TEKFEN HOLDİNG ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL
STATEMENTS WITH THE
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR
ENDED 31 DECEMBER 2011

(Translated into English from the report
originally issued Turkish)

Deloitte.

DRT Bağımsız Denetim ve
Serbest Muhasebeci
Mali Müşavirlik A.Ş.
Sun Plaza
Bilim Sok. No:5
Maslak, Şişli 34398
İstanbul, Türkiye

Tel : +90 (212) 366 6000
Fax : +90 (212) 366 6010
www.deloitte.com.tr

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY 2011 – 31 DECEMBER 2011

To the Board of Directors of
Tekfen Holding Anonim Şirketi

We have audited the accompanying consolidated financial statements of Tekfen Holding Anonim Şirketi (the "Company") and its subsidiaries (together "Group"), which comprise the consolidated balance sheet of 31 December 2011, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with financial reporting standards announced by the Capital Markets Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with standards on auditing standards announced by the Capital Market Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Basis for qualified opinion

Due to recent and unfavorable developments occurred in Libya in February 2011, Tekfen-TML Partnership, a joint venture of which 67% is owned by the Group, has to cease its operations and evacuate the sites in the country for an indefinite period of time.

The assets that the management believes the Company no longer has control over as a result of the recent developments, are assessed and written off as of the balance sheet date by the Company management. The Company has total assets amounting to 204.597 (USD 108.316 thousand), liabilities amounting to 47.526 (USD 25.161 thousand) and net assets of 157.071 (USD 83.155 thousand) that has been included in the consolidated financial statements as disclosed in details in Note 33 as of 31 December 2011. In addition, the total amount of guarantee letters given to third parties related to Libya operations amounts to 32.790 (USD 17.360 thousand).

The management intends and anticipates to continue the operations of the Tekfen-TML JV in Libya depending on the conclusion of negotiations with the new government as well as the compensation of its losses. As of this report date, however, we were unable to perform any audit procedures on the financial position of Tekfen-TML JV as of 31 December 2011 as the Company management has to suspend its operations in Libya; therefore we are not able to express an audit opinion for the Tekfen-TML JV operations.

Qualified opinion

In our opinion, except for the effects of the matter explained in the paragraph above, the accompanying consolidated financial statements present a true and fair view of the financial position of the Group as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards issued by the Capital Markets Board.

Without qualifying our opinion, we draw your attention to the following matters:

As explained in Note 17, the Group's legal claims and appeals against the administrative court's decision regarding the closure of Samsun Gübre facility of Toros Tarım Sanayi ve Ticaret A.Ş. ("Toros Tarım"), subsidiary of the Group, after the written petition dated 6 December 2007 of the Samsun Municipality is still in process as of this report date due to the uncertainty of the legal outcome of the case.

Istanbul, 12 April 2012

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Ömer Tanrıöver
Partner

CONTENT		PAGE

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2011

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

ASSETS	**Notes**	**Current Period 31 December 2011**	**Prior Period 31 December 2010**
Current Assets		**2.538.876**	**1.956.546**
Cash and cash equivalents	5	786.323	758.554
Trade receivables	8	543.642	379.062
Other receivables	9	12.878	8.317
Inventories	10	496.871	303.281
Receivables from ongoing construction contracts	11	581.810	440.280
Other current assets	20	101.539	50.334
		2.523.063	1.939.828
Assets classified as held for sale	27	15.813	16.718
Non Current Assets		**1.208.854**	**1.109.335**
Trade receivables	8	103.815	52.478
Other receivables	9	4.264	8.622
Financial investments	6	70.376	127.900
Investments valued by equity method	12	209.527	160.325
Invesment property	13	95.068	94.375
Property, plant and equipment	14	689.962	602.059
Intangible assets	15	1.945	2.735
Deferred tax assets	28	20.832	19.689
Other non current assets	20	13.065	41.152
TOTAL ASSETS		**3.747.730**	**3.065.881**

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

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED BALANCED SHEET AS AT 31 DECEMBER 2011

