognition of previously unrecognised temporary differences | (1,125) | (0.7) | -- | -- | -- | -- |
| Change in prior years' losses | (6,316) | (4.0) | 1,127 | (1.7) | -- | -- |
| Translation effect on tax losses | 74 | -- | (1,615) | 2.4 | 619 | 0.3 |
| Effect of tax rates in foreign jurisdictions | (4,689) | (3.0) | (3,532) | 5.3 | 880 | 0.4 |
| Other | (757) | (0.5) | (2,391) | 3.6 | (847) | (0.3) |
| Taxation charge | (3,119) | (2.0) | (10,010) | 15.1 | (516) | (0.2) |

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

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35 TAXATION (continued)

35.2 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

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

| | <i>Assets</i> | | | <i>Liabilities</i> | | | <i>Net</i> | | |
|--|---------------|---------------|---------------|--------------------|-----------------|-----------------|---------------|---------------|--------------|
| | 2009 | 2008 | 2007 | 2009 | 2008 | 2007 | 2009 | 2008 | 2007 |
| Trade and other receivables | 1,452 | 2,324 | 1,193 | (379) | (136) | (75) | 1,073 | 2,188 | 1,118 |
| Airport operation right | 1,580 | 426 | 207 | (6,044) | (2,352) | -- | (4,464) | (1,926) | 207 |
| Intangible assets | 2,818 | 1,507 | 1,935 | (17,938) | (22,715) | (19,830) | (15,120) | (21,208) | (17,895) |
| Tangible assets | 20,357 | 5,851 | 5,761 | (5,950) | (4,067) | (3,309) | 14,407 | 1,784 | 2,452 |
| Effect of IAS 11 application | 9,322 | 4,065 | 11,171 | -- | (4,596) | (10,109) | 9,322 | (531) | 1,062 |
| Effect of IFRIC 12 application | -- | -- | -- | (452) | (93) | -- | (452) | (93) | -- |
| Derivatives | 14,521 | 19,677 | 4,015 | -- | (765) | (58) | 14,521 | 18,912 | 3,957 |
| Concession fee | -- | -- | -- | (4,384) | (4,045) | (5,883) | (4,384) | (4,045) | (5,883) |
| Other investments | -- | -- | -- | (1,727) | (1,577) | -- | (1,727) | (1,577) | -- |
| Sub-operators license costs | -- | -- | -- | -- | (3,380) | -- | 0 | (3,380) | -- |
| Investment incentive | 29,117 | 16,841 | 16,529 | -- | -- | -- | 29,117 | 16,841 | 16,529 |
| Non-current assets | -- | 3,670 | -- | -- | -- | -- | -- | 3,670 | -- |
| Investment property | 4,719 | 4,996 | 4,543 | (33,953) | (21,535) | (11,745) | (29,234) | (16,539) | (7,202) |
| Tax loss carry-forward | 21,318 | 33,862 | 13,839 | -- | -- | -- | 21,318 | 33,862 | 13,839 |
| Trade and other liabilities | 1,063 | 120 | 988 | (1,272) | -- | (74) | (209) | 120 | 914 |
| Financial liabilities | 1,994 | 1,079 | 114 | (377) | (837) | (963) | 1,617 | 242 | (849) |
| Other temporary differences | 982 | 1,125 | 1,642 | (825) | (544) | 23 | 157 | 581 | 1,665 |
| Subtotal | 109,243 | 95,543 | 61,937 | (73,301) | (66,642) | (52,023) | 35,942 | 28,901 | 9,914 |
| Net-off tax | (54,267) | (41,916) | (32,154) | 54,267 | 41,916 | 32,154 | -- | -- | -- |
| Total deferred tax assets/(liabilities) | 54,976 | 53,627 | 29,783 | (19,034) | (24,726) | (19,869) | 35,942 | 28,901 | 9,914 |

According to the Tax Procedural Law, statutory losses can be carried forward maximum for five years. Consequently, 2014 is the latest year for recovering the deferred tax assets arising from carried forward tax losses. The Group management forecasted to generate taxable income during 2009 and the years thereafter and based on this forecast, it has been assessed as probable that the deferred tax assets resulting from carried forward tax losses in the amount of TL 21,346 (31 December 2008: TL 33,862; 31 December 2007: TL 13,839) will be realisable; hence, such realisable deferred tax assets are recognised in the consolidated financial statements.

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35 TAXATION (continued)

35.2 Deferred tax assets and liabilities (continued)

Unrecognized deferred tax assets and liabilities

At the balance sheet date, the Group has statutory tax losses of TL 125,460 (2008: TL 161,177; 2007: TL 60,010) available for offset against future profits. Deferred tax asset amounting TL 25,092 (2008: TL 32,235; 2007: TL 12,002) has not been recognized in respect of the statutory tax losses carried forward. Such losses carried forward expire until 2014. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits there from. Tax losses will expire as follows:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--------------------------|------------------|------------------|-----------------|
| Expire in 2008 | -- | -- | 2,004 |
| Expire in 2009 | -- | 5,935 | 2,063 |
| Expire in 2010 | 13,292 | 12,340 | 16,404 |
| Expire in 2011 | 16,997 | 42,343 | 51,662 |
| Expire in 2012 | 11,443 | 45,023 | 57,072 |
| Expire in 2013 | 168,878 | 224,846 | -- |
| Expire in 2014 | 21,580 | -- | -- |
| | <u>232,190</u> | <u>330,487</u> | <u>129,205</u> |
| Used amount | <u>(106,730)</u> | <u>(169,310)</u> | <u>(69,195)</u> |
| Unused tax losses | <u>125,460</u> | <u>161,177</u> | <u>60,010</u> |

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

36 EARNING PER SHARE

For the years ended 31 December 2009, 2008 and 2007, the amounts of earning per share as TL 149,880, TL (120,258) and TL 199,163 respectively is calculated by dividing the consolidated statement of comprehensive income/(expense) on attributable to main shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|-------------|-------------|-------------|
| Income/(expense) on attributable to main shareholders of the Company | 149,880 | (120,258) | 199,163 |
| The weighted average number of shares outstanding during the period | 83.616.890 | 62.719.890 | 62.719.890 |
| Profit/(loss) per share from operations (full TL) | 1.792 | (1.917) | 3.175 |

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37 RELATED PARTY DISCLOSURES

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

37.1 Related party balances

At 31 December, the Group had the following short term receivables and payables balances from its related parties:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|------------------------|---------------|---------------|---------------|
| Trade receivables | 23,804 | 17,271 | 22,074 |
| Non- trade receivables | 5,295 | 22,769 | 1,192 |
| | 29,099 | 40,040 | 23,266 |
| Trade payables | 24,650 | 13,931 | 21,432 |
| Non-trade payables | 13,143 | 33,335 | 21,095 |
| | 37,793 | 47,266 | 42,527 |

At 31 December, the Group had the following long term receivables and payables balances from its related parties:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|------------------------|---------------|---------------|---------------|
| Trade receivables | 3,751 | 4,750 | 7,668 |
| Non- trade receivables | 1,878 | 14,010 | 5,755 |
| | 5,629 | 18,760 | 13,423 |
| Trade payables | 5,889 | 2,352 | 1,331 |
| Non-trade payables | 10,833 | 13,345 | 11,964 |
| | 16,722 | 15,697 | 13,295 |

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

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37 RELATED PARTY DISCLOSURES (continued)

