

**TEKFEN HOLDİNG ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE THREE MONTH  
INTERIM PERIOD  
ENDED 31 MARCH 2012

(Translated into English from the report  
originally issued in Turkish)

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# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2012

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

ASSETS	Notes	Unaudited	Audited
		31 March 2012	31 December 2011
<b>Current Assets</b>		<b>2.666.676</b>	<b>2.538.876</b>
Cash and cash equivalents		845.050	786.323
Trade receivables	7	792.292	543.642
Other receivables		9.294	12.878
Inventories	8	383.629	496.871
Receivables from ongoing construction contracts	9	521.272	581.810
Other current assets		99.932	101.539
		<u>2.651.469</u>	<u>2.523.063</u>
Assets classified as held for sale		15.207	15.813
<b>Non Current Assets</b>		<b>1.277.902</b>	<b>1.208.854</b>
Trade receivables	7	114.684	103.815
Other receivables		4.548	4.264
Financial investments		112.768	70.376
Investments valued by equity method	4, 10	220.034	209.527
Investment property	11	94.091	95.068
Property, plant and equipment	11	692.534	689.962
Intangible assets	11	2.438	1.945
Deferred tax assets		21.605	20.832
Other non current assets		15.200	13.065
<b>TOTAL ASSETS</b>		<b><u>3.944.578</u></b>	<b><u>3.747.730</u></b>

The accompanying notes form an integral part of these condensed consolidated financial statements.  
Translated into English from the report originally issued in Turkish.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2012

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

<b>LIABILITIES</b>	<b>Notes</b>	<b>Unaudited 31 March 2012</b>	<b>Audited 31 December 2011</b>
<b>Current Liabilities</b>		<b>1.842.433</b>	<b>1.695.794</b>
Financial debts	12	367.630	325.048
Trade payables		855.350	806.757
Other payables		77.228	49.423
Current tax liability		19.942	16.912
Ongoing construction progress payments	9	228.236	196.957
Provisions	13	9.712	8.991
Employee benefits	15	37.625	41.849
Other short term liabilities		246.710	249.857
<b>Non Current Liabilities</b>		<b>109.867</b>	<b>164.330</b>
Financial debts	12	27.033	84.844
Trade payables		4.500	3.075
Other payables		956	1.062
Employee benefits	15	39.511	39.827
Deferred tax liabilities		37.867	35.522
<b>EQUITY</b>	5	<b>1.992.278</b>	<b>1.887.606</b>
<b>Equity Attributable To Owners Of The Parents</b>		<b>1.963.440</b>	<b>1.856.920</b>
Paid in capital		370.000	370.000
Capital structure adjustments		3.475	3.475
Premiums in capital stock		300.984	300.984
Revaluation growth funds		92.575	51.560
Currency translation reserve		87.901	114.768
Restricted profit reserves		86.538	72.222
Retained earnings		929.595	701.471
Net profit for the period		92.372	242.440
<b>Non-controlling Interests</b>		<b>28.838</b>	<b>30.686</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3.944.578</b>	<b>3.747.730</b>

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Translated into English from the report originally issued in Turkish.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	<b>Notes</b>	<b>Unaudited 1 January- 31 March 2012</b>	<b>Unaudited 1 January- 31 March 2011</b>
Revenue		1.023.420	689.847
Cost of revenue (-)		(890.590)	(559.828)
<b>GROSS PROFIT</b>		<b>132.830</b>	<b>130.019</b>
Marketing, selling and distribution expenses (-)		(29.438)	(28.564)
General administrative expenses (-)		(25.138)	(24.150)
Research and development expenses (-)		(52)	(40)
Other operating income		4.725	4.040
Other operating expenses (-)		(1.224)	(2.784)
<b>OPERATING PROFIT</b>		<b>81.703</b>	<b>78.521</b>
Share on profit / loss of investments valued using equity method	10	5.710	623
Financial income	18	78.872	47.941
Financial expense (-)	18	(54.717)	(30.291)
<b>PROFIT BEFORE TAXATION</b>		<b>111.568</b>	<b>96.794</b>
<b>Tax expense</b>		<b>(19.401)</b>	<b>(20.541)</b>
Tax expense for the period		(18.787)	(17.945)
Deferred tax expense		(972)	(2.573)
Currency translation reserve		358	(23)
<b>NET PROFIT FOR THE PERIOD</b>		<b>92.167</b>	<b>76.253</b>
<b>Distribution of Profit For The Period</b>			
Non-controlling interests		(205)	(89)
Owners of the parent		92.372	76.342
<b>Earnings Per Share</b>	17	0,250	0,206

The accompanying notes form an integral part of these condensed consolidated financial statements.  
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## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

	<b>Unaudited 1 January- 31 March 2012</b>	<b>Unaudited 1 January- 31 March 2011</b>
<b>NET PROFIT FOR THE PERIOD</b>	<b>92.167</b>	<b>76.253</b>
<b>Other comprehensive income / (expense):</b>		
Change in fair value reserve of financial assets	42.381	(4.062)
Change in currency translation reserve	(28.510)	(6.274)
Share on other comprehensive income of investments valued using equity method	753	(1.686)
Tax (expense) / income based on other comprehensive income	(2.119)	203
<b>OTHER COMPREHENSIVE INCOME / (LOSS) AFTER TAX</b>	<b>12.505</b>	<b>(11.819)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>104.672</b>	<b>64.434</b>
<b>Distribution of Total Comprehensive Income For The Period</b>		
Non-controlling interests	(1.848)	(314)
Owners of the parent	106.520	64.748

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# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

	Other comprehensive income										Total
				Revaluation growth funds							
	Paid in capital	Capital structure adjustments	Premiums in capital stock	Property, plant and equipment revaluation fund	Fair value reserve of financial investments	Currency translation reserve	Restricted profit reserves	Retained earnings	Net profit for the period	Non controlling interests	
<b>Opening balances as of 1 January 2011</b>	370.000	3.475	300.984	975	107.027	44.209	53.390	605.085	178.580	18.954	1.682.679
<i>Other comprehensive income</i>	-	-	-	-	(5.545)	(6.049)	-	-	-	(225)	(11.819)
<i>Net profit for the period</i>	-	-	-	-	-	-	-	-	76.342	(89)	76.253
Total comprehensive income	-	-	-	-	(5.545)	(6.049)	-	-	76.342	(314)	64.434
Transfers to revaluation growth funds from retained earnings	-	-	-	1.327	-	-	-	(1.327)	-	-	-
Transfers to retained earnings	-	-	-	-	-	-	-	178.580	(178.580)	-	-
Transfers to reserves from retained earnings	-	-	-	-	-	-	15.554	(15.554)	-	-	-
<b>Balance as of 31 March 2011</b>	<b>370.000</b>	<b>3.475</b>	<b>300.984</b>	<b>2.302</b>	<b>101.482</b>	<b>38.160</b>	<b>68.944</b>	<b>766.784</b>	<b>76.342</b>	<b>18.640</b>	<b>1.747.113</b>
<b>Opening balances as of 1 January 2012</b>	370.000	3.475	300.984	1.008	50.552	114.768	72.222	701.471	242.440	30.686	1.887.606
<i>Other comprehensive income</i>	-	-	-	-	41.015	(26.867)	-	-	-	(1.643)	12.505
<i>Net profit for the period</i>	-	-	-	-	-	-	-	-	92.372	(205)	92.167
Total comprehensive income	-	-	-	-	41.015	(26.867)	-	-	92.372	(1.848)	104.672
Transfers to retained earnings	-	-	-	-	-	-	-	242.440	(242.440)	-	-
Transfers to reserves from retained earnings	-	-	-	-	-	-	14.316	(14.316)	-	-	-
<b>Balance as of 31 March 2012</b>	<b>370.000</b>	<b>3.475</b>	<b>300.984</b>	<b>1.008</b>	<b>91.567</b>	<b>87.901</b>	<b>86.538</b>	<b>929.595</b>	<b>92.372</b>	<b>28.838</b>	<b>1.992.278</b>

