

**TEKFEN HOLDİNG ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE SIX MONTH  
INTERIM PERIOD  
ENDED 30 JUNE 2012  
TOGETHER WITH INDEPENDENT  
AUDITOR'S REVIEW REPORT

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

CONTENT	PAGE
CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2012 .....	1-2
CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012 .....	3
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012 .....	4
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012 .....	5
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012 .....	6-7
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012 .....	8-33
NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP .....	8
NOTE 2 BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS .....	8-9
NOTE 3 ADOPTION OF NEW AND REVISED STANDARDS .....	9-10
NOTE 4 EVENTS AND TRANSACTIONS AFFECTING CONDENSED CONSOLIDATED FINANCIAL STATEMENTS BY LEVEL OF SIGNIFICANCE .....	10-12
NOTE 5 SIGNIFICANT CHANGES IN EQUITY .....	12
NOTE 6 SEGMENTAL REPORTING .....	13-19
NOTE 7 CASH AND CASH EQUIVALENTS .....	20
NOTE 8 TRADE RECEIVABLES AND PAYABLES .....	20-21
NOTE 9 INVENTORIES .....	22
NOTE 10 CONSTRUCTION CONTRACTS .....	23
NOTE 11 INVESTMENTS VALUED BY EQUITY METHOD .....	24
NOTE 12 PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND INVESTMENT PROPERTY .....	25
NOTE 13 FINANCIAL DEBTS .....	26
NOTE 14 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES .....	26
NOTE 15 COMMITMENTS AND OBLIGATIONS .....	27
NOTE 16 EMPLOYEE BENEFITS .....	28
NOTE 17 SIGNIFICANT RELATED PARTY TRANSACTIONS .....	29
NOTE 18 EARNINGS PER SHARE .....	29
NOTE 19 FINANCIAL INCOME AND FINANCIAL EXPENSE .....	30
NOTE 20 FOREIGN CURRENCY POSITION .....	31-33
NOTE 21 EVENTS AFTER BALANCE SHEET DATE .....	33

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2012

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

<b>ASSETS</b>	<b>Notes</b>	<b>Reviewed 30 June 2012</b>	<b>Audited 31 December 2011</b>
<b>Current Assets</b>		<b>2.679.128</b>	<b>2.538.876</b>
Cash and cash equivalents	7	858.435	786.323
Trade receivables	8	651.063	543.642
Other receivables		9.327	12.878
Inventories	9	457.268	496.871
Receivables from ongoing construction contracts	10	545.057	581.810
Other current assets		143.072	101.539
		<u>2.664.222</u>	<u>2.523.063</u>
Assets classified as held for sale		14.906	15.813
<b>Non Current Assets</b>		<b>1.312.405</b>	<b>1.208.854</b>
Trade receivables	8	137.389	103.815
Other receivables		4.605	4.264
Financial investments		81.086	70.376
Investments valued by equity method	4, 11	220.563	209.527
Investment property	12	93.422	95.068
Property, plant and equipment	12	735.885	689.962
Intangible assets	12	2.502	1.945
Deferred tax assets		23.751	20.832
Other non current assets		13.202	13.065
<b>TOTAL ASSETS</b>		<b><u>3.991.533</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 30 JUNE 2012

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

<b>LIABILITIES</b>	<b>Notes</b>	<b>Reviewed 30 June 2012</b>	<b>Audited 31 December 2011</b>
<b>Current Liabilities</b>		<b>1.895.263</b>	<b>1.695.794</b>
Financial debts	13	424.881	325.048
Trade payables	8	883.585	806.757
Other payables		57.907	49.423
Current tax liability		17.612	16.912
Ongoing construction progress payments	10	269.953	196.957
Provisions	14	9.601	8.991
Employee benefits	16	41.669	41.849
Other short term liabilities		190.055	249.857
<b>Non Current Liabilities</b>		<b>139.870</b>	<b>164.330</b>
Financial debts	13	53.315	84.844
Trade payables	8	6.146	3.075
Other payables		1.096	1.062
Employee benefits	16	41.652	39.827
Deferred tax liabilities		37.661	35.522
<b>EQUITY</b>	5	<b>1.956.400</b>	<b>1.887.606</b>
<b>Equity Attributable To Owners Of The Parents</b>		<b>1.925.969</b>	<b>1.856.920</b>
Paid in capital		373.475	373.475
Premiums in capital stock		300.984	300.984
Revaluation growth funds		63.396	51.560
Currency translation reserve		97.811	114.768
Restricted profit reserves		97.810	72.222
Retained earnings		843.276	701.471
Net profit for the period		149.217	242.440
<b>Non-controlling Interests</b>		<b>30.431</b>	<b>30.686</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3.991.533</b>	<b>3.747.730</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 STATEMENT OF INCOME FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

		<b>Reviewed</b>	<b>Not reviewed</b>	<b>Reviewed</b>	<b>Not reviewed</b>
		<b>1 January- 30 June</b>	<b>1 April- 30 June</b>	<b>1 January- 30 June</b>	<b>1 April- 30 June</b>
	<b>Notes</b>	<b>2012</b>	<b>2012</b>	<b>2011</b>	<b>2011</b>
Revenue		2.026.918	1.003.498	1.393.247	703.400
Cost of revenue (-)		(1.769.805)	(879.215)	(1.135.324)	(575.496)
<b>GROSS PROFIT</b>		<b>257.113</b>	<b>124.283</b>	<b>257.923</b>	<b>127.904</b>
Marketing, selling and distribution expenses (-)		(58.995)	(29.557)	(53.861)	(25.297)
General administrative expenses (-)		(52.669)	(27.531)	(47.911)	(23.761)
Research and development expenses (-)		(61)	(9)	(102)	(62)
Other operating income		9.054	4.329	9.412	5.372
Other operating expenses (-)		(8.014)	(6.790)	(6.762)	(3.978)
<b>OPERATING PROFIT</b>		<b>146.428</b>	<b>64.725</b>	<b>158.699</b>	<b>80.178</b>
Share on profit / loss of investments valued using equity method	11	5.329	(381)	1.636	1.013
Financial income	19	137.747	58.875	100.609	52.668
Financial expense (-)	19	(99.104)	(44.387)	(77.416)	(47.125)
<b>PROFIT BEFORE TAXATION</b>		<b>190.400</b>	<b>78.832</b>	<b>183.528</b>	<b>86.734</b>
<b>Tax expense</b>		<b>(40.298)</b>	<b>(20.897)</b>	<b>(40.340)</b>	<b>(19.799)</b>
Tax expense for the period		(40.948)	(22.161)	(37.146)	(19.201)
Deferred tax expense		272	1.244	(3.123)	(550)
Currency translation reserve		378	20	(71)	(48)
<b>NET PROFIT FOR THE PERIOD</b>		<b>150.102</b>	<b>57.935</b>	<b>143.188</b>	<b>66.935</b>
<b>Distribution of Profit For The Period</b>					
Non-controlling interests		885	1.090	(152)	(63)
Owners of the parent		149.217	56.845	143.340	66.998
<b>Earnings Per Share (TL)</b>	18	0,403	0,154	0,387	0,181