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

LIABILITIES	Notes	Current Period 31 December 2011	Prior Period 31 December 2010
Current Liabilities		**1.695.794**	**1.286.804**
Financial debts	7	325.048	447.584
Trade payables	8	806.757	512.151
Other payables	9	49.423	31.325
Current tax liability	28	16.912	17.693
Ongoing construction progress payments	11	196.957	37.267
Provisions	17	8.991	19.048
Employee benefits	19	41.849	35.475
Other short term liabilities	20	249.857	186.261
Non Current Liabilities		**164.330**	**96.398**
Financial debts	7	84.844	27.700
Trade payables	8	3.075	1.287
Other payables	9	1.062	1.617
Employee benefits	19	39.827	34.344
Deferred tax liabilities	28	35.522	31.450
SHAREHOLDERS' EQUITY	21	**1.887.606**	**1.682.679**
Equity Attributable To Owners Of The Parents		**1.856.920**	**1.663.725**
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		51.560	108.002
Currency translation reserve		114.768	44.209
Restricted profit reserves		72.222	53.390
Retained earnings		701.471	605.085
Net profit for the period		242.440	178.580
Non-controlling Interests		**30.686**	**18.954**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3.747.730**	**3.065.881**

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

AUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

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

	Notes	Current Period 1 January- 31 December 2011	Prior Period 1 January- 31 December 2010
Revenue	22	3.211.241	2.261.704
Cost of revenue (-)	22	(2.709.782)	(1.859.326)
GROSS PROFIT		**501.459**	**402.378**
Marketing, selling and distribution expenses (-)	23	(102.632)	(91.929)
General administrative expenses (-)	23	(91.884)	(85.257)
Research and development expenses (-)	23	(258)	(119)
Other operating income	25	18.875	23.504
Other operating expenses	25	(30.299)	(31.792)
OPERATING PROFIT		**295.261**	**216.785**
Share on profit / (loss) of investments valued using equity method	12	7.045	9.143
Financial income	26	222.569	182.531
Financial expense (-)	26	(213.379)	(168.195)
PROFIT BEFORE TAXATION		**311.496**	**240.264**
Tax expense	28	**(68.841)**	**(62.034)**
Tax expense for the period		(69.198)	(45.533)
Deferred tax expense		(1.072)	(16.286)
Currency translation reserve		1.429	(215)
NET PROFIT FOR THE PERIOD		**242.655**	**178.230**
Distribution of Profit For The Period			
Non-controlling Interests		215	(350)
Owners of the parent		242.440	178.580
Earnings Per Share	29	0,655	0,483

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

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

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

	Current Period 1 January- 31 December 2011	Prior Period 1 January- 31 December 2010
NET PROFIT FOR THE PERIOD	**242.655**	**178.230**
Other comprehensive income / (expense):		
Change in fair value reserve of financial assets	(57.516)	76.468
Change in currency translation reserve	75.322	9.157
Share on other comprehensive income of investments valued using equity method	(1.802)	(2.702)
Tax expense based on comprehensive income	2.876	(3.823)
COMPREHENSIVE INCOME AFTER TAX	**18.880**	**79.100**
TOTAL COMPREHENSIVE INCOME	**261.535**	**257.330**
Distribution of Total Comprehensive Income For The Period		
Non-controlling Interests	2.330	(707)
Owners of the parent	259.205	258.037