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# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	Unaudited 1 January - 31 March 2012	Unaudited 1 January - 31 March 2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit for the period		92.372	76.342
Adjustments to reconcile net profit for the period to cash provided by operating activities:			
Changes in non-controlling interests		(205)	(89)
Depreciation and amortization	11	21.206	16.878
Loss / (gain) on sale of tangible asset (net)	11	(620)	1
Provision for retirement pay provision and premiums	15	7.600	5.182
Provision for litigation	13	20	413
Doubtful receivable provision	7	42	562
Impairment provision for inventory	8	4	-
Other employee benefits	15	4.212	2.765
Reversal of unnecessary provisions	7, 13	(717)	(417)
Income accruals		(1.674)	(481)
Expense accruals		4.422	7.707
Group's share on net assets of investments in associates accounted by equity method	10	(5.710)	(623)
Changes in available for sale investments		(11)	-
Interest income	18	(16.497)	(16.121)
Interest expense	18	7.080	7.478
Dividend income		(415)	(223)
Allowance for taxation		19.401	20.541
Translation reserve (net)		(32.134)	(6.769)
Cash generated by operating activities before movements in working capital		98.376	113.146
Movements in working capital			
Changes in trade and other receivables		(259.067)	(70.052)
Changes in due from related parties		5.117	4.239
Changes in inventories	8	114.470	30.888
Changes in receivables from ongoing construction contracts	9	60.538	(21.979)
Changes in other current / non-current assets		(528)	(9.338)
Changes in trade and other payables		71.889	23.688
Changes in due to related parties		1.406	10.029
Changes in ongoing construction progress payments	9	31.279	6.733
Changes in provisions and other short term liabilities		(2.140)	39.400
		22.964	13.608
Interest received		15.697	14.666
Interest paid		(4.980)	(4.654)
Tax paid		(15.756)	(19.627)
Penalty of litigation paid	13	-	(4.056)
Retirement pay provision and premiums paid	15	(15.220)	(11.105)
<b>Cash generated by operating activities</b>		<b>101.081</b>	<b>101.978</b>

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# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	<b>Notes</b>	<b>Unaudited 1 January - 31 March 2012</b>	<b>Unaudited 1 January - 31 March 2011</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Effect of investments in associates valued by equity method		(2.378)	-
Acquisition of tangible and intangible assets	11	(28.240)	(6.306)
Proceeds from sale of tangible and intangible assets	11	661	338
Dividend income		415	223
<b>Cash used in investing activities</b>		<b>(29.542)</b>	<b>(5.745)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		45.984	108.630
Repayments of borrowings		(50.819)	(118.765)
Finance lease paid		(8.777)	(1.095)
<b>Cash used in financing activities</b>		<b>(13.612)</b>	<b>(11.230)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>			
		<b>57.927</b>	<b>85.003</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>			
		<b>786.323</b>	<b>758.554</b>
Interest accrual on cash and cash equivalents		800	1.455
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>845.050</b>	<b>845.012</b>

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Translated into English from the report originally issued in Turkish.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

### 1. ORGANIZATION AND OPERATIONS OF THE GROUP

Majority shares of Tekfen Holding A.Ş. (“the Company”) are controlled by Akçağlılar, Berker and Gökyiğit families. The Company and its subsidiaries are referred as “the Group” in the accompanying condensed consolidated financial statements.

As of 31 March 2012, the Group has 17.550 employees (31 December 2011: 15.509) including the personnel of subcontractors. Registered address of the Company is Kültür Mahallesi, Aydınlık Sokak, Tekfen Sitesi A Blok, No: 7, Beşiktaş, İstanbul, Türkiye.

The Company shares are being publicly traded in Istanbul Stock Exchange Market since 23 November 2007.

#### Changes in the subsidiaries of the Company as of 31 March 2012:

Tekfen Gayrimenkul Yatırım A.Ş. (Tekfen Gayrimenkul), whose capital is directly participated by 100% by the Company, was established on 22 March 2012 by publishing in trade registry gazette. Tekfen Gayrimenkul is not included in the condensed consolidated financial statements concerning that it does not have any significant activities and assets as of 31 March 2012.

#### Approval of condensed consolidated financial statements:

The condensed consolidated financial statements are approved and published by the Board of Directors as of 10 May 2012.

### 2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company and its subsidiaries registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with the accounting principles in line with the Turkish Commercial Code (“TCC”) and Tax Legislation. Subsidiaries those are registered in foreign countries maintain their books of account and prepare their statutory financial statements in accordance with the prevailing accounting principles in their registered countries.

The Capital Markets Board (“CMB”) has established principles, procedures and basis on the preparation of financial reports by enterprises and the representation of the reports with Communiqué Series XI, No: 29 “Communiqué on Capital Market Financial Reporting Standards”. This Communiqué is applicable for the first interim financial statements to be prepared after 1 January 2008 and with this Communiqué, the Communiqué Series XI, No:25 “Communiqué on Capital Market Accounting Standards” has been repealed. In accordance with this Communiqué, the companies are supposed to prepare their financial statements in accordance with the International Financial Reporting Standards (“IAS/IFRS”) accepted by the European Union. Nevertheless, until the discrepancies between the IAS/IFRS accepted by the European Union, and the IAS/IFRS declared by IASB are announced by the Turkish Accounting Standards Board (“TASB”), IAS/IFRS will be in use. Under such circumstances Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS/TFRS), which are the standards published by TASB, not contradicting with IAS/IFRS, will be predicated on.

The accompanying condensed consolidated financial statements have been prepared in compliance with CMB’s decree announce on 17 April 2008 and 9 January 2009 regarding the format of the financial statements and footnotes and include compulsory information.

Based on the 660 numbered Decree published in Official Gazette on 2 November 2011; Additional 1. Clause of the Law 2499 has been dissolved and Public Supervision, Accounting and Audit Standards Institution (Institution) has been founded. In accordance with this law’s 1. Provisional Clause, former regulations will be valid in law until the Institution publishes its amended standards and regulations. Therefore, as of reporting date, this issue explained under this note will not cause any changes on “Bases of Preparation of Financial Statements”.