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 STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

	Reviewed 1 January- 30 June 2012	Not reviewed 1 April- 30 June 2012	Reviewed 1 January- 30 June 2011	Not reviewed 1 April- 30 June 2011
<b>NET PROFIT FOR THE PERIOD</b>	<b>150.102</b>	<b>57.935</b>	<b>143.188</b>	<b>66.935</b>
<b>Other comprehensive income / (expense):</b>				
Change in fair value reserve of financial assets	10.707	(31.674)	(11.769)	(7.707)
Change in currency translation reserve	(18.097)	10.413	8.848	15.122
Share on other comprehensive income of investments valued using equity method	1.664	911	(2.480)	(794)
Tax (expense) / income based on other comprehensive income	(535)	1.584	588	385
<b>OTHER COMPREHENSIVE INCOME / (LOSS) AFTER TAX</b>	<b>(6.261)</b>	<b>(18.766)</b>	<b>(4.813)</b>	<b>7.006</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>143.841</b>	<b>39.169</b>	<b>138.375</b>	<b>73.941</b>
<b>Distribution of Total Comprehensive Income For The Period</b>				
Non-controlling interests	(255)	1.593	635	949
Owners of the parent	144.096	37.576	137.740	72.992

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 STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

	Other comprehensive income										
	Revaluation growth funds		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	Equity attributable to owners of the parents	Non controlling interests	Total
Paid in capital	Premiums in capital stock										
<b>Opening balances as of 1 January 2011</b>	373.475	300.984	975	107.027	44.209	53.390	605.085	178.580	1.663.725	18.954	1.682.679
<i>Other comprehensive income</i>	-	-	-	(13.661)	8.061	-	-	-	(5.600)	787	(4.813)
<i>Net profit for the period</i>	-	-	-	-	-	-	-	143.340	143.340	(152)	143.188
Total comprehensive income	-	-	-	(13.661)	8.061	-	-	143.340	137.740	635	138.375
Transfers to retained earnings	-	-	-	-	-	-	178.580	(178.580)	-	-	-
Transfers to reserves from retained earnings	-	-	-	-	-	18.832	(18.832)	-	-	-	-
Payment of dividends	-	-	-	-	-	-	(56.608)	-	(56.608)	-	(56.608)
<b>Balance as of 30 June 2011</b>	373.475	300.984	975	93.366	52.270	72.222	708.225	143.340	1.744.857	19.589	1.764.446
<b>Opening balances as of 1 January 2012</b>	373.475	300.984	1.008	50.552	114.768	72.222	701.471	242.440	1.856.920	30.686	1.887.606
<i>Other comprehensive income</i>	-	-	-	11.836	(16.957)	-	-	-	(5.121)	(1.140)	(6.261)
<i>Net profit for the period</i>	-	-	-	-	-	-	-	149.217	149.217	885	150.102
Total comprehensive income	-	-	-	11.836	(16.957)	-	-	149.217	144.096	(255)	143.841
Transfers to retained earnings	-	-	-	-	-	-	242.440	(242.440)	-	-	-
Transfers to reserves from retained earnings	-	-	-	-	-	25.588	(25.588)	-	-	-	-
Payment of dividends	-	-	-	-	-	-	(75.047)	-	(75.047)	-	(75.047)
<b>Balance as of 30 June 2012</b>	373.475	300.984	1.008	62.388	97.811	97.810	843.276	149.217	1.925.969	30.431	1.956.400

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 STATEMENT OF CASH FLOWS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

	<u>Notes</u>	<b>Reviewed 1 January - 30 June 2012</b>	<b>Reviewed 1 January - 30 June 2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit for the period		149.217	143.340
Adjustments to reconcile net profit for the period to cash provided by operating activities:			
Changes in non-controlling interests		885	(152)
Depreciation and amortization	12	44.622	33.096
Impairment provision for tangible assets	12	740	-
Loss / (gain) on sale of tangible asset (net)	12	2.037	784
Changes in assets classified as held for sale		647	-
Provision for retirement pay provision and premiums	16	16.435	10.954
Provision for litigation	14	84	342
Doubtful receivable provision	8	516	723
Impairment provision for inventory	9	54	1.200
Other employee benefits	16	4.779	2.528
Reversal of unnecessary provisions	8, 14	(101)	(950)
Income accruals		(1.675)	601
Expense accruals		1.811	22.747
Group's share on net assets of investments in associates accounted by equity method	11	(5.329)	(1.636)
Changes in available for sale investments		(3)	3
Interest income	19	(33.899)	(29.994)
Interest expense	19	12.883	9.649
Dividend income		(4.783)	(845)
Allowance for taxation		40.298	40.340
Translation reserve (net)		(22.529)	17.840
Cash generated by operating activities before movements in working capital		206.689	250.570
Movements in working capital			
Changes in trade and other receivables		(136.015)	(213.379)
Changes in due from related parties		(489)	(13.087)
Changes in inventories	9	40.744	(32.951)
Changes in receivables from ongoing construction contracts	10	36.753	30.755
Changes in other current / non-current assets		(41.670)	(57.600)
Changes in trade and other payables		84.850	97.865
Changes in due to related parties		1.756	18.519
Changes in ongoing construction progress payments	10	72.996	36.173
Changes in provisions and other short term liabilities		(58.932)	94.803
		(7)	(38.902)
Interest received		32.856	29.342
Interest paid		(10.325)	(17.152)
Tax paid		(40.248)	(38.161)
Penalty of litigation paid	14	(81)	(7.147)
Retirement pay provision and premiums paid	16	(18.633)	(14.597)
<b>Cash generated by operating activities</b>		<b>170.251</b>	<b>163.953</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 STATEMENT OF CASH FLOWS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012**