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

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

					Other comprehensive income							
					Revaluation growth funds							
	Notes	Paid in capital	Capital structure adjustment	Premiums in capital stock	Property, plant and equipment revaluation fund	Fair value reserve of financial nvestments	Currency translation reserve	Restricted profit reserves	Retained earnings	Net profit for the period	Non controlling interests	Total
Opening balance as of 1 January 2010		370.000	3.475	300.984	2.277	35.782	34.695	40.834	567.607	69.344	18.910	1.443.908
Other comprehensive income		-	-	-	*(1.302)*	*71.245*	*9.514*	-	-	-	*(357)*	*79.100*
Net profit for the period		-	-	-	-	-	-	-	-	*178.580*	*(350)*	*178.230*
Total comprehensive income		-	-	-	(1.302)	71.245	9.514	-	-	178.580	(707)	257.330
Change in non-controllling interests		-	-	-	-	-	-	-	-	-	751	751
Transfers to retained earnings	21	-	-	-	-	-	-	-	69.344	(69.344)	-	-
Transfers to reserves from retained earnings	21	-	-	-	-	-	-	12.556	(12.556)	-	-	-
Payment of dividends	21	-	-	-	-	-	-	-	(19.310)	-	-	(19.310)
Balance as of 31 December 2010		370.000	3.475	300.984	975	107.027	44.209	53.390	605.085	178.580	18.954	1.682.679
Other comprehensive income		-	-	-	*33*	*(56.475)*	*73.207*	-	-	-	*2.115*	*18.880*
Net profit for the period		-	-	-	-	-	-	-	-	*242.440*	*215*	*242.655*
Total comprehensive income		-	-	-	33	(56.475)	73.207	-	-	242.440	2.330	261.535
Change in non-controllling interests		-	-	-	-	-	(2.648)	-	(6.754)	-	9.402	-
Transfers to retained earnings	21	-	-	-	-	-	-	-	178.580	(178.580)	-	-
Transfers to reserves from retained earnings	21	-	-	-	-	-	-	18.832	(18.832)	-	-	-
Payment of dividends	21	-	-	-	-	-	-	-	(56.608)	-	-	(56.608)
Balance as of 31 December 2011		370.000	3.475	300.984	1.008	50.552	114.768	72.222	701.471	242.440	30.686	1.887.606

AUDITED CONSOLIDATED STATAMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011

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

	Notes	Current Period 1 January - 31 December 2011	Prior Period 1 January - 31 December 2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		242.440	178.580
Adjustments to reconcile net profit for the period to cash provided by operating activities:			
Change in non-controlling interests		(6.539)	401
Depreciation and amortization	13, 14, 15	75.098	73.439
Impairment provision for tangible assets	14	-	5.810
(Gain) / loss on sale of tangible asset (net)	13, 14, 15, 25	720	(6.119)
Provison for retirement pay provision and premiums	19	22.397	20.456
Provision for litigation	17	660	2.805
Allowances for doubtful receivables	8	1.101	1.056
Impairment provision for inventory	10	5	3
Other employee benefits	19	5.658	3.301
Reversal of unnecessary provisions	8, 10, 17	(1.441)	(3.302)
Income accruals	9	114	1.436
Expense accruals	9	13.492	1.048
Group's share on net assets of investments in associates accounted by equity method	12	(7.045)	(10.221)
Changes in available for sale investments	6	11	(176)
Changes in assets classified as held for sale	27	-	413
Interest income		(61.019)	(51.531)
Interest expense		35.548	24.595
Dividend income	26	(969)	(5.238)
Allowance for taxation	28	68.841	62.034
Translation reserve (net)		104.163	10.067
Cash generated by operating activities before movements in working capital		493.235	308.857
Movements in working capital			
Changes in trade and other receivables	8, 9	(213.793)	(47.985)
Changes in due from related parties	8, 30	(3.168)	(3.305)
Changes in inventories	10	(212.891)	(21.750)
Obsolete construction inventory write off	25	20.705	-
Changes in receivables from ongoing construction contracts	11	(141.530)	5.891
Changes in other current / non-current assets	20	(23.118)	11.750
Changes in trade and other payables	8, 9	249.198	49.403
Changes in due to related parties	8, 30	(2.149)	(4.778)
Changes in ongoing construction progress payments	11	159.690	(3.861)
Changes in provisions and other short / long term liabilities	17, 20	61.070	22.507
		(105.986)	7.872
Interest received		59.455	50.131
Interest paid		(35.851)	(18.219)
Tax paid	28	(69.979)	(35.255)
Penalty of litigation paid	17	(7.148)	(321)
Retirement pay provision and premiums paid	19	(20.640)	(14.862)
Cash generated by operating activities		313.086	298.203

AUDITED CONSOLIDATED STATAMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011

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

	Notes	Current Period 1 January - 31 December 2011	Prior Period 1 January - 31 December 2010
CASH FLOWS FROM INVESTING ACTIVITIES			
Effect of investments in associates subsidiaries valued by equity method		(43.944)	(1.542)
Acquisition of tangible and intangible assets and investmet property	13, 14, 15	(69.375)	(52.057)
Proceeds from sale of tangible and intangible assets	13, 14, 15	4.797	15.450
Dividend income	26	969	5.238
Cash used in investing activities		(107.553)	(32.911)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		530.064	547.111
Repayments of borrowings		(638.174)	(563.258)
Finance lease paid		(14.610)	(34.041)
Dividend paid		(56.608)	(19.310)
Cash used in financing activities		(179.328)	(69.498)
CHANGE IN CASH AND CASH EQUIVALENTS		26.205	195.794
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		758.554	561.360
Interest accrual on cash and cash equivalents		1.564	1.400
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		786.323	758.554