37.1 Related party balances (continued)

At 31 December, the Group had the following short term trade receivables from its related parties:

| <i>Due from related parties (short term-trade)</i> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|---------------|---------------|---------------|
| Task Water B.V. | 7,145 | 7,081 | -- |
| Tav Tepe Akfen Yatırım İnş. İşl. A.Ş. | 2,210 | 174 | 1,139 |
| TAV Tunus | 1,897 | 77 | 6,807 |
| ATÜ | 1,860 | 1,307 | 557 |
| Sky Oryx Joint Venture | 1,699 | 943 | 22 |
| Bugato Insaat (*) | 1,375 | -- | -- |
| LCC Sabha Uluslararası Havalimanı Projesi | 1,164 | 369 | -- |
| Odebrecht TAV LCCC JV ("ODTC JV") | 1,046 | -- | -- |
| İbrahim Süha Güçsav | 1,024 | -- | -- |
| Mustafa Keten | 919 | -- | -- |
| İrfan Erciyas | 513 | -- | -- |
| Selim Akın | 491 | -- | -- |
| Arbiogaz Çevre Teknolojileri A.Ş. | 472 | 220 | -- |
| Cennetkaya Sportif ve Turistik Tes. San. Ve Tic. A.Ş. | 74 | -- | -- |
| TAV Insaat | 57 | -- | -- |
| Sera Yapı End. ve Tic. A.Ş. (Sera Yapı) (*) | 23 | 3,053 | 11,242 |
| Task Su | 22 | 12 | 655 |
| Tav İstanbul Terminal İşl. A.Ş. | 6 | 643 | 271 |
| MIP | 5 | 72 | 397 |
| Tüvtürk Kuzey – Tüvtürk Güney | -- | 799 | -- |
| Other | 1,920 | 2,979 | 1,906 |
| Unearned interest (-) | (118) | (458) | (922) |
| | 23,804 | 17,271 | 22,074 |

(*) Bugato Insaat and Sera Yapı are the subcontractors of the Group. Receivable from Bugato Insaat comprises advances given by the Group for construction works.

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

| <i>Due from related parties (short term-non trade)</i> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|--------------|---------------|--------------|
| Tepe İnşaat Sanayi A.Ş. ("Tepe İnşaat") | 3,245 | 222 | -- |
| Sera Yapı | 695 | 131 | -- |
| TAV Tunus | 292 | 1,603 | -- |
| TAV Gözen | 244 | 193 | -- |
| CAS | 240 | 187 | -- |
| Hamdi Akın | -- | 18,780 | -- |
| Odebrecht- Tripoli Project | -- | 2,718 | -- |
| Tav G Otopark Yat. Yap. ve İşl. A.Ş. | -- | 810 | -- |
| TAV Havalimanları | -- | 315 | -- |
| TAV Esenboğa Yatırım Yapım ve İşl. A.Ş. | -- | -- | 484 |
| TAV Bilişim Hizm. A.Ş. | -- | -- | 452 |
| Other | 579 | 687 | 256 |
| Unearned interest (-) | -- | (2,877) | -- |
| | 5,295 | 22,769 | 1,192 |

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37 RELATED PARTY DISCLOSURES (continued)

37.1 Related party balances (continued)

At 31 December, the Group had the following long term trade receivables from its related parties:

| <i>Due from related parties (long term- trade)</i> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|--------------|--------------|--------------|
| Kirazlı Konutları Joint Venture | 2,618 | 2,298 | 2,064 |
| Alarko-Akfen İnş. Joint Venture | 1,158 | 862 | 1,032 |
| Sky Oryx Joint Venture | 299 | -- | -- |
| Riva | -- | 1,347 | 630 |
| Tüvtürk İstanbul | -- | -- | 77 |
| Other | 56 | 640 | 4,203 |
| Unearned interest (-) | (380) | (397) | (338) |
| | 3,751 | 4,750 | 7,668 |

At 31 December, the Group had the following long term non trade receivables from its related parties:

| <i>Due from related parties (long term-non trade)</i> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|--------------|---------------|--------------|
| Hyper Foreign | 2,152 | 549 | 207 |
| Tepe İnşaat | -- | 9,524 | 5,606 |
| TAV Tiflis | -- | 3,781 | -- |
| Tüvtürk İstanbul | -- | 315 | -- |
| Unearned interest (-) | (274) | (159) | (58) |
| | 1,878 | 14,010 | 5,755 |

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37 RELATED PARTY DISCLOSURES (continued)

37.1 Related party balances (continued)

At 31 December, the Group had the following short term trade payables to its related parties:

| <i>Due to related parties (short term- trade)</i> | 2009 | 2008 | 2007 |
|---|---------------|---------------|---------------|
| Sky Oryx Joint Venture(*) | 5,386 | 2,474 | -- |
| Bugato Insaat(**) | 3,376 | -- | -- |
| Tepe İnşaat Sanayi A.Ş. | 2,479 | 1,803 | -- |
| Kirazlı Konutları Adi Ortaklığı | 1,654 | -- | -- |
| Muscat CCC & TAV Cons. | 1,591 | -- | -- |
| Mustafa Keten | 1,267 | -- | -- |
| İrfan Erciyas | 900 | -- | -- |
| Tav İstanbul Terminal İşl. A.Ş. | 891 | 117 | 84 |
| Süha Güçsav | 875 | -- | -- |
| Selim Akın | 625 | -- | -- |
| ODTC JV | 530 | 2,505 | -- |
| TAV Bilişim Hizm. A.Ş. | 388 | 16 | 93 |
| Tav Tepe Akfen Yatırım İnş. İşl. A.Ş. | 83 | 89 | 1,188 |
| Hamdi Akın | 75 | -- | -- |
| BTA Yiyecek İçecek Hizm. A.Ş. | 74 | 44 | 49 |
| TAV Havalimanları | 48 | 141 | -- |
| TAV Havacılık AŞ | 47 | 17 | 304 |
| TAV İşl. Hizm. A.Ş. | 36 | 143 | 219 |
| Tüvtürk Kuzey – Tüvtürk Güney | 26 | 1,854 | 555 |
| Sera Yapı End. ve Tic. Ltd. Sti. | 22 | 1,290 | 2,905 |
| TAV İnşaat (***) | 9 | 358 | 51 |
| Cihan Kamer | -- | -- | 6,696 |
| Tüvtürk İstanbul | -- | -- | 3,480 |
| Akınısı Ekin Joint Venture | -- | -- | 1,304 |
| Other | 4,336 | 3,404 | 6,132 |
| Unearned interest (-) | (68) | (324) | (1,628) |
| | 24,650 | 13,931 | 21,432 |

(*) Payable to Sky Oryx Joint Venture mainly comprised of advances received by the Group for the construction works.

(**) Payable amount to Bugato Insaat is related with guarantees taken for billings.

(***) Payable to TAV İnşaat represents the trade payables related with the construction and renovation of Enfidha, Monastir and Gazipaşa Airports.

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37 RELATED PARTY DISCLOSURES (continued)

37.1 Related party balances (continued)

At 31 December, the Group had the following short term non trade payables to its related parties:

| <i>Due to related parties (short term-non trade)</i> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|---------------|---------------|---------------|
| LCC Sabha Uluslararası Havalimanı Projesi | 3,259 | -- | 31 |
| Tav İstanbul Terminal İşl. A.Ş. | 3,032 | 410 | 817 |
| TGS | 2,889 | -- | -- |
| Hamdi Akın | 2,007 | 433 | 5,247 |
| Tepe İnşaat Sanayi A.Ş. | 750 | 14,814 | 275 |
| Sky Oryx Joint Venture | 595 | 1,955 | 722 |
| ATÜ | 391 | 1,541 | -- |
| Süha Güçsav | 169 | -- | -- |
| Tav Havalimanları | 7 | 275 | -- |
| TAV Tunus (*) | -- | 12,380 | 12,042 |
| Doğuş Otomotiv Servis ve Ticaret A.Ş. | -- | 405 | -- |
| TAV İnşaat | -- | 371 | -- |
| TÜVSÜD AG | -- | 303 | -- |
| TAV Bilişim Hizmetleri A.Ş. | -- | 129 | -- |
| BTA Yiyecek İçecek Hizm. A.Ş. | -- | 111 | 29 |
| TAV İşl. Hizm. A.Ş. | -- | 73 | 900 |
| Other | 44 | 183 | 1,619 |
| Unearned interest (-) | -- | (48) | (587) |
| | 13,143 | 33,335 | 21,095 |

(*) Payable amount of Tav Tunisia SA mainly comprises advances received by the Group for the construction works.