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

	<b>Notes</b>	<b>Reviewed 1 January - 30 June 2012</b>	<b>Reviewed 1 January - 30 June 2011</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Effect of investments in associates valued by equity method		(2.377)	(43.946)
Acquisition of tangible and intangible assets	12	(53.220)	(17.452)
Proceeds from sale of tangible and intangible assets	12	1.427	1.184
Dividend income		4.783	845
<b>Cash used in investing activities</b>		<b>(49.387)</b>	<b>(59.369)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	13	260.566	216.291
Repayments of borrowings	13	(215.141)	(254.561)
Finance lease paid	13	(20.173)	(8.290)
Dividends paid	5	(75.047)	(56.608)
<b>Cash used in financing activities</b>		<b>(49.795)</b>	<b>(103.168)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>71.069</b>	<b>1.416</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		1.043	652
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>858.435</b>	<b>760.622</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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 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 30 June 2012, the Group has 17.769 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 30 June 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.

Black Sea Gübre Ticaret A.Ş. (“Black Sea”), whose capital is directly participated by 30% by the Company, was established on 24 May 2012 by publishing in trade registry gazette. Black Sea is not included in the condensed consolidated financial statements concerning that it does not have any significant activities and assets as of 30 June 2012.

#### Approval of condensed consolidated financial statements:

The condensed consolidated financial statements are approved and published by the Board of Directors as of 23 August 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 30 June 2012 in condensed format.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 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 30 June 2012 are; 1 USD= 1,8065 TL, 1 EUR= 2,2742 TL, 1 MAD= 0,20766 TL, 1 SAR= 0,48173 TL, 1 QAR= 0,49493 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. *Some of the joint arrangements included in the condensed consolidated financial statements using proportional consolidation method as of 30 June 2012, are concluded to be assessed as Joint Venture for reporting periods beginning on or after 1 January 2013. The condensed consolidated financial statements include total assets of 128.068 (31 December 2011: 134.901), total debt of 180.194 (31 December 2011: 188.615), resulting a net liability of 52.126 (31 December 2011: 53.714) attributable to these Joint Ventures as of 30 June 2012.*
- 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.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

### 3. ADOPTION OF NEW AND REVISED STANDARDS (cont'd)

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

Annual Improvements; Further to the above amendments and revised standards, the IASB have issued Annual Improvements to IFRSs in May 2012 that cover five main standards/interpretations as follows: IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34. All amendments are effective on or after 1 January 2013 and early adoptions of these amendments are allowed.

These standards and interpretations, with the exception of IFRS 11, are not thought to be prone to cause any changes on Group's financial statements.

### 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 30 June 2012, the negotiations are continuing to be held about the outlook of the operations and the accompanying condensed consolidated financial statements include total assets of 189.488 (104.892 thousand US Dollars), total debt of 44.312 (24.529 thousand US Dollars), resulting a net asset of 145.176 (80.363 thousand US Dollars) attributable to these operations. The net assets are as follows:

	<b>30 June 2012</b>	<b>31 December 2011</b>
<b>ASSETS</b>		
<b>Current Assets</b>	<b>151.242</b>	<b>160.010</b>
Cash and cash equivalents	3.203	844
Trade receivables	16.972	13.313
Due from related parties	1.403	4.048
Receivables from ongoing construction contracts	127.916	140.158
Other receivables	63	66
Other current assets	1.685	1.581
<b>Non Current Assets</b>	<b>38.246</b>	<b>44.587</b>
Trade receivables	3.062	2.748
Property, plant and equipment	35.184	41.667
Other non current assets	-	172
<b>TOTAL ASSETS</b>	<b>189.488</b>	<b>204.597</b>
	<b>30 June 2012</b>	<b>31 December 2011</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>	<b>43.501</b>	<b>46.678</b>
Trade payables	7.248	7.803
Other payables	1.498	1.621
Employee benefits	110	128
Other current liabilities	34.645	37.126
<b>Non Current Liabilities</b>	<b>811</b>	<b>848</b>
Employee benefits	811	848
<b>TOTAL LIABILITIES</b>	<b>44.312</b>	<b>47.526</b>
<b>NET ASSETS</b>	<b>145.176</b>	<b>157.071</b>

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

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 SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

#### (a) Developments in Libya.(cont'd)

Additionally, letters of guarantees given related to such projects to various institutions amount to 31.162 (17.250 thousand US Dollars). 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.

#### b) 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;

i) 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.

ii) 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, 341.698 (189.149.011 US Dollars) shall be paid to the Company as determined in Shareholders Agreement signed on 16 March 2007 with Eurobank Holding.

iii) Provided that a new Shareholders' Agreement is signed between the Company and the prospective buyer of the Bank shares owned by Eurobank Holding, enabling to maintain the partnership; the difference between 341.698 (189.149.011 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.

#### (c) 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 İnşaat ve Tesisat A.Ş. completed at the end of March 2012. The new job-order based contract has a minimum value of 177.037 (98 million US Dollars).

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 1.069.285 (591.910 thousand US Dollars) with a duration of 30 months.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 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)

#### (d) Other

At the Board of Directors meeting of Toros Tarım Sanayi ve Ticaret A.Ş. (“Toros Tarım”) dated 20 June 2012, it has been decided that an investment amounting to 419.108 (232 million US Dollars) will be made and 40% of this amount will be met by shareholders’ equity.

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..

### 5. SIGNIFICANT CHANGES IN SHAREHOLDERS’ EQUITY

#### Fair Value Reserve of Financial Investments:

The positive change of 10.172 in the fair values of the financial investments which have been traded in the stock exchange market has been directly recognized in equity (30 June 2011: positive change of 50, negative change of 11.231). Besides, a positive change of 1.664 from investments valued by equity method is directly recognized in equity (30 June 2011: negative change of 2.480).

#### Restricted Profit Reserves:

In accordance with the resolutions taken during the Ordinary General Assemblies of Group companies as of 30 June 2012, 25.588 of restricted reserves were transferred from retained earnings in the condensed consolidated financial statements (30 June 2011: 18.832).