CMB allows the publicly-traded companies to present the financial statements in full set or condensed presentation in accordance with IAS 34 “ Interim Financial Reporting” standard. The Group has preferred to disclose its interim consolidated financial statements as of 31 March 2012 in condensed format.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

Based on the notification, the descriptions and disclosures which are needed in the financial statements annually are summarized appropriately in accordance with IAS 34 or not mentioned. The accompanying condensed consolidated financial statements have to be considered with the consolidated financial statements which are independently audited as of 31 December 2011 and the related disclosures. Interim periods' financial statements cannot be the sole indicator of the year-end results by themselves.

The Group continues to apply the same accounting policies and accounting estimates which are mentioned in the consolidated financial statements as of 31 December 2011.

Exchange rates used in the consolidation process as of 31 March 2012 are; 1 USD= 1,7729 TL, 1 EUR= 2,3664 TL, 1 MAD= 0,21250 TL, 1 SAR= 0,47277 TL, 1 QAR= 0,48572 TL (Exchange rates as of 31 December 2011 are; 1 USD= 1,8889 TL, 1 EUR= 2,4438 TL, 1 MAD= 0,22088 TL, 1 SAR= 0,50371 TL, 1 QAR= 0,51751 TL).

### 3. ADOPTION OF NEW AND REVISED STANDARDS

The following new and revised standards and interpretations have been adopted in these condensed consolidated financial statements.

#### (a) New standards and revisions and interpretations to existing revised standards effective as of 1 January 2012

- IFRS 7 (amendments), "Presentation – Transfer of Financial Assets", will be effective for annual periods beginning on or after 1 July 2011.
- IAS 12 (amendments), "Deferred Tax – Recovery of Underlying Assets", will be effective for annual periods beginning on or after 1 January 2012.

#### (b) Standards and Interpretations that are issued but not yet effective and have not been early adopted by the Group

- IFRS 7 (amendments), "Presentation - Financial Asset and Financial Liability Offsetting", will be effective for annual periods beginning on or after 1 January 2013.
- IFRS 9, "Financial Instruments", will be effective for annual periods beginning on or after 1 January 2015.
- IFRS 10, "Consolidated Financial Statements", will be effective for annual periods beginning on or after 1 January 2013.
- IFRS 11, "Joint Arrangements", will be effective for annual periods beginning on or after 1 January 2013.
- IFRS 12, "Disclosure of Interests in Other Entities", will be effective for annual periods beginning on or after 1 January 2013.
- IFRS 13, "Fair Value Measurement", will be effective for annual periods beginning on or after 1 January 2013.
- IAS 1 (amendments), "Presentation of Items of Other Comprehensive Income", will be effective for annual periods beginning on or after 1 July 2012.
- IAS 19 (amendments), "Employee Benefits", will be effective for annual periods beginning on or after 1 January 2013.
- IAS 27 (revised), "Separate Financial Statements", will be effective for annual periods beginning on or after 1 January 2013.
- IAS 28 (revised), "Investments in Associates", will be effective for annual periods beginning on or after 1 January 2013.
- IFRIC 20, "Stripping Costs in the Production Phase of a Surface Mine", will be effective for annual periods beginning on or after 1 January 2013.
- IAS 32 (amendments), "Financial Instruments: Presentation – Financial Asset and Liability Offsetting", will be effective for annual periods beginning on or after 1 January 2014.

These standards and interpretations are not thought to be prone to cause any changes on Group's financial statements.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 4. EVENTS AND TRANSACTIONS AFFECTING CONDENSED CONSOLIDATED FINANCIAL STATEMENTS BY LEVEL OF SIGNIFICANCE

#### (a) Developments in Libya

Tekfen-TML Partnership, a joint venture of which 67% is owned by the Group, had to suspend its operations and evacuate its sites in Libya for an uncertain period of time due to the civil unrest in the country during the period. As of 31 March 2012, the accompanying condensed consolidated financial statements include total assets of 186.547 (USD 105.221 thousand), total debt of 44.874 (USD 25.311 thousand), resulting a net asset of 141.673 (USD 79.910 thousand). The net assets are as follow:

	<b>31 March</b>	<b>31 December</b>
	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
<b>Current Assets</b>	<b>151.633</b>	<b>160.010</b>
Cash and cash equivalents	691	844
Trade receivables	12.506	13.313
Due from related parties	2.113	4.048
Receivables from ongoing construction contracts	134.618	140.158
Other receivables	62	66
Other current assets	1.643	1.581
<b>Non Current Assets</b>	<b>34.914</b>	<b>44.587</b>
Trade receivables	2.580	2.748
Property, plant and equipment	32.334	41.667
Other non current assets	-	172
<b>TOTAL ASSETS</b>	<b>186.547</b>	<b>204.597</b>
	<b>31 March</b>	<b>31 December</b>
	<b>2012</b>	<b>2011</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>	<b>44.078</b>	<b>46.678</b>
Trade payables	7.654	7.803
Other payables	1.470	1.621
Employee benefits	108	128
Other current liabilities	34.846	37.126
<b>Non Current Liabilities</b>	<b>796</b>	<b>848</b>
Employee benefits	796	848
<b>TOTAL LIABILITIES</b>	<b>44.874</b>	<b>47.526</b>
<b>NET ASSETS</b>	<b>141.673</b>	<b>157.071</b>

Additionally, letters of guarantees given related to such projects to various institutions amount to 31.114 (USD 17.550 thousand). In accordance with the Council of Ministers' decree no: 2011/2001 issued on 21 June 2011 and until a new resolution replaces resolutions no: 1970 and 1973 of the United Nations Security Council and their requirements, resolution no:1973 requires disregarding compensation claims of guarantees given to the contractor, hence the expired letter of guarantees do not bear any risk exposure for the Group.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

### 4. EVENTS AND TRANSACTIONS AFFECTING CONDENSED CONSOLIDATED FINANCIAL STATEMENTS BY LEVEL OF SIGNIFICANCE (cont’d)

#### (b) New construction projects

Tekfen İnşaat ve Tesisat A.Ş., the subsidiary of the Group, has signed a new contract with the BP Iraq N.V., Petrochina Company Limited and South Oil Company joint venture to carry out all Project Management Services for a period of two years. This contract is in addition to the Engineering and Project Management Services for Iraq’s Basra Rumalia Petrol Production Area which Tekfen Construction completed at the end of March 2012. The new job-order based contract has a minimum value of 173.744 (98 million US Dollars).

#### (c) Other

At the Ordinary General Assembly of Toros Tarım Sanayi ve Ticaret A.Ş., whose capital is directly participated by 99,98% by the Company, held on 30 March 2012, it is decided that cash dividend amounting to 101.637 is distributed to shareholders. The Company’s share in cash dividend is 101.616 and it is eliminated within the condensed consolidated financial statements.