As at 31 December 2009, due to related parties long term-trade mainly consists of Task Su B.V. amounting TL 1,296 and TAV Yatırım amounting to TL 3,684.

As at 31 December 2009, due to related parties long term non trade mainly consists of TGS amounting to TL 5,354 and ATÜ amounting to TL 5,413. The total payable amount of Havaş to TGS is related with the unpaid portion of capital injection as of 31 December 2009.

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37 RELATED PARTY DISCLOSURES (continued)

37.2 Related party transactions

For the year period ended 31 December, the transactions with related parties comprised the following:

Services rendered to related parties

| Company | <u>2009</u> | | <u>2008</u> | | <u>2007</u> | |
|--|-------------|-----------------------|-------------|-----------------------|-------------|-----------------------|
| | Amount | Service | Amount | Service | Amount | Service |
| TAV Tunus Atü | 58,317 | Construction service | 67,761 | Construction service | 16,417 | Construction service |
| Tav İstanbul Terminal İşl. A.Ş. | 36,368 | Sales | 27,549 | Sales | 23,434 | Sales |
| Sky Oryx Joint Venture | 10,819 | Construction service | 1,755 | Construction service | 360 | Construction service |
| TAV Gazipaşa Yat. Ve İşl. A.Ş. | 5,886 | Construction service | 6,730 | Construction service | 2,199 | Construction service |
| TAV İnfaat | 1,085 | Construction service | 989 | Construction service | -- | -- |
| TAV Havalimaları | 419 | Sales | 236 | Sales | -- | -- |
| Ati Service | 461 | Interest income | -- | -- | 569 | Interest income |
| Artı Döviz | 1,300 | Foreign currency gain | -- | -- | -- | -- |
| Task Water B.V. | 619 | Other income | -- | -- | -- | -- |
| Hyper Foreign Riva | 529 | Foreign currency gain | -- | -- | -- | -- |
| Tav Tepe Akfen Yatırım İnş. İşl. A.Ş. | 368 | Foreign currency gain | 496 | Foreign currency gain | -- | -- |
| Tüvtürk Kuzey – Tüvtürk Güney | 215 | Other income | -- | -- | -- | -- |
| TAV İzmir Term. İşlt. A.Ş. | 189 | Foreign currency gain | 72 | Foreign currency gain | 1,074 | Foreign currency gain |
| Tav Tepe Akfen Yatırım İnş. İşl. A.Ş.. | 18,238 | Sales | 5,131 | Sales | -- | -- |
| Sera Yapı End. ve Tic. A.Ş. | -- | -- | -- | -- | 3,014 | Construction service |
| MIP | -- | -- | 269 | Sales | 2,011 | Sales |
| Alsım Alarko Akfen İnş.Ortak Girişimi | -- | -- | 448 | Interest income | 2,020 | Interest income |
| TAV Urban Georgia LLC | -- | -- | -- | -- | 1,086 | Other income |
| Diğer | -- | -- | -- | -- | 1,051 | Interest income |
| | 2,703 | | 7,186 | | 1,499 | Sales |
| | | | | | 4,685 | |

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37 RELATED PARTY DISCLOSURES (continued)

37.2 Related party transactions (continued)

| <u>Services charged by related parties</u> | <u>31 December 2009</u> | | <u>31 December 2008</u> | | <u>31 December 2007</u> | |
|--|-------------------------|---------------------------|-------------------------|---------------------------|-------------------------|-----------------------------|
| <u>Company</u> | <u>Amount</u> | <u>Service</u> | <u>Amount</u> | <u>Service</u> | <u>Amount</u> | <u>Service</u> |
| Tüvtürk Kuzey – Tüvtürk Güney | 38,230 | Purchases Construction | 16,088 | Purchases Construction | -- | -- |
| TAV İnşaat | 12,620 | services | 8,204 | services | -- | -- |
| Tepe İnşaat Sanayi A.Ş. | 3,571 | Purchases | 4,926 | Purchases | 1,583 | Purchases |
| TAV Bilişim Hizmetleri A.Ş. | 2,803 | Purchases | 358 | Purchases | 211 | Purchases |
| Sera Yapı End. ve Tic. Ltd. Sti. | 624 | Purchases | 26,609 | Purchases | 28,140 | Purchases |
| Tav Havalimanları | -- | -- | -- | -- | 10,986 | Public offering expenses |
| Sera Yapı End. ve Tic. Ltd. Sti. | -- | -- | 3 | Interest expense | 4,245 | Interest expense |
| | | Foreign Exchange | | | | |
| Ati Service | 1,494 | Loss | -- | -- | -- | -- |
| BTA Yiyecek İçecek Hizm. A.Ş. | 1,067 | Purchases | 1,268 | Purchases | -- | -- |
| Diğer | 5,455 | | 8,239 | | 5,372 | |

37.3 Key management personnel compensation

Total salaries provided to key management personnel for the Group and subsidiaries amounted to TL 6,683 for the year ended 31 December 2009 (31 December 2008: TL 5,725; 31 December 2007: TL 3,661). Total salaries provided to key management personnel for the joint ventures amounted to TL 16,974 (Group's share: TL 5,199) for the year ended 31 December 2009 (31 December 2008: TL 18,357 (Group's share: TL 5,208) and 31 December 2007: TL 11,833 (Group's share: TL 2,907)).

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38 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 December is as follows:

| 31 December 2009 | Receivables | | | | Deposits on Banks (*) | Derivative Instruments | Other |
|---|-------------------|-------------|-------------------|-------------|-----------------------|------------------------|-------|
| | Trade Receivables | | Other Receivables | | | | |
| | Related Party | Other Party | Related Party | Other Party | | | |
| Exposure to maximum credit risk as at reporting date (A+B+C+D+E) | 27,555 | 358,334 | 7,173 | 8,699 | 458,301 | 3,706 | -- |
| - Portion of maximum risk covered any guarantee | -- | 90,844 | -- | -- | -- | -- | -- |
| A. Net carrying value of financial assets which are not impaired or overdue (2) | 17,831 | 341,534 | 6,586 | 5,367 | 458,301 | 3,706 | -- |
| B. . Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired (3) | -- | -- | -- | -- | -- | -- | -- |
| C. Net carrying value of financial assets which are overdue but not impaired (6) | 9,724 | 16,800 | 587 | 3,332 | -- | -- | -- |
| - The portion covered by any guarantee | -- | 2,647 | -- | -- | -- | -- | -- |
| D. Net carrying value of impaired assets (4) | -- | -- | -- | -- | -- | -- | -- |
| - Past due (gross book value) | -- | 2,066 | -- | -- | -- | -- | -- |
| - Impairment (-) | -- | (2,066) | -- | -- | -- | -- | -- |
| - Not past due (gross book value) | -- | -- | -- | -- | -- | -- | -- |
| - Impairment (-) | -- | -- | -- | -- | -- | -- | -- |
| E. Off balance sheet items with credit risks | -- | -- | -- | -- | -- | -- | -- |

| 31 December 2009 | Receivables | | Deposits on Banks | Derivative Instruments | Other |
|----------------------|-------------------|-------------------|-------------------|------------------------|-------|
| | Trade Receivables | Other Receivables | | | |
| Past due 1-30 days | 2,773 | -- | -- | -- | -- |
| Past due 1-3 months | 14,077 | 2,930 | -- | -- | -- |
| Past due 3-12 months | 9,055 | 989 | -- | -- | -- |
| Past due 1-5 years | 2,601 | -- | -- | -- | -- |
| More than 5 years | 84 | -- | -- | -- | -- |

(*) Deposits on banks include restricted bank balance amounting to TL 177,320.