#### Dividend Distribution:

Upon the decision taken in the Ordinary General Assembly held on 28 May 2012, earning per share of 0,19 TL has been decided to be distributed to shareholders attributable to the operations for the year 2011. Profit shares of 70.167 (2011: 52.914) and 4.880 (2011: 3.694) in the aggregate 75.047 (2011: 56.608) were distributed to owners of the parent and Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı which holds redeemed share, respectively on 29 May 2012 .

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

### 6. SEGMENTAL REPORTING

#### a) Segmental results

	1 January - 30 June 2012					
	Contracting	Agriculture	Real Estate	Other	Eliminations	Total
Revenue	1.170.528	806.440	10.927	39.023	-	2.026.918
Intra-segment sales	77.402	8.545	8	95	(86.050)	-
Inter-segment sales	160	786	178	3.237	(4.361)	-
<b>TOTAL REVENUE</b>	<b>1.248.090</b>	<b>815.771</b>	<b>11.113</b>	<b>42.355</b>	<b>(90.411)</b>	<b>2.026.918</b>
Cost of revenue (-)	(1.077.250)	(657.892)	(9.647)	(25.016)	-	(1.769.805)
<b>GROSS PROFIT</b>	<b>93.278</b>	<b>148.548</b>	<b>1.280</b>	<b>14.007</b>	<b>-</b>	<b>257.113</b>
Marketing, selling and distribution expenses (-)	(407)	(53.570)	(100)	(4.918)	-	(58.995)
General administrative expenses (-)	(28.299)	(10.490)	(2.003)	(11.877)	-	(52.669)
Research and development expenses (-)	-	(61)	-	-	-	(61)
Other operating income	3.013	4.233	1.748	60	-	9.054
Other operating expenses (-)	(4.920)	(2.564)	(364)	(166)	-	(8.014)
<b>OPERATING PROFIT / (LOSS)</b>	<b>62.665</b>	<b>86.096</b>	<b>561</b>	<b>(2.894)</b>	<b>-</b>	<b>146.428</b>
Share on profit / (loss) of investments valued using equity method	-	-	-	5.329	-	5.329
Financial income	41.821	55.965	971	38.990	-	137.747
Financial expense (-)	(43.870)	(41.632)	(986)	(12.616)	-	(99.104)
<b>PROFIT BEFORE TAXATION</b>	<b>60.616</b>	<b>100.429</b>	<b>546</b>	<b>28.809</b>	<b>-</b>	<b>190.400</b>
Tax expense	(14.176)	(19.249)	(86)	(6.787)	-	(40.298)
<b>NET PROFIT FOR THE PERIOD</b>	<b>46.440</b>	<b>81.180</b>	<b>460</b>	<b>22.022</b>	<b>-</b>	<b>150.102</b>

The Group has 29.571 of revenue and 9.918 of operating income from terminal operations classified under agricultural operations for the period of 1 January - 30 June 2012.

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 SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

**6. SEGMENTAL REPORTING (cont’d)**

a) Segmental results (cont’d)

	1 April -30 June 2012					
	Contracting	Agriculture	Real Estate	Other	Eliminations	Total
Revenue	624.852	352.323	5.176	21.147	-	1.003.498
Intra-segment sales	26.734	4.289	4	51	(31.078)	-
Inter-segment sales	3	465	84	1.555	(2.107)	-
<b>TOTAL REVENUE</b>	<b>651.589</b>	<b>357.077</b>	<b>5.264</b>	<b>22.753</b>	<b>(33.185)</b>	<b>1.003.498</b>
Cost of revenue	(586.638)	(274.237)	(4.619)	(13.721)	-	(879.215)
<b>GROSS PROFIT</b>	<b>38.214</b>	<b>78.086</b>	<b>557</b>	<b>7.426</b>	<b>-</b>	<b>124.283</b>
Marketing, selling and distribution expenses (-)	(246)	(26.757)	(46)	(2.508)	-	(29.557)
General administrative expenses (-)	(14.603)	(5.718)	(1.124)	(6.086)	-	(27.531)
Research and development expenses (-)	-	(9)	-	-	-	(9)
Other operating income	1.742	1.956	596	35	-	4.329
Other operating expenses (-)	(4.404)	(2.020)	(245)	(121)	-	(6.790)
<b>OPERATING PROFIT / (LOSS)</b>	<b>20.703</b>	<b>45.538</b>	<b>(262)</b>	<b>(1.254)</b>	<b>-</b>	<b>64.725</b>
Share on profit / (loss) of investments valued using equity method	-	-	-	(381)	-	(381)
Financial income	14.735	22.820	470	20.850	-	58.875
Financial expenses (-)	(18.985)	(21.747)	(150)	(3.505)	-	(44.387)
<b>PROFIT BEFORE TAXATION</b>	<b>16.453</b>	<b>46.611</b>	<b>58</b>	<b>15.710</b>	<b>-</b>	<b>78.832</b>
Tax expense	(7.512)	(9.111)	-	(4.274)	-	(20.897)
<b>NET PROFIT FOR THE PERIOD</b>	<b>8.941</b>	<b>37.500</b>	<b>58</b>	<b>11.436</b>	<b>-</b>	<b>57.935</b>

The Group has 16.674 of revenue and 5.778 of operating income from terminal operations classified under agricultural operations for the period of 1 April - 30 June 2012.