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

As of 31 December 2011, the Group has 15.509 employees (31 December 2010: 13.079) including the personnel of subcontractors. Registered address of the Company is Kültür Mahallesi, Aydınlık Sokak, Tekfen Sitesi, A Blok, No: 7, Beşiktaş, İstanbul, Türkiye.

Company shares are publicly traded beginning 23 November 2007 on Istanbul Stock Exchange.

As of 31 December 2011 registered names of the subsidiaries and branches, nature of their business, countries of their origin, the business segments they belong to and direct /effective share participation rates are listed below:

Registered Name of Subsidiaries	Nature of Business	Country of Origin	Direct/Effective Share Participation Rate % 2011	2010	Business Segment
Tekfen İnşaat ve Tesisat A.Ş. "Tekfen İnşaat"	Construction	Turkey	100	100	Contracting
Tekfen Mühendislik A.Ş. "Temaş"	Engineering	Turkey	100	100	Contracting
Tekfen İmalat ve Mühendislik A.Ş. "Timaş"	Manufacturing	Turkey	100	100	Contracting
Cenub Tikinti Services ASC "Cenub Tikinti"	Construction	Azerbaijan	51	66	Contracting
HMB Hallesche Mitteldeutsche Bau-Aktiengesellschaft, Halle "HMB"	Trading	Germany	100	100	Contracting
Tekfen International Limited "Tekfen International Ltd"	Investment	United Kingdom	100	100	Contracting
Tekfen Cons. and Inst. Co. Ltd. "Tekfen Construction"	Construction	Ireland	100	100	Contracting
Toros Tarım Sanayi ve Ticaret A.Ş. "Toros Tarım"	Agriculture-Shipping Agent	Turkey	100	100	Agriculture
Toros Adana Yumurtalık Serbest Bölgesi Kur. ve İşleticisi A.Ş. "Tayseb"	Service	Turkey	100	100	Agriculture
Toros Terminal Servisleri A.Ş. "Toros Terminal"	Service	Turkey	100	100	Agriculture
Türk Arap Gübre A.Ş. "Türk Arap Gübre"	Manufacturing	Turkey	80	80	Agriculture
Toros Gemi Acenteliği ve Ticaret A.Ş. "Toros Gemi"	Shipping Agent	Turkey	100	100	Agriculture
TST International Trading Limited "TST Trading"	Trading	Ireland	100	100	Agriculture
TST International Limited "TST Ltd."	Trading	United Kingdom	100	100	Agriculture
Industrial Supply and Trading Company Limited "Industrial Supply"	Trading	United Kingdom	100	100	Agriculture
Petrofertil Trd. Ltd "Petrofertil Trading"	Trading	United Kingdom	100	100	Agriculture
Tekfen Turizm İşletmecilik A.Ş. "Tekfen Turizm"	Service	Turkey	100	100	Real Estate
Tekfen Emlak Geliştirme Yatırım ve Ticaret A.Ş. "Tekfen Emlak"	Real Estate	Turkey	100	100	Real Estate
Belediye Tüketim Malları İthalat İhracat Ticaret ve Pazarlama A.Ş. "Belpa"	Trading	Turkey	95	95	Real Estate
Tekfen Sigorta Aracılık Hizmetleri A.Ş. "Tekfen Sigorta"	Insurance Service	Turkey	100	100	Other