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

Credit risk (continued)

| 31 December 2008 | Receivables | | | | Deposits on Banks (*) | Derivative Instruments | Other |
|---|-------------------|-------------|-------------------|-------------|-----------------------|------------------------|-------|
| | Trade Receivables | | Other Receivables | | | | |
| | Related Party | Other Party | Related Party | Other Party | | | |
| Exposure to maximum credit risk as at reporting date (A+B+C+D+E) | 22,021 | 333,026 | 36,779 | 6,828 | 240,827 | 14,977 | -- |
| - Portion of maximum risk covered any guarantee | -- | 2,660 | -- | -- | -- | -- | -- |
| A. Net carrying value of financial assets which are not impaired or overdue (2) | 22,021 | 322,223 | 36,779 | 6,828 | 240,827 | 14,977 | -- |
| B. Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired (3) | -- | -- | -- | -- | -- | -- | -- |
| C. Net carrying value of financial assets which are overdue but not impaired (6) | -- | 10,803 | -- | -- | -- | -- | -- |
| - The portion covered by any guarantee | -- | -- | -- | -- | -- | -- | -- |
| D. Net carrying value of impaired assets (4) | -- | -- | -- | -- | -- | -- | -- |
| - Past due (gross book value) | -- | 1,851 | -- | -- | -- | -- | -- |
| - Impairment (-) | -- | (1,851) | -- | -- | -- | -- | -- |
| - Not past due (gross book value) | -- | 22 | -- | -- | -- | -- | -- |
| - Impairment (-) | -- | (22) | -- | -- | -- | -- | -- |
| E. Off balance sheet items with credit risks | -- | -- | -- | -- | -- | -- | -- |

| 31 December 2008 | Receivables | | Deposits on Banks | Derivative Instruments | Other |
|----------------------|-------------------|-------------------|-------------------|------------------------|-------|
| | Trade Receivables | Other Receivables | | | |
| Past due 1-30 days | 7,359 | -- | -- | -- | -- |
| Past due 1-3 months | 660 | -- | -- | -- | -- |
| Past due 3-12 months | 2,410 | -- | -- | -- | -- |
| Past due 1-5 years | 2,139 | -- | -- | -- | -- |
| More than 5 years | 86 | -- | -- | -- | -- |

(*)Deposits on banks include restricted bank balance amounting to TL 135,158.

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38 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)
Credit risk (continued)

| 31 December 2007 | Alacaklar | | | | Deposits on Banks (*) | Derivative Instruments | Other |
|---|-------------------|-------------|-------------------|-------------|-----------------------|------------------------|-------|
| | Trade Receivables | | Other Receivables | | | | |
| | Related Party | Other Party | Related Party | Other Party | | | |
| Exposure to maximum credit risk as at reporting date (A+B+C+D+E) | 29,742 | 234,375 | 6,947 | 15,772 | 165,539 | 91 | -- |
| - Portion of maximum risk covered any guarantee | -- | -- | -- | -- | -- | -- | -- |
| A. Net carrying value of financial assets which are not impaired or overdue (2) | 29,742 | 223,112 | 6,947 | 15,772 | 165,539 | 91 | -- |
| B. . Net carrying value of financial assets that are restructured, otherwise which will be regarded as overdue or impaired (3) | -- | 940 | -- | -- | -- | -- | -- |
| C. Net carrying value of financial assets which are overdue but not impaired (6) | -- | 10,323 | -- | -- | -- | -- | -- |
| - The portion covered by any guarantee | -- | -- | -- | -- | -- | -- | -- |
| D. Net carrying value of impaired assets (4) | -- | -- | -- | -- | -- | -- | -- |
| - Past due (gross book value) | -- | 1,554 | -- | -- | -- | -- | -- |
| - Impairment (-) | -- | (1,554) | -- | -- | -- | -- | -- |
| - Not past due (gross book value) | -- | 940 | -- | -- | -- | -- | -- |
| - Impairment (-) | -- | (940) | -- | -- | -- | -- | -- |
| E. Off balance sheet items with credit risks | -- | -- | -- | -- | -- | -- | -- |

| 31 December 2007 | Receivables | | Deposits on Banks | Derivative Instruments | Other |
|----------------------|-------------------|-------------------|-------------------|------------------------|-------|
| | Trade Receivables | Other Receivables | | | |
| Past due 1-30 days | 4,261 | -- | -- | -- | -- |
| Past due 1-3 months | 333 | -- | -- | -- | -- |
| Past due 3-12 months | 1,009 | -- | -- | -- | -- |
| Past due 1-5 years | 6,274 | -- | -- | -- | -- |
| More than 5 years | -- | -- | -- | -- | -- |

(*)Deposits on banks include restricted bank balance amounting to TL 87,895.

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

Impairment

Movements in the allowance for doubtful receivables for the years ended 31 December was as follows:

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|----------------|----------------|----------------|
| Balance at the beginning of the period | (1,873) | (2,494) | (3,044) |
| Amount recovered during the period | 50 | 1,220 | 85 |
| Written-off | 105 | 226 | 1,334 |
| Allowance for the period | (172) | (412) | (663) |
| Effect of foreign exchange rates | (1) | (405) | (11) |
| Effect of change in group structure | -- | -- | (195) |
| Effect of change in ownership | (175) | (8) | -- |
| Balance at the end of the period | (2,066) | (1,873) | (2,494) |

Liquidity risk

The following tables provide an analysis of monetary liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment as of 31 December 2009:

| <i>31 December 2009</i> | | | | | | | |
|---|-------------|------------------------|----------------------------|-------------------------|--------------------|--------------------|--------------------------|
| | <u>Note</u> | <u>Carrying Amount</u> | <u>Expected Cash flows</u> | <u>3 months or less</u> | <u>3-12 months</u> | <u>1-5 years</u> | <u>More than 5 years</u> |
| Financial liabilities | | | | | | | |
| Loans and borrowings | 8 | 2,234,771 | (2,868,074) | (143,888) | (184,761) | (1,261,101) | (1,278,325) |
| Trade payables | 10 | 164,993 | (165,168) | (140,937) | (13,738) | (10,493) | -- |
| Due to related parties | 10-11-37 | 54,515 | (55,360) | (21,902) | (26,762) | (6,696) | -- |
| Other payables (*) | 11 | 55,434 | (55,432) | (54,350) | (288) | (794) | -- |
| Other short term liabilities(*) | 26 | 30,600 | (30,600) | (30,600) | -- | -- | -- |
| Interest rate swaps used for hedging | | | | | | | |
| | | 85,784 | (104,126) | (9,491) | (20,549) | (59,698) | (14,387) |
| Cross currency swaps | | | | | | | |
| Outflow | | -- | (179,136) | (11,423) | (9,245) | (81,300) | (77,168) |
| Inflow | | (3,606) | 183,498 | 11,524 | 9,588 | 84,003 | 78,383 |
| Total | | 2,622,491 | (3,274,398) | (401,067) | (245,755) | (1,336,079) | (1,291,497) |

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

The following tables provide an analysis of monetary liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment as of 31 December 2008:

31 December 2008

| | Note | Carrying Amount | Expected Cash Flows | 3 months or less | 3-12 months | 1-5 years | More than 5 years |
|--------------------------------------|----------|------------------|---------------------|------------------|------------------|------------------|--------------------|
| Financial liabilities | | | | | | | |
| Loans and borrowings | 8 | 1,955,805 | (2,442,922) | (467,549) | (231,112) | (169,580) | (1,574,681) |
| Trade payables | 10 | 129,392 | (130,213) | (97,435) | (32,740) | (38) | -- |
| Due to related parties | 10-11-37 | 62,962 | (63,659) | (21,829) | (9,653) | (30,396) | (1,780) |
| Other payables (*) | 11 | 22,881 | (22,881) | (22,314) | -- | (567) | -- |
| Other short term liabilities(*) | 26 | 30,130 | (30,130) | (30,130) | -- | -- | -- |
| Interest rate swaps used for hedging | | | | | | | |
| | | 117,410 | (134,580) | (9,251) | (13,326) | (72,123) | (39,879) |
| Cross currency swaps | | | | | | | |
| Outflow | | -- | (162,482) | (7,008) | (8,069) | (66,990) | (80,415) |
| Inflow | | (14,977) | 189,164 | 8,056 | 9,135 | 78,070 | 93,902 |
| Total | | 2,303,603 | (2,797,703) | (647,460) | (285,765) | (261,624) | (1,602,853) |

The following tables provide an analysis of monetary liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment as of 31 December 2007:

31 December 2007

| | Note | Carrying Amount | Expected Cash Flows | 3 months or less | 3-12 months | 1-5 years | More than 5 years |
|--------------------------------------|----------|------------------|---------------------|------------------|------------------|------------------|--------------------|
| Financial liabilities | | | | | | | |
| Loans and borrowings | 8 | 1,333,773 | (1,786,568) | (289,463) | (119,144) | (216,150) | (1,161,811) |
| Trade payables | 10 | 72,049 | (72,173) | (62,477) | (8,553) | (1,143) | -- |
| Due to related parties | 10-11-37 | 55,822 | (58,036) | (7,460) | (30,975) | (19,601) | -- |
| Other payables (*) | 11 | 22,650 | (22,650) | (21,660) | -- | (990) | -- |
| Other short term liabilities(*) | 26 | 6,889 | (6,889) | (6,889) | -- | -- | -- |
| Interest rate swaps used for hedging | | | | | | | |
| Outflow | | 15,170 | (29,773) | (904) | (3,530) | (19,949) | (5,390) |
| Inflow | | (851) | 3,432 | 1,410 | 483 | 684 | 854 |
| Cross currency swaps | | | | | | | |
| Outflow | | 5,645 | (52,427) | -- | (10,576) | (9,666) | (32,185) |
| Inflow | | -- | 45,559 | -- | 9,190 | 8,400 | 27,969 |
| Total | | 1,511,147 | (1,979,525) | (387,443) | (163,105) | (258,415) | (1,170,563) |

(*) Non-financial instruments such as deposits on guarantees, advances received and deferred income are excluded from other payables and other short term liabilities.

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

Currency risk

Exposure to currency risk

As at 31 December 2009, the Group's exposure to foreign currency risk resulted from foreign currency assets and liabilities listed below:

| | 31 December 2009 | | | |
|---|--------------------------|------------------|------------------|------------------|
| | TL Equivalent | USD | Euro | Other (*) |
| 1. Trade receivables | 84,325 | 3,555 | 10,249 | 56,832 |
| 2a. Monetary Financial Assets (including Cash and Cash at Banks) | 245,445 | 121,434 | 19,148 | 21,236 |
| 2b. Non-monetary Financial Assets | 10,322 | 21 | 3,571 | 2,574 |
| 3. Other | 22,768 | 226 | 2,431 | 17,176 |
| 4. Current Assets (1+2+3) | 362,860 | 125,236 | 35,399 | 97,818 |
| 5. Trade receivables | 2,856 | 1,897 | -- | -- |
| 6a. Monetary Financial Assets | -- | -- | -- | -- |
| 6b. Non-monetary Financial Assets | 9,509 | 7 | 4,225 | 370 |
| 7. Other | 82 | -- | -- | 82 |
| 8. Non-current Assets (5+6+7) | 12,447 | 1,904 | 4,225 | 452 |
| 9. Total Assets (4+8) | 375,307 | 127,140 | 39,624 | 98,270 |
| 10. Trade Payables | 94,908 | 3,773 | 17,987 | 50,370 |
| 11. Financial Liabilities | 161,418 | 73,798 | 23,284 | -- |
| 12a. Other Monetary Liabilities | 13,354 | 1,805 | 2,471 | 5,298 |
| 12b. Other Non-monetary Liabilities | 1,354 | 88 | 94 | 1,017 |
| 13. Short Term Liabilities (10+11+12) | 271,034 | 79,464 | 43,836 | 56,685 |
| 14. Trade Payables | 4,510 | 44 | 2,057 | -- |
| 15. Financial Liabilities | 749,995 | 309,151 | 131,697 | -- |
| 16a. Other Monetary Liabilities | 1,099 | 409 | 83 | 305 |
| 16b. Other Non-monetary Liabilities | 6,076 | -- | 2,781 | 69 |
| 17. Long Term Liabilities (14+15+16) | 761,680 | 309,604 | 136,618 | 374 |
| 18. Total Liabilities (13+17) | 1,032,714 | 389,068 | 180,454 | 57,059 |
| 19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b) | -- | -- | -- | -- |
| 19a. Total Assets Hedged | -- | -- | -- | -- |
| 19b. Total Liabilities Hedged | -- | -- | -- | -- |
| 20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19) | (657,407) | (261,928) | (140,830) | 41,211 |
| 21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a) | (692,658) | (262,094) | (148,182) | 22,095 |
| 22. Total fair Value of Financial Instruments Used For Currency Hedge | -- | -- | -- | -- |
| 23. Export | -- | -- | -- | -- |
| 24. Import | -- | -- | -- | -- |

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

Currency risk (continued)

As at 31 December 2008, the Group's exposure to foreign currency risk resulted from foreign currency assets and liabilities listed below:

| | 31 December 2008 | | | |
|---|-------------------|------------------|-----------------|----------------|
| | TL Equivalents | USD | Euro | Other(*) |
| 1. Trade receivables | 49,881 | 16,307 | 10,094 | 3,611 |
| 2a. Monetary Financial Assets (including Cash and Cash at Banks) | 112,692 | 57,560 | 8,156 | 8,182 |
| 2b. Non-monetary Financial Assets | 13,083 | 25 | -- | 13,045 |
| 3. Other | 11,664 | -- | -- | 11,664 |
| 4. Current Assets (1+2+3) | 187,320 | 73,892 | 18,250 | 36,502 |
| 5. Trade receivables | 6,216 | 3,646 | 328 | -- |
| 6a. Monetary Financial Assets | -- | -- | -- | -- |
| 6b. Non- monetary Financial Assets | 1,534 | 912 | -- | 155 |
| 7. Other | 4,270 | -- | 1,994 | -- |
| 8. Non-current Assets (5+6+7) | 12,020 | 4,558 | 2,322 | 155 |
| 9. Total Assets (4+8) | 199,340 | 78,450 | 20,572 | 36,657 |
| 10. Trade Payables | 26,329 | 1,664 | 4,209 | 14,802 |
| 11. Financial Liabilities | 444,073 | 243,906 | 35,134 | -- |
| 12a. Other Monetary Liabilities | 26,934 | 11,601 | 1,826 | 5,483 |
| 12b. Other Non-monetary Liabilities | (1,070) | 71 | -- | (1,178) |
| 13. Short Term Liabilities (10+11+12) | 496,266 | 257,242 | 41,169 | 19,107 |
| 14. Trade Payables | 7,401 | 3,897 | 407 | 637 |
| 15. Financial Liabilities | 347,142 | 165,322 | 45,369 | -- |
| 16a. Other Monetary Liabilities | 33,350 | 7,940 | 9,969 | -- |
| 16b. Other Non-monetary Liabilities | 5 | -- | -- | 5 |
| 17. Long Term Liabilities (14+15+16) | 387,898 | 177,159 | 55,745 | 642 |
| 18. Total Liabilities (13+17) | 884,164 | 434,401 | 96,914 | 19,749 |
| 19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b) | -- | -- | -- | -- |
| 19a. Total Assets Hedged | -- | -- | -- | -- |
| 19b. Total Liabilities Hedged | -- | -- | -- | -- |
| 20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19) | (684,824) | (355,951) | (76,342) | 16,908 |
| 21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a) | (716,440) | (356,817) | (78,336) | (9,129) |
| 22. Total fair Value of Financial Instruments Used For Currency Hedge | -- | -- | -- | -- |
| 23. Export | -- | -- | -- | -- |
| 24. İmport | 292 | 193 | -- | -- |