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 SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

**6. SEGMENTAL REPORTING (cont’d)**

a) Segmental results (cont’d)

	1 January - 30 June 2011					
	Contracting	Agriculture	Real Estate	Other	Eliminations	Total
Revenue	701.853	627.999	23.771	39.624	-	1.393.247
Intra-segment sales	67.996	7.860	2	76	(75.934)	-
Inter-segment sales	16	416	139	2.620	(3.191)	-
<b>TOTAL REVENUE</b>	<b>769.865</b>	<b>636.275</b>	<b>23.912</b>	<b>42.320</b>	<b>(79.125)</b>	<b>1.393.247</b>
Cost of revenue (-)	(641.627)	(443.228)	(21.858)	(28.611)	-	(1.135.324)
<b>GROSS PROFIT</b>	<b>60.226</b>	<b>184.771</b>	<b>1.913</b>	<b>11.013</b>	<b>-</b>	<b>257.923</b>
Marketing, selling and distribution expenses (-)	(278)	(49.034)	(283)	(4.266)	-	(53.861)
General administrative expenses (-)	(25.241)	(9.379)	(1.497)	(11.794)	-	(47.911)
Research and development expenses (-)	-	(102)	-	-	-	(102)
Other operating income	1.497	5.331	2.127	457	-	9.412
Other operating expenses (-)	(2.086)	(2.752)	(681)	(1.243)	-	(6.762)
<b>OPERATING PROFIT / (LOSS)</b>	<b>34.118</b>	<b>128.835</b>	<b>1.579</b>	<b>(5.833)</b>	<b>-</b>	<b>158.699</b>
Share on profit / (loss) of investments valued using equity method	-	-	-	1.636	-	1.636
Financial income	35.388	37.585	1.829	25.807	-	100.609
Financial expense (-)	(38.122)	(30.829)	(505)	(7.960)	-	(77.416)
<b>PROFIT BEFORE TAXATION</b>	<b>31.384</b>	<b>135.591</b>	<b>2.903</b>	<b>13.650</b>	<b>-</b>	<b>183.528</b>
Tax expense	(7.607)	(27.012)	(573)	(5.148)	-	(40.340)
<b>NET PROFIT FOR THE PERIOD</b>	<b>23.777</b>	<b>108.579</b>	<b>2.330</b>	<b>8.502</b>	<b>-</b>	<b>143.188</b>

The Group has 28.058 of revenue and 11.486 of operating income from terminal operations classified under agricultural operations for the period of 1 January - 30 June 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 SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

**6. SEGMENTAL REPORTING (cont’d)**

a) Segmental results (cont’d)

	1 April -30 June 2011					
	Contracting	Agriculture	Real Estate	Other	Eliminations	Total
Revenue	413.264	256.778	14.415	18.943	-	703.400
Intra-segment sales	42.254	4.254	1	37	(46.546)	-
Inter-segment sales	8	195	67	1.286	(1.556)	-
<b>TOTAL REVENUE</b>	<b>455.526</b>	<b>261.227</b>	<b>14.483</b>	<b>20.266</b>	<b>(48.102)</b>	<b>703.400</b>
Cost of revenue	(365.824)	(181.908)	(13.811)	(13.953)	-	(575.496)
<b>GROSS PROFIT</b>	<b>47.440</b>	<b>74.870</b>	<b>604</b>	<b>4.990</b>	<b>-</b>	<b>127.904</b>
Marketing, selling and distribution expenses (-)	(150)	(22.758)	(185)	(2.204)	-	(25.297)
General administrative expenses (-)	(12.798)	(4.201)	(800)	(5.962)	-	(23.761)
Research and development expenses (-)	-	(62)	-	-	-	(62)
Other operating income	537	3.680	1.040	115	-	5.372
Other operating expenses (-)	(1.710)	(1.354)	(78)	(836)	-	(3.978)
<b>OPERATING PROFIT / (LOSS)</b>	<b>33.319</b>	<b>50.175</b>	<b>581</b>	<b>(3.897)</b>	<b>-</b>	<b>80.178</b>
Share on profit / (loss) of investments valued using equity method	-	-	-	1.013	-	1.013
Financial income	17.690	18.844	1.170	14.964	-	52.668
Financial expenses (-)	(22.372)	(20.188)	(230)	(4.335)	-	(47.125)
<b>PROFIT BEFORE TAXATION</b>	<b>28.637</b>	<b>48.831</b>	<b>1.521</b>	<b>7.745</b>	<b>-</b>	<b>86.734</b>
Tax expense	(6.474)	(10.032)	(417)	(2.876)	-	(19.799)
<b>NET PROFIT FOR THE PERIOD</b>	<b>22.163</b>	<b>38.799</b>	<b>1.104</b>	<b>4.869</b>	<b>-</b>	<b>66.935</b>

The Group has 14.573 of revenue and 5.786 of operating income from terminal operations classified under agricultural operations for the period of 1 April - 30 June 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 SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

### 6. SEGMENTAL REPORTING (cont’d)

b) As of 30 June 2012 and 31 December 2011 segmental assets and liabilities are as follows:

Balance sheet	30 June 2012				
	Contracting	Agriculture	Real Estate	Other	Total
Total assets	1.926.662	1.014.798	52.551	997.522	3.991.533
Current and non-current liabilities	1.461.314	440.274	31.134	102.411	2.035.133
Equity attributable to owners of the parent	376.392	359.058	20.148	1.170.371	1.925.969
Non-controlling interests	26.684	3.639	3	105	30.431

  

Balance sheet	31 December 2011				
	Contracting	Agriculture	Real Estate	Other	Total
Total assets	1.829.214	975.890	51.197	891.429	3.747.730
Current and non-current liabilities	1.374.181	359.808	31.112	95.023	1.860.124
Equity attributable to owners of the parent	372.830	283.324	19.833	1.180.933	1.856.920
Non-controlling interests	26.975	3.631	3	77	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 SIX MONTH INTERIM PERIOD ENDED 30 JUNE 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 six month interim periods ended 30 June 2012 and 2011 is as follows:

	1 January - 30 June 2012				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures (*)	101.838	10.866	258	304	113.266
Depreciation and amortization expense for the period (**)	35.163	6.765	131	2.563	44.622
	1 April - 30 June 2012				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures (*)	70.185	3.841	197	205	74.428
Depreciation and amortization expense for the period	18.070	4.012	70	1.264	23.416
	1 January - 30 June 2011				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures (*)	20.531	2.983	58	1.026	24.598
Depreciation and amortization expense for the period (**)	23.791	6.756	119	2.430	33.096
	1 April - 30 June 2011				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures (*)	10.011	2.451	48	800	13.310
Depreciation and amortization expense for the period	11.592	3.430	62	1.134	16.218

(\*) Fixed assets purchases through financial lease are also included (2012: 60.046, 2011: 7.146).

(\*\*) Depreciation expense of 1.151 is capitalized within the cost of inventory (30 June 2011: 903).