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

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

Registered Name of Subsidiaries	Nature of Business	Country of Origin	Direct/Effective Share Participation Rate % 2011	2010	Business Segment
Tekfen Kültür Sanat Ürünleri Yapım ve Yayın San. Tic. A.Ş. "Tekfen Kültür"	Cultural activities	Turkey	100	100	Other
TST Inv. Holding S.A. "TST Holding"	Investment	Luxembourg	100	100	Other
Tekfen Endüstri ve Ticaret A.Ş. "Tekfen Endüstri"	Trading	Turkey	100	100	Other
Papfen Limited Liability Company "Papfen"	Textile	Uzbekistan	100	90	Other
Tekfen International Finance and Investments S.A. "Tekfen Finance"	Investment	Luxembourg	100	100	Other
Tekfen Participations S.A. "Tekfen Participations" (*)	Investment	Luxembourg	-	100	Other
Antalya Stüdyoları A.Ş. "Antalya Stüdyoları"	Studio Management	Turkey	100	100	Other
Kablotek Kablo Şebekeleri Tesis İşletme Mühendislik İnş. Tic. San. A.Ş. "Kablotek" (**)	Cable TV network operator	Turkey	-	100	Other
Petrofertil Shipping S.A. "Petrofertil Shipping"	Service	Panama	100	100	Agriculture/ Contracting/ Other

(*) Merged under Tekfen International Finance and Investments S.A. as of 27 April 2011.
(**) Liquidated during the year, 2011.

As of 31 December 2011, branches included in the Group's consolidation are as follow:

Branch Name	Nature of Business	Place of Operation and Country of Origin	Business Segment
Tekfen İnşaat – Bakü Branch	Construction	Azerbaijan	Contracting
Tekfen İnşaat – Saudi Arabia Branch	Construction	Saudi Arabia	Contracting
Tekfen İnşaat – Morocco Branch	Construction	Morocco	Contracting
Tekfen İnşaat – Qatar Branch	Construction	Qatar	Contracting
Tekfen İnşaat – Dubai Branch	Construction	UAE	Contracting
Tekfen İnşaat – Muscat Branch	Construction	Oman	Contracting
Tekfen İnşaat – Abu Dhabi Branch	Construction	UAE	Contracting
Tekfen İnşaat – Turkmenistan Branch	Construction	Turkmenistan	Contracting

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

The Group's management conducts its operations within four principal business segments; Contracting, Agriculture, Real Estate and Other operations. Each segment company has liability to prepare financial statements according to the Group's accounting policies. Natures of businesses of the Group companies are summarized below.

Contracting Group

Contracting group undertakes infrastructure and industrial construction projects in Turkey, Saudi Arabia, Azerbaijan, Kazakhstan, Morocco, Qatar, Bulgaria, Oman, UAE, Turkmenistan and Libya. Contracting group especially specializes on construction of petroleum and gas facilities. Terminals, offshore platforms, tank farms, pipe lines, petroleum refineries, pumping stations, generating station, highway and metro projects, electricity and telecommunication systems, residential and trading centers, stadium and sport complexes are included in Contracting group's scope of activity.

Agricultural Group

Agricultural group has operations in chemical fertilizer, ground and vegetable grain, production, distribution and trade of seedling and sapling. In addition to these operations, harbor and free zone operations are included in the operations of agricultural industry group.

Real Estate Group

Real Estate branch operates in designing, constructing, renting, and sale of real estate such as residents, offices, shopping centers and hotels.

Other Operations

Operations of "Other" segment comprise of light-pulp trading, cotton yarn production and trading, insurance services and holding operations. Holding operations executed by Tekfen Holding A.Ş. make amends to Group's financial needs when needed. Moreover, dividend income and rent income provided constitute Holding's revenue. Income provided from the consolidation of Eurobank Tekfen A.Ş. and Tekfen Oz Gayrimenkul Geliştirme A.Ş. by equity method is disclosed in this group.

Approval of consolidated financial statements:

Consolidated financial statements are approved by the Board of Directors and have been granted authorization to be published on the date of 12 April 2012. The General Assembly and other regulatory organs reserve their right to modify and change these consolidated financial statements.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 The Basis for Presentation

Bases of Preparation of Financial Statements and Summary of Significant Accounting Policies

The Company and its subsidiaries registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and Tax Legislation. Subsidiaries that are registered in foreign countries maintain their books of account and prepare their statutory statements in the currency of their registered countries and 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 these 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 consolidated financial statements have been prepared in accordance with IFRS and comply with CMB's decree announce on 17 April 2008 and 9 January 2009 regarding the format of the financial statements and footnotes.

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".