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

Currency risk (continued)

As at 31 December 2007, the Group's exposure to foreign currency risk resulted from foreign currency assets and liabilities listed below:

| | 31 December 2007 | | | |
|---|-------------------|------------------|-----------------|----------------|
| | TL Equivalents | USD | Euro | Other (*) |
| 1. Trade receivables | 35,139 | 15,075 | 9,897 | 654 |
| 2a. Monetary Financial Assets (including Cash and Cash at Banks) | 108,051 | 77,977 | 2,330 | 13,245 |
| 2b. Non-monetary Financial Assets | -- | -- | -- | -- |
| 3. Other | 25 | -- | -- | 25 |
| 4. Current Assets (1+2+3) | 143,215 | 93,052 | 12,227 | 13,924 |
| 5. Trade receivables | 66,801 | 57,102 | 172 | -- |
| 6a. Monetary Financial Assets | 2 | 2 | -- | -- |
| 6b. Non-monetary Financial Assets | 6,799 | 5,837 | -- | -- |
| 7. Other | 27,859 | -- | 14,131 | 3,693 |
| 8. Non-current Assets (5+6+7) | 101,461 | 62,941 | 14,303 | 3,693 |
| 9. Total Assets (4+8) | 244,676 | 155,993 | 26,530 | 17,617 |
| 10. Trade Payables | 120,943 | 84,698 | 7,341 | 9,741 |
| 11. Financial Liabilities | 326,074 | 231,205 | 31,736 | 2,516 |
| 12a. Other Monetary Liabilities | 7,986 | 6,471 | 3 | 445 |
| 12b. Other Non-monetary Liabilities | 5,954 | 39 | -- | 5,908 |
| 13. Short Term Liabilities (10+11+12) | 460,957 | 322,413 | 39,080 | 18,610 |
| 14. Trade Payables | 826 | 91 | 163 | 440 |
| 15. Financial Liabilities | 278,179 | 216,782 | 15,024 | -- |
| 16a. Other Monetary Liabilities | 2,341 | 1,934 | -- | 89 |
| 16b. Other Non-monetary Liabilities | -- | -- | -- | -- |
| 17. Long Term Liabilities (14+15+16) | 281,346 | 218,807 | 15,187 | 529 |
| 18. Total Liabilities (13+17) | 742,303 | 541,220 | 54,267 | 19,139 |
| 19. Net Asset/ (Liabilities) Position of Off Balance sheet Derivatives (19a-19b) | -- | -- | -- | -- |
| 19a. Total Assets Hedged | -- | -- | -- | -- |
| 19b. Total Liabilities Hedged | -- | -- | -- | -- |
| 20. Net Foreign Currency Assets/(Liabilities) Position (9-18+19) | (497,627) | (385,227) | (27,737) | (1,522) |
| 21. Net Foreign Currency Asset/ (Liability) Position Of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a) | (526,356) | (391,025) | (41,868) | 668 |
| 22. Total fair Value of Financial Instruments Used For Currency Hedge | -- | -- | -- | -- |
| 23. Export | -- | -- | -- | -- |
| 24. Import | 3,041 | 2,611 | -- | -- |

(*) Other foreign currency assets and liabilities are expressed in their TL equivalents.

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

Sensitivity analysis

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

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

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

| Currency Sensitivity Analysis | | | | |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| 31 December 2009 | | | | |
| | Profit/Loss | | Equity | |
| | Appreciation of foreign currency | Depreciation of foreign currency | Appreciation of foreign currency | Depreciation of foreign currency |
| Assumption of devaluation/appreciation by 10% of USD against TL | | | | |
| 1- Net USD asset/liability | (39,463) | 39,463 | 14,684 | (17,935) |
| 2- USD risk averse portion (-) | -- | -- | -- | -- |
| 3- Net USD Effect (1+2) | (39,463) | 39,463 | 14,684 | (17,935) |
| Assumption of devaluation/appreciation by 10% of Euro against TL | | | | |
| 4- Net Euro asset/liability | (32,012) | 32,012 | -- | -- |
| 5- Euro risk averse portion (-) | -- | -- | -- | -- |
| 6- Net Euro Effect (4+5) | (32,012) | 32,012 | -- | -- |
| Assumption of devaluation/appreciation by 10% of other currencies against TL | | | | |
| 7- Other currency net asset/liability | 2,210 | (2,210) | -- | -- |
| 8- Other currency risk averse portion (-) | -- | -- | -- | -- |
| 9- Net other currency effect (7+8) | 2,210 | (2,210) | -- | -- |
| TOTAL (3+6+9) | (69,265) | 69,265 | 14,684 | (17,935) |

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

Sensitivity analysis (continued)

| Currency Sensitivity Analysis | | | | |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| 31 December 2008 | | | | |
| | Profit/Loss | | Equity | |
| | Appreciation of foreign currency | Depreciation of foreign currency | Appreciation of foreign currency | Depreciation of foreign currency |
| Assumption of devaluation/appreciation by 10% of USD against TL | | | | |
| 1- Net USD asset/liability | (53,961) | 53,961 | 15,467 | (15,467) |
| 2- USD risk averse portion (-) | -- | -- | -- | -- |
| 3- Net USD Effect (1+2) | (53,961) | 53,961 | 15,467 | (15,467) |
| Assumption of devaluation/appreciation by 10% of Euro against TL | | | | |
| 4- Net Euro asset/liability | (16,770) | 16,770 | -- | -- |
| 5- Euro risk averse portion (-) | -- | -- | -- | -- |
| 6- Net Euro Effect (4+5) | (16,770) | 16,770 | -- | -- |
| Assumption of devaluation/appreciation by 10% of other currencies against TL | | | | |
| 7- Other currency net asset/liability | (913) | 913 | -- | -- |
| 8- Other currency risk averse portion (-) | -- | -- | -- | -- |
| 9- Net other currency effect (7+8) | (913) | 913 | -- | -- |
| TOTAL (3+6+9) | (71,644) | 71,644 | 15,467 | (15,467) |

| Currency Sensitivity Analysis | | | | |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| 31 December 2007 | | | | |
| | Profit/Loss | | Equity | |
| | Appreciation of foreign currency | Depreciation of foreign currency | Appreciation of foreign currency | Depreciation of foreign currency |
| Assumption of devaluation/appreciation by 10% of USD against TL | | | | |
| 1- Net USD asset/liability | (45,543) | 45,543 | -- | -- |
| 2- USD risk averse portion (-) | -- | -- | -- | -- |
| 3- Net USD Effect (1+2) | (45,543) | 45,543 | -- | -- |
| Assumption of devaluation/appreciation by 10% of Euro against TL | | | | |
| 4- Net Euro asset/liability | (7,160) | 7,160 | -- | -- |
| 5- Euro risk averse portion (-) | -- | -- | -- | -- |
| 6- Net Euro Effect (4+5) | (7,160) | 7,160 | -- | -- |
| Assumption of devaluation/appreciation by 10% of other currencies against TL | | | | |
| 7- Other currency net asset/liability | 67 | (67) | -- | -- |
| 8- Other currency risk averse portion (-) | -- | -- | -- | -- |
| 9- Net other currency effect (7+8) | 67 | (67) | -- | -- |
| TOTAL (3+6+9) | (52,636) | 52,636 | -- | -- |