Toros Tarım and Tekfen Gayrimenkul, the subsidiaries of the Group, together with the Company signed a “Shareholding Agreement” with Rönesans Gayrimenkul Yatırım A.Ş.(Rönesans A.Ş.) and Rönesans A.Ş.’s subsidiary Florya Gayrimenkul Yatırım İnşaat Tur. San. ve Tic. A.Ş. (Florya A.Ş.) on 27 March 2012 to establish a partnership to jointly manage Florya A.Ş..

As explained in detail in Note 20, on 19 April 2012, a decision regarding the possible transfer of the shares of the Company’s investment consolidated by using equity method, Eurobank Tekfen A.Ş., is taken by the Board of Directors.

### 5. SIGNIFICANT CHANGES IN SHAREHOLDERS’ EQUITY

#### Fair Value Reserve of Financial Investments:

The positive change of 40.262 in the fair values of the financial investments which have been traded in the stock exchange market has been directly recognized in equity (31 March 2011: negative change of 3.859). Besides, a positive change of 753 from investments valued by equity method is directly recognized in equity (31 March 2011: negative change of 1.686).

#### Restricted Profit Reserves:

In accordance with the resolutions taken during the Ordinary General Assemblies of Group companies as of 31 March 2012, 14.316 of restricted reserves were transferred from retained earnings in the condensed consolidated financial statements (31 March 2011: 15.554).

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

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### 6. SEGMENTAL REPORTING

#### a) Segmental results

	1 January - 31 March 2012					
	Contracting	Agriculture	Real Estate	Other	Eliminations	Total
Revenue	545.676	454.117	5.905	17.722	-	1.023.420
Intra-segment sales	50.668	4.256	4	44	(54.972)	-
Inter-segment sales	157	321	94	1.682	(2.254)	-
<b>TOTAL REVENUE</b>	<b>596.501</b>	<b>458.694</b>	<b>6.003</b>	<b>19.448</b>	<b>(57.226)</b>	<b>1.023.420</b>
Cost of revenue (-)	(490.612)	(383.655)	(5.140)	(11.183)	-	(890.590)
<b>GROSS PROFIT</b>	<b>55.064</b>	<b>70.462</b>	<b>765</b>	<b>6.539</b>	<b>-</b>	<b>132.830</b>
Marketing, selling and distribution expenses (-)	(161)	(26.813)	(54)	(2.410)	-	(29.438)
General administrative expenses (-)	(13.696)	(4.772)	(939)	(5.731)	-	(25.138)
Research and development expenses (-)	-	(52)	-	-	-	(52)
Other operating income	1.271	2.277	1.152	25	-	4.725
Other operating expenses (-)	(516)	(544)	(119)	(45)	-	(1.224)
<b>OPERATING PROFIT / (LOSS)</b>	<b>41.962</b>	<b>40.558</b>	<b>805</b>	<b>(1.622)</b>	<b>-</b>	<b>81.703</b>
Share on profit / (loss) of investments valued using equity method	-	-	-	5.710	-	5.710
Financial income	27.086	33.145	501	18.140	-	78.872
Financial expense (-)	(24.885)	(19.885)	(836)	(9.111)	-	(54.717)
<b>PROFIT BEFORE TAXATION</b>	<b>44.163</b>	<b>53.818</b>	<b>470</b>	<b>13.117</b>	<b>-</b>	<b>111.568</b>
Tax expense	(6.664)	(10.138)	(86)	(2.513)	-	(19.401)
<b>NET PROFIT FOR THE PERIOD</b>	<b>37.499</b>	<b>43.680</b>	<b>384</b>	<b>10.604</b>	<b>-</b>	<b>92.167</b>

The Group has 12.897 of revenue and 4.140 of operating income from terminal operations classified under agricultural operations for the period of 1 January - 31 March 2012.

Translated into English from the report originally issued in Turkish.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 6. SEGMENTAL REPORTING (cont'd)

#### a) Segmental results (cont'd)

	1 January - 31 March 2011					
	Contracting	Agriculture	Real Estate	Other	Eliminations	Total
Revenue	288.589	371.221	9.509	20.528	-	689.847
Intra-segment sales	25.742	3.606	1	39	(29.388)	-
Inter-segment sales	8	221	72	1.334	(1.635)	-
<b>TOTAL REVENUE</b>	<b>314.339</b>	<b>375.048</b>	<b>9.582</b>	<b>21.901</b>	<b>(31.023)</b>	<b>689.847</b>
Cost of revenue (-)	(275.803)	(261.320)	(8.148)	(14.557)	-	(559.828)
<b>GROSS PROFIT</b>	<b>12.786</b>	<b>109.901</b>	<b>1.361</b>	<b>5.971</b>	<b>-</b>	<b>130.019</b>
Marketing, selling and distribution expenses (-)	(128)	(26.276)	(98)	(2.062)	-	(28.564)
General administrative expenses (-)	(12.443)	(5.178)	(758)	(5.771)	-	(24.150)
Research and development expenses (-)	-	(40)	-	-	-	(40)
Other operating income	960	1.651	1.087	342	-	4.040
Other operating expenses (-)	(376)	(1.398)	(603)	(407)	-	(2.784)
<b>OPERATING PROFIT / (LOSS)</b>	<b>799</b>	<b>78.660</b>	<b>989</b>	<b>(1.927)</b>	<b>-</b>	<b>78.521</b>
Share on profit / (loss) of investments valued using equity method	-	-	-	623	-	623
Financial income	17.698	18.741	659	10.843	-	47.941
Financial expense (-)	(15.750)	(10.641)	(275)	(3.625)	-	(30.291)
<b>PROFIT BEFORE TAXATION</b>	<b>2.747</b>	<b>86.760</b>	<b>1.373</b>	<b>5.914</b>	<b>-</b>	<b>96.794</b>
Tax expense	(1.133)	(16.980)	(154)	(2.274)	-	(20.541)
<b>NET PROFIT FOR THE PERIOD</b>	<b>1.614</b>	<b>69.780</b>	<b>1.219</b>	<b>3.640</b>	<b>-</b>	<b>76.253</b>

The Group has 13.845 of revenue and 5.700 of operating income from terminal operations classified under agricultural operations for the period of 1 January - 31 March 2011.

Translated into English from the report originally issued in Turkish.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 6. SEGMENTAL REPORTING (cont'd)

b) As of 31 March 2012 and 31 December 2011 segmental assets and liabilities are as follow:

Balance sheet	31 March 2012				
	Contracting	Agriculture	Real Estate	Other	Total
Total assets	1.832.351	1.099.491	51.843	960.893	3.944.578
Current and non-current liabilities	1.383.589	446.148	29.275	93.288	1.952.300
Equity attributable to owners of the parent	378.238	325.536	8.835	1.250.831	1.963.440
Non-controlling interests	25.106	3.629	62	41	28.838

  

Balance sheet	31 December 2011				
	Contracting	Agriculture	Real Estate	Other	Total
Total assets	1.829.214	975.890	52.607	890.019	3.747.730
Current and non-current liabilities	1.374.181	359.808	31.205	94.930	1.860.124
Equity attributable to owners of the parent	372.830	283.324	8.519	1.192.247	1.856.920
Non-controlling interests	26.975	3.631	63	17	30.686

Translated into English from the report originally issued in Turkish.



## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

#### 6. SEGMENTAL REPORTING (cont'd)

c) Segmental information related to property, plant and equipment, intangible assets and investment property for the three month interim periods ended 31 March 2012 and 2011 is as follows:

	1 January - 31 March 2012				
	<u>Contracting</u>	<u>Agriculture</u>	<u>Real Estate</u>	<u>Other</u>	<u>Total</u>
Capital expenditures (*)	40.483	7.025	61	99	47.668
Depreciation and amortization expense for the period (**)	17.093	2.753	115	1.245	21.206

  

	1 January - 31 March 2011				
	<u>Contracting</u>	<u>Agriculture</u>	<u>Real Estate</u>	<u>Other</u>	<u>Total</u>
Capital expenditures (*)	10.520	532	10	226	11.288
Depreciation and amortization expense for the period (**)	12.199	3.326	111	1.242	16.878

(\*) Fixed assets purchases through financial lease are also included (2012: 19.428, 2011: 4.982).

(\*\*) Depreciation expense of 1.169 is capitalized within the cost of inventory (31 March 2011: 514).

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# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

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### 6. SEGMENTAL REPORTING (cont’d)

d) Geographical segmental information is as follows:

	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 31 March 2012)	725.560	178.543	45.862	122.664	8.017	(57.226)	1.023.420
Total assets (31 March 2012)	4.307.575	1.134.491	395.861	668.929	104.578	(2.666.856)	3.944.578
Capital expenditures (1 January - 31 March 2012) (*)	32.856	3.695	2.262	8.855	-	-	47.668
	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 31 March 2011)	443.905	71.793	35.253	167.730	2.189	(31.023)	689.847
Total assets (31 December 2011)	4.048.423	1.111.717	366.917	764.143	135.829	(2.679.299)	3.747.730
Capital expenditures (1 January - 31 March 2011) (*)	5.556	1.005	72	4.655	-	-	11.288

(\*) Fixed assets purchases through financial lease are also included (2012: 19.428, 2011: 4.982).

Translated into English from the report originally issued in Turkish.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 7. TRADE RECEIVABLES

As at balance sheet date, details of trade receivables of the Group are as follow:

	31 March 2012	31 December 2011
<u>Short term trade receivables</u>		
Contract receivables	465.668	404.275
Receivables from Agriculture group operations	284.697	77.574
Other trade receivables	25.012	27.001
Provision for doubtful receivables	(11.443)	(12.038)
Retention receivables (Note: 9)	19.292	32.706
Due from related parties	8.787	13.904
Other	279	220
	<u>792.292</u>	<u>543.642</u>
<u>Long term trade receivables</u>		
Retention receivables (Note: 9)	112.105	101.066
Contract receivables	2.579	2.749
	<u>114.684</u>	<u>103.815</u>

Average maturity date for trade receivables varies between the segments. Average maturity date for Contracting segment, for projects in abroad is 80 days (31 December 2011: 75 days), for domestic projects is 61 days (31 December 2011: 41 days), for Agriculture segment is 34 days (31 December 2011: 31 days) and for other segments is 64 days (31 December 2011: 55 days).

The movement of the Group's provision for doubtful receivables is as follows:

	2012	2011
Provision as at 1 January	(12.038)	(11.329)
Charge for the year	(42)	(562)
Collected	638	188
Currency translation effect	(1)	(2)
Provision as at 31 March	<u>(11.443)</u>	<u>(11.705)</u>

42 of doubtful receivable charge for the period (2011: 69) has been charged to general administration expenses. Any doubtful receivable provision is not charged to other operating expenses in the current period (2011: 493).

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

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### 8. INVENTORIES

	31 March 2012	31 December 2011
Raw materials	48.142	48.583
Work in progress	64.764	106.919
Finished goods	15.684	72.050
Trading goods	36.407	65.443
Goods in transit	68.829	58.895
Inventory from real estate projects	22.494	15.652
Inventory at construction sites	98.297	102.738
Other inventories (*)	29.988	27.625
Allowance for impairment on inventory (-)	(976)	(1.034)
	<u>383.629</u>	<u>496.871</u>

<u>Movement of allowance for impairment of inventory</u>	<u>2012</u>	<u>2011</u>
Provision as of 1 January	(1.034)	(845)
Charge for the period	(4)	-
Currency translation effect	62	(1)
Provision as of 31 March	<u>(976)</u>	<u>(846)</u>

(\*) As of 31 March 2012, other inventories consist of operating supplies amounting to 15.972 and spare parts amounting to 14.016 (31 December 2011: 13.516 operating supplies ve 14.109 spare parts).

Impairment of inventory is included in cost of revenue.

Group has identified some inventories whose net realizable value is less than its current cost. Accordingly, the amount of 976 (31 March 2011: 846) has been determined as provision for allowance for impairment on inventory. As of 31 March 2012, total amount of the inventory shown at net realizable value is 3.119 (31 March 2011: 1.913).

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

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### 9. CONSTRUCTION CONTRACTS

	31 March 2012	31 December 2011
Cost incurred on uncompleted contracts	4.720.242	4.791.915
Recognised gain less losses (net)	516.173	582.451
	<u>5.236.415</u>	<u>5.374.366</u>
Less: Billings to date (-)	(4.943.379)	(4.989.513)
	<u>293.036</u>	<u>384.853</u>

Costs and billings incurred on uncompleted contracts in condensed consolidated financial statements are as follow:

	31 March 2012	31 December 2011
From customers under construction contracts	521.272	581.810
To customers under construction contracts	(228.236)	(196.957)
	<u>293.036</u>	<u>384.853</u>

As of 31 March 2012, total retention receivables amount to 131.397 (31 December 2011: 133.772).

	31 March 2012	31 December 2011
<u>Receivables from uncompleted contracts</u>		
Contracts undersigned abroad	504.903	570.189
Contracts undersigned in Turkey	16.369	11.621
	<u>521.272</u>	<u>581.810</u>
<u>Payables to uncompleted contracts</u>		
Contracts undersigned abroad	(94.281)	(58.578)
Contracts undersigned in Turkey	(133.955)	(138.379)
	<u>(228.236)</u>	<u>(196.957)</u>
	<u>293.036</u>	<u>384.853</u>

The Group has 168.137 of advances received for contracting projects (31 December 2011: 213.738).