All consolidated financial statements have been prepared on historical cost basis principal except the financial investments which are presented from their reasonable value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional and Reporting Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira ("TRY"), which is the functional currency of the Company, and the reporting currency for the consolidated financial statements.

In accordance with IAS 21(The Effects of Changes in Foreign Exchange Rates), balance sheet items of functional currencies are differed from TRY, are translated with the rate prevailing at the balance sheet date and revenue, expenses and cash flows are translated with the exchange rates at the transaction date (historical rates) or yearly average rate in the case of uncertain transaction date. Gain/loss arising from the translation is recognized in the currency translation reserve under equity.

The exchange rates used in the consolidation process of 31 December 2011 is; 1 USD=1,8889 TRY, 1 EUR=2,4438 TRY, 1 MAD=0,22088 TRY, 1 SAR=0,50371, 1 QAR=0,51751 TRY (On 31 December 2010; 1 USD=1,5460 TRY, 1 EUR=2,0491 TRY, 1 MAD=0,18464 TRY, 1 SAR=0,41349 TRY, 1 QAR=0,42356 TRY).

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

2.1 The Basis for Presentation (cont'd)

Adjustment of Financial Statements in Hyperinflationary Periods

As per the 17 March 2005 dated, 11/367 numbered decree of CMB, for companies engaged in Turkey and those of which prepare their financial statements in accordance with the CMB Accounting Standards (including IAS/IFRS exercisers), use of inflationary accounting standards has been discontinued effective 1 January 2005. Pursuant effectuation, "Financial Reporting Standards in Hyperinflationary Economies" issued by the International Accounting Standards Board (IASB), ("IAS 29") was no longer applied henceforward.

Comparative Information and Reclassification of Prior Period Consolidated Financial Statements

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. In order to maintain consistency with current year consolidated financial statements, comparative information is reclassed and significant changes are disclosed if necessary. In the current year, the Group had reclassed certain comparative balances in order conform to current year's presentation. The nature, reason and amounts for each of the reclassifications are described below:

- Amount of 11.070 shown under "Currency Translation Reserve" is reclassed to "Retained Earnings".

Consolidation Principles:

Consolidated financial statements are made of entities' financial statements that are either administered by the Company and its subsidiaries or of those that are managed jointly. Governance is maintained through control over the financial and operational policies of an entity for profit purposes. The results of the purchased or sold subsidiaries of the Group are shown in the consolidated comprehensive income statement that belongs to the dates after they purchased or the dates before they sold. Even if non-controlling interests result in deficit balance, the total comprehensive income is transferred to the equity attributable to owners of the parents and non-controlling interest. Where necessary, adjustments are made to the financial statements of subsidiaries to be in compliance with the accounting policies used by other members of the Group.

All significant transactions and balances between the Group and its consolidated subsidiaries have been eliminated during the consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

Investments in associates and Investments valued by equity method:

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The entire carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases. Where a group entity transacts with an associate of the Group, profits and losses and dividend income from that associate are eliminated to the extent of the Group's interest in the relevant associate.

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

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

2.1 The Basis for Presentation (cont'd)

Shares in Joint Ventures:

Joint ventures are formed of economic operations requiring the Group's and its subsidiaries conjunct decisions in terms of setting strategic financing and operations policies. Group's partnerships subject to joint ventures as of 31 December 2011 are as follow:

Registered Name of Joint Ventures :	Nature of Business	Country of Origin	Participation Rate % 2011	Participation Rate % 2010	Business Segment
Gate İnşaat Taahhüt San. ve Tic. A.Ş. "Gate J.V." (*)	Construction	Turkey	50	50	Contracting
Tekfen-Tubin-Özdemir J.V. "TÖT J.V."	Construction	Turkey	71	71	Contracting
Tubin-Tekfen-Özdemir J.V. "TTÖ J.V."	Construction	Turkey	25	25	Contracting
Nurol-Tekfen-Yüksel J.V. "NTY J.V."	Construction	Turkey	33	33	Contracting
Gama-Tekfen-Tokar J.V. "GTT J.V."	Construction	Turkey	35	35	Contracting
TGO İnş. Taahhüt Tic. San. Ltd. Şti. "TGO J.V." (*)	Construction	Turkey	50	50	Contracting
Tekfen TML J.V. "Tekfen TML J.V."	Construction	Libya	67	67	Contracting
Overseas Int. Constr. GmbH "OIC J.V."(*), (**)	Construction	Switzerland	50	50	Contracting
North Caspian Constructors B.V. "NCC J.V." (*)	Construction	Netherlands	50	50	Contracting
Azfen Birge Müessesesi "Azfen J.V." (*)	Construction	Azerbaijan	40	40	Contracting
H-T Fidecilik (*)	Agriculture	Turkey	50	50	Agriculture