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

Interest rate risk

Profile

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

| | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|----------------------------------|-------------|-------------|-------------|
| Fixed rate instruments | | | |
| Financial assets | 320,320 | 220,238 | 135,972 |
| Financial liabilities | 886,201 | 995,424 | 529,831 |
| Variable rate instruments | | | |
| Financial assets | 7,508 | 5,543 | 851 |
| Financial liabilities | 1,432,121 | 1,076,765 | 823,185 |

Fair value sensitivity analysis for fixed rate instruments:

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

Cash flow sensitivity analysis for variable rate instruments:

As of 31 December 2009, 2008 and 2007, a one basis point increase in interest rates consolidated comprehensive income will be affected in the following. All variables are assumed constant including foreign exchange rates during analysis. A one basis points increase in Euribor or Libor would have resulted an increase in hedging reserve in equity approximately by TL 12,119 (31 December 2008: TL 9,782) and a one basis points decrease in Euribor or Libor would have resulted an decrease in hedging reserve in equity approximately by TL 10,657 (31 December 2008: TL 9,782).

| Interest rate profile | | | | |
|--|--|---------------------------------|---------------------------------|---------------------------------|
| | | 31 December 2009 | 31 December 2008 | 31 December 2007 |
| Fixed Rate Financial Instruments | | | | |
| Financial Assets | Assets recognized at fair value through profit or loss | -- | -- | -- |
| | Financial asset held for sale | -- | -- | -- |
| Financial Liabilities | | -- | -- | -- |
| Variable Rate Financial Instruments | | -- | -- | -- |
| Financial Assets | | -- | -- | -- |
| Financial Liabilities | | (7,776) | (4,940) | (3,091) |

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

Fair values

Fair value and carrying amounts of assets and liabilities are shown in the table below;

| | Note | 2009 | | 2008 | | 2007 | |
|--------------------------------------|---------|--------------------|--------------------|--------------------|--------------------|------------------|------------------|
| | | Carrying Amount | Fair Value | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial assets | | | | | | | |
| Cash and cash equivalents | 6 | 285,866 | 285,866 | 107,958 | 107,958 | 80,114 | 80,114 |
| Financial investments | 7 | 3,706 | 3,706 | 14,977 | 14,977 | 91 | 91 |
| Trade receivables (short term) | 10 | 258,927 | 260,645 | 230,514 | 230,514 | 156,657 | 156,657 |
| Due from related parties (trade) | 10 - 37 | 27,555 | 27,555 | 22,021 | 22,021 | 29,742 | 29,742 |
| Due from related parties (non-trade) | 11 - 37 | 7,173 | 7,173 | 36,779 | 36,779 | 6,947 | 6,947 |
| Other receivables (*) | 11 | 183,805 | 183,805 | 139,978 | 139,978 | 103,667 | 103,667 |
| Other current assets (*) | 26 | 190,866 | 190,866 | 251,715 | 251,715 | 142,026 | 142,026 |
| Trade receivables (long term) | 10 | 99,407 | 126,049 | 102,511 | 102,511 | 77,718 | 77,718 |
| Financial liabilities | | | | | | | |
| Loans and borrowings | 8 | (2,234,771) | (2,234,771) | (1,955,804) | (1,955,804) | (1,333,773) | (1,333,773) |
| Other financial liabilities (**) | 9 | (85,784) | (85,784) | (117,410) | (117,410) | (19,963) | (19,963) |
| Due to related parties (trade) | 37 | (30,539) | (30,539) | (16,283) | (16,283) | (22,763) | (22,763) |
| Due to related parties (non-trade) | 37 | (23,976) | (23,976) | (46,680) | (46,680) | (33,059) | (33,059) |
| Trade payables | 9 | (164,993) | (164,993) | (129,392) | (129,392) | (72,049) | (72,049) |
| Other short term payables (**) | 11 | (152,801) | (152,801) | (95,999) | (95,999) | (66,686) | (66,686) |
| Other short term liabilities (**) | 26 | (33,820) | (33,820) | (33,225) | (33,225) | (10,312) | (10,312) |
| Net | | (1,669,379) | (1,641,019) | (1,488,340) | (1,488,340) | (961,643) | (961,643) |
| Unrealized gain | | | (28,360) | | -- | | -- |

(*) Non-financial instruments such as advances given, prepaid expenses are excluded from other receivables and current assets.

(**) Non-financial instruments such as deferred revenue and advances received are excluded from short term payables and other short term liabilities.

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

Financial Instruments

Fair value disclosures:

The company has determined the estimated fair values of the financial instruments by using current market information and appropriate valuation methods.

Since the book values of the foreign exchange denominated monetary items of Tav Havalimanları are approximate to their fair values, these monetary items are translated to EUR by using the foreign exchange rates as at year end. Since the financial assets and liabilities are short term in nature, it is accepted that their fair values approximate to their carrying amounts.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that is observable for the asset or liability, either directly (i.e, as prices) or indirectly (i.e, derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| 31 December 2009 | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|-------------------------|-----------------------|-----------------------|-----------------------|
| Derivatives | -- | 82,178 | -- |
| | <u>--</u> | <u>82,178</u> | <u>--</u> |
| 31 December 2008 | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Derivatives | -- | 102,433 | -- |
| | <u>--</u> | <u>102,433</u> | <u>--</u> |
| 31 December 2007 | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Derivatives | -- | 19,963 | -- |
| | <u>--</u> | <u>19,963</u> | <u>--</u> |

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39 SUBSEQUENT EVENTS

Akfen Holding and Its Subsidiaries:

According to ISE Board of Directors' meeting held on 18 February 2010, in accordance with 27. Article of ISE Listing Regulation and related regulations, after results of the Company's initial public offering reached to ISE, the Company's issued bonds is accepted for trading on the level off market of ISE Bond and Bill Market and in accordance with 4 th Article of Capital Market's Law nominal value of bonds amounting to TL 100,000 has been recorded by Capital Market's Board with 2/T 134 number in 19 February 2010. In 9 March 2010 TL 100.000 is transferred to the Company's account.

As at 31 December 2009, Akfen holding's unpaid portion of capital amounting to TL 4.845 was paid in cash by the shareholders at 10 March 2010.

According to the Board of Directors dated 10 March 2010, Akfen Holding has decided the followings:

- to sell its shares of Akfen Altyapı Danışmanlık to Hamdi Akın amounting to TL 22 and one share of Akfen Altyapı Danışmanlık which belong to Akfen İnşaat to Selim Akın amounting to TL 0.25 and one share of Akfen Altyapı Danışmanlık which belongs to Akfen Enerji to Pelin Akın amounting to TL 0.25.
- to sell its shares of Akınısı to Akfen Altyapı Danışmanlık amounting to TL 12.800.
- to sell its shares of Akfen Turizm to Akfen Altyapı Danışmanlık amounting to TL 2.350 and the shares of Akfen Turizm which belong to Akfen İnşaat to Akfen Altyapı Danışmanlık amounting to TL 15,350 and one share of Akınısı to Selim Akın.
- to sell its shares of Akfen GYT to Akfen Altyapı Danışmanlık amounting to TL 4.484 and shares of Akfen İnşaat in Akfen GYT which have nominal value amounting to TL 0.25 to Selim Akın.