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

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### 10. INVESTMENTS VALUED BY EQUITY METHOD

Subsidiaries	Location of foundation and operation	Share in capital (%)		Power to appoint	Industry
		31 March 2012	31 December 2011		
Eurobank Tekfen A.Ş.	İstanbul	29,2583 %	29,2583 %	29,2583 %	Banking
Tekfen Oz Gayrimenkul Geliştirme A.Ş.	İstanbul	16,4000 %	16,4000 %	50,00 %(*)	Real Estate

(\*) The Company, despite having 16,40% share in Tefken Oz Gayrimenkul Geliştirme A.Ş., mentioned establishment's Board of Directors is equally represented with the other partner and power to vote is 50,00%.

Details of Group's subsidiaries' condensed financial positions are as follow:

Financial Position	31 March 2012		
	Eurobank Tekfen	Tekfen Oz	Total
Total assets	4.922.245	94.574	5.016.819
Total liabilities	4.220.265	5.263	4.225.528
Net assets	701.980	89.311	791.291
Group's share in net assets of subsidiaries	205.387	14.647	220.034

Financial Position	31 December 2011		
	Eurobank Tekfen	Tekfen Oz	Total
Total assets	5.136.035	128.380	5.264.415
Total liabilities	4.456.091	63.826	4.519.917
Net assets	679.944	64.554	744.498
Group's share in net assets of subsidiaries	198.940	10.587	209.527

	1 January-31 March 2012		
	Eurobank Tekfen	Tekfen Oz	Total
Revenue	162.256	78.823	241.079
Profit for the year	19.457	102	19.559
Group's share on subsidiaries' profit/loss for the year	5.693	17	5.710

	1 January-31 March 2011		
	Eurobank Tekfen	Tekfen Oz	Total
Revenue	108.047	-	108.047
Profit for the year	2.445	(561)	1.884
Group's share on subsidiaries' profit/loss for the year	715	(92)	623

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

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### 11. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND INVESTMENT PROPERTY

	Property, plant and equipment	Intangible assets	Investment property
<b>Cost Value</b>			
Opening balance as of 1 January 2012	1.961.577	15.801	118.553
Currency translation effect	(58.174)	(622)	(235)
Additions	46.906	762	-
Disposals	(12.026)	-	-
Closing balance as of 31 March 2012	1.938.283	15.941	118.318
<b>Accumulated Depreciation and Amortization</b>			
Opening balance as of 1 January 2012	(1.271.615)	(13.856)	(23.485)
Currency translation effect	35.281	586	-
Charge for the period	(21.400)	(233)	(742)
Disposals	11.985	-	-
Closing balance as of 31 March 2012	(1.245.749)	(13.503)	(24.227)
Carrying value as of 31 March 2012	692.534	2.438	94.091
<b>Cost Value</b>			
Opening balance as of 1 January 2011	1.731.013	13.104	114.939
Currency translation effect	5.103	24	23
Additions	11.018	270	-
Disposals	(4.019)	-	-
Closing balance as of 31 March 2011	1.743.115	13.398	114.962
<b>Accumulated Depreciation and Amortization</b>			
Opening balance as of 1 January 2011	(1.128.954)	(10.369)	(20.564)
Currency translation effect	(3.592)	(20)	-
Charge for the period	(16.408)	(269)	(742)
Disposals	3.680	-	-
Closing balance as of 31 March 2011	(1.145.274)	(10.658)	(21.306)
Carrying value as of 31 March 2011	597.841	2.740	93.656

Property, plant and equipment includes fixed assets with carrying value of 91.927 purchased through financial lease (31 March 2011: 77.271).

The amount of mortgage on tangible assets is 750 (31 March 2011: 750).

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 12. FINANCIAL DEBTS

The Company's short term financial debts, utilized to finance its working capital flow are reclassified as long term whose maturities passed 31 March 2012 according to their opening dates. Annual weighted average interest rate of the existing short term loans in term of US Dollars is 4,96% (31 December 2011: 3,20%).

### 13. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 March 2012	31 December 2011
<u>Provisions</u>		
Provision for litigation	8.052	8.345
Other provisions	1.660	646
	<u>9.712</u>	<u>8.991</u>

Movement of provision for litigation is as follows:

	2012	2011
Provision as of 1 January	8.345	15.875
Provision paid (-)	-	(4.056)
Charge for the period	20	413
Provision released	(79)	(229)
Currency translation effect	(234)	6
Provision as of 31 March	<u>8.052</u>	<u>12.009</u>

#### Litigations:

As of 31 March 2012, lawsuit filed against the Group is totally 39.698 (31 December 2011: 38.025) and the management has decided to accrue 8.052 (31 December 2011: 8.345) of provision for lawsuits that might have high probability of potential outflow from the Group upon the consultation of legal advisors,. Based on the legal advice of lawyers, the Group foresees no significant risks regarding of lawsuit filed against the Group.

As explained in detail in the notes of the audited consolidated financial statements as of 31 December 2011, new developments have been occurred in the legal process of the closure of Samsun Fertilizer facility beginning with the written petition dated 6 November 2007 of Samsun Municipality. "Law on Supporting the Development of the Forest Peasants and Evaluation of Areas Taken out of Forest Boundaries on behalf of the Treasury and the Sales of Farming Lands Belonging to the Treasury", publicly known as 2/B Law, is published on Official Gazette dated 26 April 2012 and it is effective thereafter. According to this law, the 2/B commentaries on the land of Samsun facility will be cancelled in the land registry, therefore process for obtaining the Business Opening License and Operation Permit subsequent to obtaining the construction plans will be initiated.



# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 14. COMMITMENTS AND OBLIGATIONS

The guarantee, pledge and mortgage ("GPM") position tables of the Group as of 31 March 2012 and 31 December 2011 are as follow:

31 March 2012	Equivalent of Thousands TL	<i>Thousands of US Dollars</i>	<i>Thousands of EUR</i>	<i>Other (Equivalent of Thousands TL)</i>
A. GPM given on behalf of its own legal entity	58.243	-	-	58.243
-Guarantee	-	-	-	-
-Pledge	58.243	-	-	58.243
-Mortgage	-	-	-	-
B. GPM given on behalf of subsidiaries that are included in full consolidation	1.593.661	600.811	105.848	278.004
-Guarantee	1.592.911	600.811	105.848	277.254
-Pledge	-	-	-	-
-Mortgage	750	-	-	750
C. GPM given in order to guarantee third parties' debts for the routine trade operations	3.912	-	-	3.912
-Guarantee	3.912	-	-	3.912
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total amounts of other GPM given				
i. Total amount of GPM given on behalf of parent company	-	-	-	-
ii. Total amount of GPM given on behalf of other group companies that are not included group B and C	-	-	-	-
iii. Total amount of GPM given on behalf of third parties that are not included group C	-	-	-	-
<b>Total as of 31 March 2012</b>	1.655.816	600.811	105.848	340.159
31 December 2011	Equivalent of Thousands TL	<i>Thousands of US Dollars</i>	<i>Thousands of EUR</i>	<i>Other (Equivalent of Thousands TL)</i>
A. GPM given on behalf of its own legal entity	56.414	-	-	56.414
-Guarantee	-	-	-	-
-Pledge	56.414	-	-	56.414
-Mortgage	-	-	-	-
B. GPM given on behalf of subsidiaries that are included in full consolidation	1.620.864	598.126	92.090	266.014
-Guarantee	1.620.114	598.126	92.090	265.264
-Pledge	-	-	-	-
-Mortgage	750	-	-	750
C. GPM given in order to guarantee third parties' debts for the routine trade operations	4.132	-	-	4.132
-Guarantee	4.132	-	-	4.132
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total amounts of other GPM given				
i. Total amount of GPM given on behalf of parent company	-	-	-	-
ii. Total amount of GPM given on behalf of other group companies that are not included group B and C	-	-	-	-
iii. Total amount of GPM given on behalf of third parties that are not included group C	-	-	-	-
<b>Total as of 31 December 2011</b>	1.681.410	598.126	92.090	326.560