(*) Companies are joint ventures in terms of their operations; however, they are established as equity companies in terms at their legal structure.
(**) As of reporting date, the joint venture is in liquidation process.

When a member of the Group's operations carried out under joint venture regulations, Group's proportion of the joint ventures assets and liabilities are included in the respective Group member's financial statements and classified based on its nature. Liabilities and expenses derived from jointly managed assets are accounted on accrual basis. In the accompanying consolidated financial statements Group's share in the income provided from the use or sale of joint ventures' assets are recognized when and if the related economic benefits are likely to favor the Group and that this is measurable in a reliable way.

Joint venture management regulations comprising the establishment of another firm are described as joint ventures. Group has accounted its shares in joint ventures using proportional consolidation method in the accompanying consolidated financial statements. Group's share in assets, liabilities, income and expenses that are from joint ventures are paired one on one with items found in consolidated financial statements.

Unrealized profit and losses derived from the transactions between the Group and its joint ventures are eliminated at the rate of Group's share in that joint venture.

2.2 Changes in Accounting Policies

Significant changes in accounting policies have been applied retrospectively and prior period financial statements are restated. In current year, Group has not made any change affecting its accounting policies.

2.3 Changes in Accounting Estimates and Errors

If changes in accounting estimates and errors are for only one period, changes are applied in the current year but if the estimated changes affect the following periods, changes are applied both on the current and following years prospectively. In the current year, there are not any errors and changes in accounting estimates of the Group.

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

2.4 Adoption of New and Revised International Financial Reporting Standards

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported and disclosures in these consolidated financial statements.

(a) New standards and revisions and interpretations to existing revised standards effective as of 1 January 2011

- IAS 32 (amendments), "Financial Instruments: Presentation", is effective for the reporting period on or after 1 February 2010.
- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments", is effective for annual periods beginning on or after 1 July 2010.
- IFRS 1 (amendments), "First-time Adoption of IFRS", is effective for annual periods on or after 1 July 2010.
- IAS 24 (revised), "Related Party Disclosures", is mandatory for annual periods beginning on or after 1 January 2011.
- IFRIC 14 (amendments), "Pre-payment of a Minimum Funding Requirement", is effective for annual periods beginning on or after 1 January 2011.
- In terms of improving IFRS execution, there have been amendments to six standards and one interpretation within 2010; IFRS 1, IFRS 3, IFRS 7, IAS 27, IAS 34 and IFRIC 13 respectively.

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

- IFRS 7 (amendments), "Financial Instruments: Disclosures", will be effective for annual periods beginning on or after 1 July 2011.
- IFRS 1 (amendments), "First-time Adoption of IFRS – Additional Exemptions", will be effective for annual periods on or after 1 July 2011.
- IAS 12 (amendments), "Income Taxes", will be effective for annual periods beginning on or after 1 January 2012.
- IAS 1 (amendments), Presentation of Financial Statements, 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.
- IFRS 9, "Financial Instruments: Classification and Measurement", will be mandatory for annual periods beginning on or after 1 January 2015.
- IFRS 10, "Consolidated Financial Statements", will be valid 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 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.

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

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

2.5 Summary of Significant Accounting Policies

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, and other similar allowances.

Sale of goods:

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- The Group transfers the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity and,
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental income:

Rental income from investment properties is recognized on an accrual basis over the term of the relevant lease.

Construction Contracts:

In contracts where third parties undertake the management, control and coordination of the construction activities are referred to as service contracts and they are only recognized as revenues when they are presented to third parties.

When the outcome of a construction contract can be estimated reliably, contract revenue associated with the construction contract shall be recognized by reference to the stage of completion of the contract activity at the balance sheet date. Stage of completion is measured by the proportion of the contract costs incurred for work performed to date divided by the estimated total contract costs. This calculation does not apply if the stage of completion cannot be measured reliably. Changes in construction contract, additional receivable claims and incentive payments are included in the project revenue in accordance with the consent of the employer if the revenue is measured reliably.