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 SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

**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 - 30 June 2012)	1.340.174	433.033	87.905	245.680	10.537	(90.411)	2.026.918
Total assets (30 June 2012)	4.302.809	1.269.743	375.927	693.644	95.951	(2.746.541)	3.991.533
Capital expenditures (1 January - 30 June 2012) (*)	97.666	11.507	3.591	168	334	-	113.266
	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 April -30 June 2012)	614.614	254.490	42.043	123.016	2.520	(33.185)	1.003.498
Capital expenditures (1 April - 30 June 2012)(*)	64.810	7.812	1.329	143	334	-	74.428
	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 30 June 2011)	797.929	180.949	65.153	404.945	23.396	(79.125)	1.393.247
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 - 30 June 2011) (*)	14.428	2.739	771	6.660	-	-	24.598
	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 April - 30 June 2011)	354.024	109.156	29.900	237.215	21.207	(48.102)	703.400
Capital expenditures (1 April - 30 June 2011)(*)	8.872	1.734	699	2.005	-	-	13.310

(\*) Fixed assets purchases through financial lease are also included (2012: 60.046, 2011: 7.146).

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 SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

### 7. CASH AND CASH EQUIVALENTS

Time deposits with maturity of three months or less constitute the part of the cash and cash equivalents amounting to 725.122 (31 December 2011: 666.058). Demand deposits and other cash equivalents with maturity of three months or less constitute the rest of the cash and cash equivalents.

### 8. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

	30 June 2012	31 December 2011
<u>Short term trade receivables</u>		
Contract receivables	462.756	404.275
Receivables from Agriculture group operations	149.475	77.574
Other trade receivables	34.966	27.001
Provision for doubtful receivables	(11.544)	(12.038)
Retention receivables (Note: 10)	85	32.706
Due from related parties	14.393	13.904
Other	932	220
	<u>651.063</u>	<u>543.642</u>
<u>Long term trade receivables</u>		
Retention receivables (Note: 10)	137.389	101.066
Contract receivables	-	2.749
	<u>137.389</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 71 days (31 December 2011: 75 days), for domestic projects is 31 days (31 December 2011: 41 days), for Agriculture segment is 34 days (31 December 2011: 31 days) and for other segments is 46 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	(516)	(723)
Collected	888	255
Write off of bad debt	6	-
Currency translation effect	116	(118)
Provision as at 30 June	<u>(11.544)</u>	<u>(11.915)</u>

516 of doubtful receivable charge for the period (2011: 230) 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 SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

### 8. TRADE RECEIVABLES AND PAYABLES

b) Trade Payables:

As at balance sheet date, details of trade payables of the Group are as follows:

	30 June 2012	31 December 2011
<b>Short term trade payables</b>		
Contract payables	455.180	439.608
Trade payables from Agriculture group operations	387.784	322.995
Due to related parties	3.273	1.517
Retention payables	17.207	19.196
Other trade payables	20.141	23.441
	<u>883.585</u>	<u>806.757</u>
<b>Long term trade payables</b>		
Retention payables	6.047	2.960
Contract payables	99	115
	<u>6.146</u>	<u>3.075</u>

For Agriculture Group, payables attributable to inventory supplied through imports constitute 93% (31 December 2011: 94%) of trade payables as at balance sheet date and average payable period for these import purchases is 134 days (31 December 2011: 117 days) whereas average payable period for domestic purchases is 30 days (31 December 2011: 30 days).

For Contracting segment, import purchases through letter of credit constitute 14% (31 December 2011: 12%) of trade payables as at balance sheet date. The average payable period for these import purchases is 149 days (31 December 2011: 187 days) whereas the average payable period for other purchases is 110 days (31 December 2011: 180 days).

For the other operations of the Group, the average payable period is 52 days (31 December 2011: 32 days).

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

### 9. INVENTORIES

	30 June 2012	31 December 2011
Raw materials	40.255	48.583
Work in progress	60.716	106.919
Finished goods	54.461	72.050
Trading goods	63.444	65.443
Goods in transit	98.278	58.895
Inventory from real estate projects	29.536	15.652
Inventory at construction sites	81.484	102.738
Other inventories (*)	30.138	27.625
Allowance for impairment on inventory (-)	(1.044)	(1.034)
	<u>457.268</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	(54)	(1.200)
Currency translation effect	44	(96)
Provision as of 30 June	<u>(1.044)</u>	<u>(2.141)</u>

(\*) As of 30 June 2012, other inventories consist of operating supplies amounting to 15.562, spare parts amounting to 13.805 and other inventories amounting to 771 (31 December 2011: 13.516 operating supplies, 13.919 spare parts and 190 other inventories).

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 1.044 (30 June 2011: 2.141) has been determined as provision for allowance for impairment on inventory. As of 30 June 2012, total amount of the inventory shown at net realizable value is 3.250 (30 June 2011: 5.427).



# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

### 10. CONSTRUCTION CONTRACTS

	30 June 2012	31 December 2011
Cost incurred on uncompleted contracts	5.360.809	4.791.915
Recognised gain less losses (net)	547.300	582.451
	<u>5.908.109</u>	<u>5.374.366</u>
Less: Billings to date (-)	(5.633.005)	(4.989.513)
	<u>275.104</u>	<u>384.853</u>

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

	30 June 2012	31 December 2011
From customers under construction contracts	545.057	581.810
To customers under construction contracts	<u>(269.953)</u>	<u>(196.957)</u>
	<u>275.104</u>	<u>384.853</u>

As of 30 June 2012, total retention receivables amount to 137.474 (31 December 2011: 133.772).

	30 June 2012	31 December 2011
<u>Receivables from uncompleted contracts</u>		
Contracts undersigned abroad	525.315	570.189
Contracts undersigned in Turkey	<u>19.742</u>	<u>11.621</u>
	<u>545.057</u>	<u>581.810</u>
<u>Payables to uncompleted contracts</u>		
Contracts undersigned abroad	(135.916)	(58.578)
Contracts undersigned in Turkey	<u>(134.037)</u>	<u>(138.379)</u>
	<u>(269.953)</u>	<u>(196.957)</u>
	<u>275.104</u>	<u>384.853</u>

The Group has 141.332 of advances received for contracting projects included in other short term liabilities (31 December 2011: 213.738).