Since there are not any GPMs mentioned in D item, the ratio to the total equity is not presented.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 15. EMPLOYEE BENEFITS

	31 March 2012	31 December 2011
Short term employee benefits:		
Retirement pay provision	320	255
Unused vacation pay liability provision	10.563	9.131
Premium provision	2.921	11.422
Wages and other employee benefits	23.821	21.041
	<u>37.625</u>	<u>41.849</u>
Long term employee benefits:		
Retirement pay provision	39.511	39.827
	31 March 2012	31 December 2011
Short term retirement pay provision	320	255
Long term retirement pay provision	39.511	39.827
	<u>39.831</u>	<u>40.082</u>
	Retirement Pay Provision	Premium Provision
Opening balance as of 1 January 2012	40.082	11.422
Currency translation effect	(1.123)	(9)
Service expense	4.211	2.990
Interest expense	399	-
Provision paid	(3.738)	(11.482)
Closing balance as of 31 March 2012	<u>39.831</u>	<u>2.921</u>
Opening balance as of 1 January 2011	36.011	9.294
Currency translation effect	221	(29)
Service expense	3.013	1.835
Interest expense	334	-
Provision paid	(2.218)	(8.887)
Closing balance as of 31 March 2011	<u>37.361</u>	<u>2.213</u>

The amount payable to employee calculated by one month salary is limited to a maximum 2.805 TL (31 December 2011: 2.805 TL) as of 31 March 2012.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 16. SIGNIFICANT RELATED PARTY TRANSACTIONS

According to IAS 24, the shareholders, Group companies and their subsidiaries, management and other related parties are classified as related parties.

Group has a total deposit of 358.237 in Eurobank Tekfen A.Ş. as of 31 March 2012 (31 December 2011: 452.752) classified in cash and cash equivalents. Average interest rate of bank deposits in term of TL is 12,14% and in terms of US Dollars is 5,40%, and 9.700 of interest income is earned within the three month interim period ended 31 March 2012 (31 March 2011: interest rates: 8,55% for TL, 3,87% for US Dollar, and interest income: 5.164).

For the interim period, there isn't any extraordinary transaction occurred besides the transactions with related parties and trade relations. Transactions with related parties are distinct and measurable.

### 17. EARNINGS PER SHARE

	1 January- 31 March 2012	1 January- 31 March 2011
Average number of ordinary shares outstanding during the period (in full)	370.000.000	370.000.000
Net profit for the period attributable to owners of the parent (thousands TL)	92.372	76.342
Earnings per share from operations (TL)	0,250	0,206

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 18. FINANCIAL INCOME AND FINANCIAL EXPENSE

#### Financial Income:

	1 January- 31 March 2012	1 January- 31 March 2011
Interest income	16.497	16.121
Foreign exchange gains	57.242	30.191
Other	5.133	1.629
	<u>78.872</u>	<u>47.941</u>

#### Financial Expense:

	1 January- 31 March 2012	1 January- 31 March 2011
Finance expenses	(7.080)	(7.478)
Foreign exchange losses	(47.637)	(22.813)
	<u>(54.717)</u>	<u>(30.291)</u>

**TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012**

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**19. FOREIGN CURRENCY POSITION**

31 March 2012	Equivalent of Thousands of TL	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalent of Thousands of TL)
1. Trade Receivables	218.478	37.852	38.608	10	59.982
2. Monetary Financial Assets	299.069	134.641	12.239	282	30.665
3. Other	85.016	36.419	2.404	53	14.621
<b>4. CURRENT ASSETS</b>	<b>602.563</b>	<b>208.912</b>	<b>53.251</b>	<b>345</b>	<b>105.268</b>
5. Trade Receivables	14.836	369	4.624	-	3.240
6. Monetary Financial Assets	5.782	-	17	-	5.742
7. Other	5.192	72	2.140	-	-
<b>8. NON CURRENT ASSETS</b>	<b>25.810</b>	<b>441</b>	<b>6.781</b>	<b>-</b>	<b>8.982</b>
<b>9. TOTAL ASSETS</b>	<b>628.373</b>	<b>209.353</b>	<b>60.032</b>	<b>345</b>	<b>114.250</b>
10. Trade Payables	598.290	186.322	53.804	1.074	137.833
11. Financial Liabilities	92.769	48.877	1.926	-	1.557
12. Monetary Other Liabilities	132.903	12.309	18.427	-	67.475
12b. Non Monetary Other Liabilities	344	182	9	-	-
<b>13. CURRENT LIABILITIES</b>	<b>824.306</b>	<b>247.690</b>	<b>74.166</b>	<b>1.074</b>	<b>206.865</b>
14. Trade Payables	1.066	-	18	-	1.023
15. Financial Liabilities	10.923	810	3.133	-	2.073
16. Monetary Other Liabilities	6.996	461	-	-	6.179
<b>17. NON CURRENT LIABILITIES</b>	<b>18.985</b>	<b>1.271</b>	<b>3.151</b>	<b>-</b>	<b>9.275</b>
<b>18. TOTAL LIABILITIES</b>	<b>843.291</b>	<b>248.961</b>	<b>77.317</b>	<b>1.074</b>	<b>216.140</b>
19. Net foreign currency assets / liabilities position	(214.918)	(39.608)	(17.285)	(729)	(101.890)
20. Monetary items net foreign currency assets / liabilities position (1+2+5+6-10-11-12-14-15-16)	(304.782)	(75.917)	(21.820)	(782)	(116.511)
21. Export	30.215	16.807	57	-	-
22. Import	218.574	117.241	3.173	622	-

Translated into English from the report originally issued in Turkish.

**TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012**

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**19. FOREIGN CURRENCY POSITION (cont’d)**

31 December 2011	Equivalent of Thousands of TL	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalent of Thousands of TL)
1. Trade Receivables	234.315	45.756	36.160	5	59.504
2. Monetary Financial Assets	137.904	43.343	1.983	196	50.616
3. Other	72.348	31.122	1.688	53	9.282
<b>4. CURRENT ASSETS</b>	<b>444.567</b>	<b>120.221</b>	<b>39.831</b>	<b>254</b>	<b>119.402</b>
5. Trade Receivables	9.241	-	2.674	-	2.706
6. Monetary Financial Assets	5.906	-	17	-	5.864
7. Other	1.949	103	718	-	-
<b>8. NON CURRENT ASSETS</b>	<b>17.096</b>	<b>103</b>	<b>3.409</b>	<b>-</b>	<b>8.570</b>
<b>9. TOTAL ASSETS</b>	<b>461.663</b>	<b>120.324</b>	<b>43.240</b>	<b>254</b>	<b>127.972</b>
10. Trade Payables	533.673	167.714	40.311	1.195	114.880
11. Financial Liabilities	75.218	37.024	1.935	-	555
12. Monetary Other Liabilities	151.904	11.784	22.723	-	74.115
12b. Non Monetary Other Liabilities	229	121	-	-	-
<b>13. CURRENT LIABILITIES</b>	<b>761.024</b>	<b>216.643</b>	<b>64.969</b>	<b>1.195</b>	<b>189.550</b>
14. Trade Payables	652	-	20	-	603
15. Financial Liabilities	10.944	867	3.376	-	1.056
16. Monetary Other Liabilities	6.960	461	-	-	6.089
<b>17. NON CURRENT LIABILITIES</b>	<b>18.556</b>	<b>1.328</b>	<b>3.396</b>	<b>-</b>	<b>7.748</b>
<b>18. TOTAL LIABILITIES</b>	<b>779.580</b>	<b>217.971</b>	<b>68.365</b>	<b>1.195</b>	<b>197.298</b>
19. Net foreign currency assets / liabilities position	(317.917)	(97.647)	(25.125)	(941)	(69.326)
20. Monetary items net foreign currency assets / liabilities position (1+2+5+6-10-11-12-14-15-16)	(391.985)	(128.751)	(27.531)	(994)	(78.608)
21. Export	77.757	40.509	5.881	-	-
22. Import	1.031.025	553.280	31.889	1.580	27.561

Translated into English from the report originally issued in Turkish.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 19. FOREIGN CURRENCY POSITION (cont'd)

#### Foreign currency sensitivity

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollars and Euro.

The following table details the Group's sensitivity to a 5% increase and decrease in foreign currency rates. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated items and adjusts their translation at the three month interim period end for a 5% change in foreign currency rates. This sensitivity analysis excludes the foreign currency denominated items presented on the balance sheet of the Group companies whose functional currency is other than TL. A positive number indicates an increase in profit or loss.

	31 March 2012	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	Profit / Loss	
	If US Dollars 5% changed vs TL	
US Dollars net assets / liabilities	(3.511)	3.511
	If Euro 5% changed vs TL	
Euro net assets / liabilities	(2.045)	2.045
	If Other foreign currencies 5% changed vs TL	
Other foreign currency net assets / liabilities	(5.190)	5.190
<b>TOTAL</b>	<b>(10.746)</b>	<b>10.746</b>
	31 December 2011	
	Profit / Loss	
	If US Dollars 5% changed vs TL	
US Dollars net assets / liabilities	(9.222)	9.222
	If Euro 5% changed vs TL	
Euro net assets / liabilities	(3.070)	3.070
	If Other foreign currencies 5% changed vs TL	
Other foreign currency net assets / liabilities	(3.604)	3.604
<b>TOTAL</b>	<b>(15.896)</b>	<b>15.896</b>

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2012

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

### 20. EVENTS AFTER BALANCE SHEET DATE

#### Eurobank Tekfen A.Ş.

On 9 April 2012, the Company and EFG Eurobank Holding (Luxembourg) S.A. ("Eurobank Holding") - a subsidiary of Eurobank EFG - concluded an agreement which enables to transfer the shares representing 29,26 % of the Company's investment consolidated by using equity method, Eurobank Tekfen A.Ş. (Bank) capital owned by the Company to Eurobank Holding or to any other beneficiary determined by Eurobank Holding, by allowing an early exercise of the call option described in the Shareholders' Agreement signed on 16 March 2007. In this context;

a) Eurobank Holding is released to transfer its shares to any third party by waiving preemption rights of the Company on the Bank shares derived from the Shareholders' Agreement signed on 16 March 2007.

b) The Company will be able to keep its position as a partner in the Bank by contracting a Shareholders' Agreement with the third party with which Eurobank Holding signs a sales agreement. Under the condition that a Shareholders' Agreement may not be contracted, in return for the shares of the Company to be transferred to the third party that Eurobank Holding may sale its shares, 189 million US Dollars shall be paid to the Company as determined in Shareholders Agreement signed on 16 March 2007 with Eurobank Holding.

c) Provided that a new Shareholders' Agreement is signed between the Company and the prospective buyer of the Bank shares owned by EFG Holding, enabling to maintain the partnership; the difference between 189 million US Dollars and book value of the Bank shares representing 29,26% as of closing date of the agreement (which is 189 million TL by 30 September 2011), shall be paid to the Company.

Any transactions which will be carried out under the above summarized agreement shall be subject to the approval and permission of Banking Regulation and Supervision Agency and the relevant national authorities of which the parties are subject to.

Additionally, it has been decided by the Board of Directors of the Company on 19 April 2012 that taking into consideration that a Share Sale-Purchase Agreement has been signed on 9 April 2012 between Eurobank Holding and Burgan Bank S.A.K. as purchaser concerning the sale of 99,26% of the shares of the Bank, made up of Eurobank Holding's shares of 70% and the Company's shares of 29,26%, to the aforementioned purchaser; and evaluating the conditions and consequences of both agreements, in the case Eurobank Holding transfers its shares in the Bank, amounting to 70%, to Burgan Bank S.A.K., the Company's shares, representing 29,26% of the Bank capital, will be sold and transferred to Burgan Bank S.A.K. in accordance with the articles and share transfer conditions of the agreements between Eurobank Holding and the Company, signed on 16 March 2007 and 9 April 2012.

#### New Construction Projects

Tekfen İnşaat ve Tesisat A.Ş. has received an awarding letter from Qatar Public Works Authority, Ashghal, for engineering and construction works related to the connecting roads of the North Road Highway. The project size is approximately 1.049.557 (592 million US Dollars) with a duration of 30 months. It is expected that work will begin in a short period of time following the signing of the contract.

#### Dividend Distribution:

On 12 April 2012, the Board of Directors has proposed cash dividend attributable to the operations for the year 2011 amounting to TL 0,19 per share to be distributed to shareholders. The cash dividend is subject to the approval of the shareholders at the annual meeting of the general assembly and is not included as liability in the condensed consolidated financial statements. The total amount of cash dividend to be distributed on approval to shareholders is 70.167 (2010: 52.914) and the amount of cash dividend to be distributed on approval to Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı, which holds redeemed shares, is 4.880 (2010: 3.964).

#### Other:

As of 10 May 2012, there is a negative change of 12.060 in the fair value of Akmerkez Gayrimenkul Yatırım Ortaklığı, whose shares are publicly traded.