According to the Board of Directors decision dated 10 March 2010, Akfen Holding has decided to increase the company's paid-in capital from TL 104.514 to TL 133.000 with cash injection amounting to TL 28.486 corresponding 28.486.110 shares through the public offering with premium by restricting the current shareholders' rights to purchase new shares under the related notification and rules of the Capital Market Board.

The Group sold its 9.973.215 shares of Akfen Turizm to Akfen Altyapı Danışmanlık A.Ş total amounting to 15.350 TL at 18 March 2010.

Akfen İnşaat sold its 3.900 shares of TAR to Akfen Altyapı Danışmanlık amounting to TL 1,912 within the decision taken at the meeting of board of directors held on 11 March 2010.

The Group sold its 60.749 B group shares of Artı Döviz to Akfen Altyapı Danışmanlık A.Ş amounting to 2.969 TL at 5 April 2010.

The Group sold its 3.000 B group shares of Artı Döviz to Akfen Altyapı Danışmanlık A.Ş. total amounting to 147 TL at 5 April 2010.

It has been resolved that A Group 76.596 shares of IBS that operating in Akfen Holding to be divided in accordance with the "Communiqué Related to Procedures and Principles of Partial Division of the Joint-stock and Limited Corporations" which was issued by the release of article no: 224 of Turkish Commercial Code No: 6762 and article no:33 of Law No:3143 and article no: 19 of Corporate Tax Law No: 5520 and sued in Ankara Commercial Court Of First Instance at 11 March 2010 and registered at 6 April 2010.

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39 SUBSEQUENT EVENTS (continued)

The Group purchased 20 % shares, belonging to Hamdi Akın, of Akfen Enerji Yatırımları Holding A.Ş. amounting to 36 million Euro at 6 April 2010.

According to extraordinary Board of director minute at 22 March 2010, The Group decided to increase the capital of Akfen GYO which is the subsidiaries of The Group from TL 72,147 to TL 100,000. The Board of director minutes was registered at 31 March 2010 and published in trade registry gazette with decision number 7537 at 6 April 2010. The issue stocks as a result of capital increases are registered to Board in accordance with Board of director minutes at 6 April 2010. THO B.V., the partner of Akfen GYO, didn't participate in capital increases and use preferential right. As a result of the capital increases, the partnership rate of The Group in Akfen GYO increase from 29,87 % to 42,4 %.

Akfen Hidroelektrik Santrali Yatırımları A.Ş. and Pak Enerji Üretimi Sanayi Ve Ticaret Anonim Şirketi which are the subsidiaries of The Group signed loan agreement amounting to 28,4 million Euro which is consortium between Denizbank A.Ş., Türkiye Sınai Kalkınma Bankası A.Ş., Yapı ve Kredi Bankası A.Ş., T. İş Bankası A.Ş. at 19 April 2010. The sponsor of the Loan is Akfen Holding and the guarantor of the Loan is Akfen İnşaat Turizm ve Ticaret A.Ş. which is subsidiaries of The Akfen Holding.

On 19 April 2010 Akfen Holding signed a memorandum of understanding ("Agreement") with Eczacıbaşı Holding A.Ş and under this agreement, contractors would like to prepare proposal jointly and submitted to the the new tender opened by the Prime Ministry Privatization Administration Directorates-PA and / or its affiliate; TDI, related to project " Istanbul Salıpaazarı - The Construction and Operation of Karaköy Cruise Port Tourism Trade Complex " also known as Galataport. In case of acceptance of such proposal, the contractors would like to conclude a contract with the administration and perform activities.

Akfen İnşaat has sold its real estates amounting to TL 13,751. Net book value of these assets is amounting to TL 29,550.

Akfen Holding and Akfen İnşaat are planning to sell its real estate to Hamdi Akın, Selim Akın, Pelin Akın and Akfen GYT amounting to TL 20,432. Net book value and market value of these real estates is TL 21,128.

As at reporting date, negotiations on selling shares of Akfen HES I and HES II was continuing.

Jointly Controlled Entities

Tav Havalimanları

The concession contract signed between TAV Macedonia DOOEL Skopje (renamed as "TAV Macedonia DOOEL, Petrovec") and the Macedonian Ministry of Transportation on 24 September 2008 for the Alexander the Great Airport in Skopje and the St. Apostle Paul Airport in Ohrid, as well as the construction of the new cargo airport in Shtip, and the operation thereof for 20 years, was effective on 1 March 2010.

TAV Holding has received preliminary qualification to place a bid for the Male Airport tender in the capital town of Male by the Maldives Republican Government on 25 January 2010.

TAV Airports Food and Beverage Inc. (BTA) is notified of the tax review reports and the tax/penalty notices issued pursuant to the assessment of the Auditors of the Ministry of Finance for the accounts of October 2007-December 2007 of the BTA. Since reconciliation shall be demanded by BTA, the Company and the Ministry of Finance were not able to reach an agreement upon a reconciliation requested for the corporate and value added tax notified in the penalty report. BTA has decided to file a lawsuit disputing the abovementioned tax and penalty.

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39 SUBSEQUENT EVENTS (continued)

In order to establish a New Company (“the New Company”) as per the laws of the Republic of Turkey that TAV Holding has received approval of T.C. Ministry of Transport and Communication Directorate General of Civil Aviation on 25 January 2010. TAV Airports Holding Co. possesses a 65% share, HSBC Investment Bank Holdings Plc a 28.3333% share and İş Private Equity Investment Trust Inc. has a 6.6667% share in Havaş Airports Ground Handling Investment Trust Co., which has been established with TL 228,000 in principal capital and is registered at the Istanbul Trade Registry.

The agreement regarding the sale of 85% of shares of TAV Tunisie SA, a company wholly owned by TAV Holding, to Pan African Infrastructure Development Fund, the total sales price by Euro 39,690 thousand is signed by the parties on 4 March 2010.

Havaş Havalimanları Yer Hizmetleri Yatırım Holding AŞ has taken the decision for borrowing loan with the consortium of Is Bankası and other financial institutions amounting to Euro 60,000,000 with the guarantor of Tav Havalimanları in 15 March 2010.

Tav Havalimanları has decided to sell and transfer its 29.249.996 A group shares and 15.744.670 B group shares of Havalimanları Yer Hizmetleri AŞ to Havaş Havalimanları Yer Hizmetleri Yatırım Holding AŞ in 17 March 2010.

Tav Macedonia Dooel , Petrovec has taken the decision for borrowing bridge loan from Standard Bank Plc and Türkiye Halk Bankası amounting to Euro 20,000,000 with the guarantor of Tav Havalimanları in 19 March 2010.

The agreement which Havaş, 65% of Havaş belongs to TAV Holding, buys 50 % of North Hub Services providing ground handling services in Letonya Riga International Airport and aiming to grow in North European countries amounting to 3,250,000 Euro is signed at 12 April 2010.

Constitutional court has decided cancellation of time limitation for utilization of deferred investment allowance exception in 15 October 2009 dated meeting and this decision published in official gazette numbered 24756 in 8 January 2010.

Tav Yatırım

Tav Tepe Akfen Yatırım İnşaat ve İşletme A.Ş. established a branch in Abu Dhabi as Tav Tepe Akfen Yatırım İnşaat ve İşletme A.Ş.- Abu Dhabi at 14 march 2010 and in Makedonia as Tav Tepe Akfen Yatırım İnşaat ve İşletme A.Ş.-Makedonia at 25 March 2010.

The engineering, supply, construction contract related to tirejeneration of EL ZinevEl Ağabeydine Ben Ali Airport between Tav G Otopark Yapım ve İşletme A.Ş. and Tav Tunus SA is signed 21 April 2010.

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

None.