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

### 11. INVESTMENTS VALUED BY EQUITY METHOD

Subsidiaries	Location of foundation and operation	Share in capital (%)		Power to appoint	Industry
		30 June 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 follows:

Financial Position	30 June 2012		
	Eurobank Tekfen	Tekfen Oz	Total
Total assets	4.549.263	95.473	4.644.736
Total liabilities	3.845.336	6.409	3.851.745
Net assets	703.927	89.064	792.991
Group's share in net assets of subsidiaries	205.957	14.606	220.563
Financial Position	31 December 2011		
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 - 30 June 2012		
	Eurobank Tekfen	Tekfen Oz	Total
Revenue	310.456	91.901	402.357
Profit / (loss) for the year	18.295	(144)	18.151
Group's share on subsidiaries' profit/loss for the year	5.353	(24)	5.329
	1 April - 30 June 2012		
Revenue	148.200	13.078	161.278
Loss for the year	(1.162)	(246)	(1.408)
Group's share on subsidiaries' profit/loss for the year	(340)	(41)	(381)
	1 January - 30 June 2011		
	Eurobank Tekfen	Tekfen Oz	Total
Revenue	229.507	534	230.041
Profit / (loss) for the year	6.209	(1.105)	5.104
Group's share on subsidiaries' profit/loss for the year	1.817	(181)	1.636
	1 April - 30 June 2011		
Revenue	121.460	534	121.994
Profit / (loss) for the year	3.764	(544)	3.220
Group's share on subsidiaries' profit/loss for the year	1.102	(89)	1.013

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 SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

### 12. 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	(44.167)	(442)	(163)
Additions	112.241	1.025	-
Disposals	(17.055)	(23)	-
Transfers	(1.224)	-	-
Closing balance as of 30 June 2012	2.011.372	16.361	118.390
<b>Accumulated Depreciation and Amortization</b>			
Opening balance as of 1 January 2012	(1.271.615)	(13.856)	(23.485)
Currency translation effect	23.926	416	-
Charge for the period	(43.848)	(442)	(1.483)
Allowance for impairment	(740)	-	-
Disposals	16.173	23	-
Transfers	617	-	-
Closing balance as of 30 June 2012	(1.275.487)	(13.859)	(24.968)
Carrying value as of 30 June 2012	735.885	2.502	93.422
<b>Cost Value</b>			
Opening balance as of 1 January 2011	1.731.013	13.104	114.939
Currency translation effect	44.911	460	110
Additions	24.076	445	77
Disposals	(7.073)	(30)	-
Closing balance as of 30 June 2011	1.792.927	13.979	115.126
<b>Accumulated Depreciation and Amortization</b>			
Opening balance as of 1 January 2011	(1.128.954)	(10.369)	(20.564)
Currency translation effect	(27.135)	(387)	-
Charge for the period	(32.049)	(443)	(1.507)
Disposals	5.105	30	-
Closing balance as of 30 June 2011	(1.183.033)	(11.169)	(22.071)
Carrying value as of 30 June 2011	609.894	2.810	93.055

Property, plant and equipment includes fixed assets with carrying value of 137.036 purchased through financial lease (30 June 2011: 76.485). These property, plant and equipment purchased through financial lease consists of various prefabricated buildings, machinery, equipment and vehicles employed in construction sites. During the current period, property, plant and equipment purchases through financial lease amount to 60.046 (30 June 2011: 7.146).

The amount of mortgage on tangible assets is 750 (30 June 2011: 750).

The fair value of the Group's investment property has been arrived based on a valuation carried out by independent expertise not connected with the Group which is one of the accredited independent valuers by Capital Market Board of Turkey. The fair value of the investment properties as of 30 June 2012 is 387.966 (31 December 2011: 376.221) according to the valuation carried out by independent expert.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

### 13. FINANCIAL DEBTS

The Company's short term financial debts, utilized to finance its working capital flow are reclassified as long term whose maturities passed 30 June 2013 according to their opening dates. Annual weighted average interest rate of the existing short term loans in term of US Dollars is 5,22% (31 December 2011: 3,20%).

The Group has purchased various prefabricated buildings, machinery, equipment and vehicles employed in construction sites through financial lease amounting to 60.046 (30 June 2011: 7.146) during the period. Besides, financial lease payment amounting to 20.173 (30 June 2011: 8.290) has been paid during the current period.

### 14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions	30 June 2012	31 December 2011
Provision for litigation	8.085	8.345
Other provisions	1.516	646
	<u>9.601</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 (-)	(81)	(7.147)
Charge for the period	84	342
Provision released	(95)	(950)
Currency translation effect	(168)	2
Provision as of 30 June	<u>8.085</u>	<u>8.122</u>

#### Litigations:

As of 30 June 2012, lawsuit filed against the Group is totally 34.196 (31 December 2011: 38.025) and the management has decided to accrue 8.085 (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.

#### Tax Inspection

During the recent three month period, developments have been occurred in the process of the lawsuit attributable to tax inspection explained in the notes of the audited consolidated financial statements as of 31 December 2011. The Department of Zakat and Income Tax of Saudi Arabia ("DZIT") has issued its final tax assessment and based on this assessment, Tekfen İnşaat Saudi Arabia Branch has an additional tax liability amounting to 10.057 (5.324 thousand US Dollars). According to the partial result of the objection on this assessment with the Appeal Committee, tax payment amounting to 4.885 (2.890 thousand US Dollars) has been made during the period and the part of the tax liability amounting to 4.397 (2.434 thousand US Dollars), which has not been resulted yet, is concluded not to be paid.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

### 15. COMMITMENTS AND OBLIGATIONS

The guarantee, pledge and mortgage ("GPM") position tables of the Group as of 30 June 2012 and 31 December 2011 are as follows:

30 June 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	58.404	-	-	58.404
-Guarantee	-	-	-	-
-Pledge	58.404	-	-	58.404
-Mortgage	-	-	-	-
B. GPM given on behalf of subsidiaries that are included in full consolidation	1.886.206	640.642	116.058	464.948
-Guarantee	1.885.456	640.642	116.058	464.198
-Pledge	-	-	-	-
-Mortgage	750	-	-	750
C. GPM given in order to guarantee third parties' debts for the routine trade operations	4.727	-	-	4.727
-Guarantee	4.727	-	-	4.727
-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 30 June 2012</b>	1.949.337	640.642	116.058	528.079
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 SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

### 16. EMPLOYEE BENEFITS

	30 June 2012	31 December 2011
Short Term Employee Benefits:		
Retirement pay provision	1.132	255
Unused vacation pay liability provision	11.153	9.131
Premium provision	5.586	11.422
Wages and other employee benefits	23.798	21.041
	<u>41.669</u>	<u>41.849</u>
Long Term Employee Benefits:		
Retirement pay provision	41.652	39.827
	30 June 2012	31 December 2011
Short term retirement pay provision	1.132	255
Long term retirement pay provision	41.652	39.827
	<u>42.784</u>	<u>40.082</u>
	Retirement Pay Provision	Premium Provision
Opening balance as of 1 January 2012	40.082	11.422
Currency translation effect	(958)	22
Service expense	10.258	5.610
Interest expense	567	-
Provision paid	(7.165)	(11.468)
Closing balance as of 30 June 2012	<u>42.784</u>	<u>5.586</u>
Opening balance as of 1 January 2011	36.011	9.294
Currency translation effect	1.289	13
Service expense	6.140	4.238
Interest expense	576	-
Provision paid	(5.345)	(9.252)
Closing balance as of 30 June 2011	<u>38.671</u>	<u>4.293</u>

The amount payable to employee calculated by one month salary is limited to a maximum 3.034 TL (31 December 2011: 2.805 TL) as of 30 June 2012.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

### 17. 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 324.643 in Eurobank Tekfen A.Ş. as of 30 June 2012 (31 December 2011: 452.752) classified in cash and cash equivalents. Average interest rate of bank deposits in term of TL is 11,69% and in terms of US Dollars is 4,99%, and 15.051 of interest income is earned within the six month interim period ended 30 June 2012 (30 June 2011: interest rates: 9,10% for TL, 3,90% for US Dollar, and interest income: 10.138).

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.

### 18. EARNINGS PER SHARE

	1 January- 30 June 2012	1 April- 30 June 2012	1 January- 30 June 2011	1 April- 30 June 2011
Average number of ordinary shares outstanding during the period (in full)	370.000.000	370.000.000	370.000.000	370.000.000
Net profit for the period attributable to owners of the parent (thousands TL)	149.217	56.845	143.340	66.998
Earnings per share from operations (TL)	0,403	0,154	0,387	0,181

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

### 19. FINANCIAL INCOME AND FINANCIAL EXPENSE

#### Financial Income:

	1 January- 30 June 2012	1 April- 30 June 2012	1 January- 30 June 2011	1 April- 30 June 2011
Foreign exchange gains	88.938	31.678	63.442	33.251
Interest income	33.899	17.402	29.994	13.873
Dividend income	6.448	4.368	1.927	622
Delay interest income	6.587	3.854	3.900	3.860
Discount income	1.875	1.573	1.346	1.062
	<u>137.747</u>	<u>58.875</u>	<u>100.609</u>	<u>52.668</u>

#### Financial Expense:

	1 January- 30 June 2012	1 April- 30 June 2012	1 January- 30 June 2011	1 April- 30 June 2011
Foreign exchange losses	(78.118)	(30.481)	(60.898)	(38.085)
Finance expenses	(12.883)	(8.543)	(9.649)	(4.928)
Discount expense	(4.004)	(2.654)	(2.415)	(1.929)
Due date difference expenses	(2.644)	(2.498)	(1.424)	(1.424)
Other financial expenses	(1.455)	(211)	(3.030)	(759)
	<u>(99.104)</u>	<u>(44.387)</u>	<u>(77.416)</u>	<u>(47.125)</u>



# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

### 20. FOREIGN CURRENCY POSITION

30 June 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	149.940	33.745	20.878	13	41.460
2. Monetary Financial Assets	329.844	143.677	15.287	113	35.205
3. Other	125.870	53.159	2.613	69	23.701
4. CURRENT ASSETS	605.654	230.581	38.778	195	100.366
5. Trade Receivables	16.877	-	5.628	-	4.077
6. Monetary Financial Assets	5.757	-	17	-	5.718
7. Other	4.977	61	2.140	-	-
8. NON CURRENT ASSETS	27.611	61	7.785	-	9.795
9. TOTAL ASSETS	633.265	230.642	46.563	195	110.161
10. Trade Payables	606.287	213.550	24.665	169	163.936
11. Financial Liabilities	106.722	47.595	8.154	254	1.480
12. Monetary Other Liabilities	136.728	11.800	20.058	-	69.793
12b. Non Monetary Other Liabilities	30	5	9	-	-
13. CURRENT LIABILITIES	849.767	272.950	52.886	423	235.209
14. Trade Payables	1.712	-	16	-	1.676
15. Financial Liabilities	25.070	617	9.814	-	1.635
16. Monetary Other Liabilities	9.993	478	509	-	7.972
17. NON CURRENT LIABILITIES	36.775	1.095	10.339	-	11.283
18. TOTAL LIABILITIES	886.542	274.045	63.225	423	246.492
19. Net foreign currency assets / liabilities position	(253.277)	(43.403)	(16.662)	(228)	(136.331)
20. Monetary items net foreign currency assets / liabilities position (1+2+5+6-10-11-12-14-15-16)	(384.094)	(96.618)	(21.406)	(297)	(160.032)
21. Export	67.986	37.814	16	-	-
22. Import	609.868	274.688	50.036	1.059	45

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 SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012**

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

**20. 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 SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2012

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

### 20. 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 six 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.

	30 June 2012	
	Profit / Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars 5% changed vs TL	
US Dollars net assets / liabilities	(3.920)	3.920
	If Euro 5% changed vs TL	
Euro net assets / liabilities	(1.895)	1.895
	If Other foreign currencies 5% changed vs TL	
Other foreign currency net assets / liabilities	(6.849)	6.849
TOTAL	(12.664)	12.664
	31 December 2011	
	Profit / Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	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
TOTAL	(15.896)	15.896

### 21. EVENTS AFTER BALANCE SHEET DATE

In accordance with the Board of Directors's decision dated 6 August 2012, it is decided to make capital contribution to Florya A.Ş. with tangible assets net book value amounting to 13.211 in return for acquiring 50% equity interest by Tekfen Gayrimenkul, the subsidiary of the Company.

In accordance with the Board of Directors's decision dated 23 August 2012, TST Investment Holdings S.A., a subsidiary of the Company, is decided to form a merger within Tekfen International Finance and Investments S.A., the subsidiary of the Group.