Construction contract costs consist of direct costs such as; all raw materials and direct labour expenses and indirect labour costs related with contract performance, equipment, maintenance, and depreciation expenses. Selling and general administration expenses are recognized when they occur. Provision for cost of estimated loss of incomplete contracts is recognized immediately in the year, which such loss is forecasted. Changes in estimated profitability due to business efficiency, business conditions, provisions for contract penalties and final contract arrangements can cause revisions in costs incurred and revenues obtained at the end of the project. Impact of these revisions is accounted for in the year, in which such revision is made.

Receivables from ongoing construction contracts indicates the revenue recognized on construction contracts in excess of billings, and ongoing construction progress payments indicate the billings in excess of the revenue recognized on construction contracts.

Group management does not recognize the additional receivables under compensation outside the scope of the contract that may be subject to litigation as income, unless negotiations have reached to an advanced stage such that it is probable that the customer will accept the claim and the amount that is probable will be accepted by the customer can be measured reliably.

Retention Receivables from Contractors

The Group's interim progress billings from its employee are subject to retention deductions, which vary, based on the individual agreements. These balances are collected from the employee upon successful completion of the contract at the end of the warranty period. Retention receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Retention Payables to Subcontractors

The Group's interim progress billings to its subcontractors are subject to retention deductions, which vary, based on the individual agreements. These payables are paid to subcontractors after they successfully complete the guarantee periods. Retention payables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on a weighted average basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale.

For construction projects, the materials have been produced especially for the project are included in the project costs when they are delivered to contract site.

Property, Plant and Equipment

Property plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment purchased through financial lease is depreciated same as the property, plant and equipment with the shorter of expected useful life and financial lease term.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Financial Leasing Operations

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Intangible Assets

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives.

Impairment of Assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the statement of income/ (loss) in the period in which they are incurred.

Financial Instruments

Financial assets

Financial investments are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets as "at fair value through profit or loss", "available-for-sale financial assets" and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Available-for-sale financial assets

Quoted equity investments and quoted certain debt securities held by the Group that are traded in an active market are classified as being available- for-sale financial assets and are stated at fair value. The Group also has investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at cost since their value can't be reliably measured. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated to TRY at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortized cost using the effective interest method less any impairment.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available for sale equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value subsequently stated at fair value and subsequently stated at the fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. The net gain or loss recognised in profit or loss compass the interest paid for financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Foreign Currency Transactions

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TRY, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRY using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Earnings Per Share

Earnings per share disclosed in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares in existence during the year concerned.

In Turkey, companies can raise their share capital by distributing "bonus shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as a provision.

An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Warranties

Provisions of warranty costs are recognized at the date of sale of the relevant products, at management's best estimate of the expenditure required to settle the Group's obligation.

Reporting of Financials According to Segments

The Group has four operating segments which are Contracting, Agriculture, Real Estate and Other including information in order to monitor performance and to allocate resources. These segments of the risk and benefits in terms of different economical environments and influences from different geographical locations are managed separately.

Government Grants and Incentives

Government contributions are recorded at fair value once the sets and conditions of the Group on using these contributions are met. They are accounted for at their fair values.

Government contributions related to cost are consistently accounted as revenue; where they are paired with the relevant costs during the period.

Government incentives are accounted systematical as gain or loss where they are paired with the relevant costs recorded as loss during the period. Government incentives as a financial instrument should be associated with the balance sheet as "unearned revenue" to offset the related expense item instead of accounting as gain or loss and have to be accounted systematic as gain or loss depending on useful lives of the related assets.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Government Grants and Incentives (cont'd)

Government incentives, taken in order to provide urgent financing support without any cost or to offset beforehand realized expenses or losses, should be accounted as gain or loss when it becomes collectible.

Government contributions provided for property, plant and equipment are classified under non-current debt as government contributions and are recorded in the statement of income. They are amortized over their useful life using straight-line depreciation method.

Investment Property

Investment property, which is property, held to earn rentals and/or for capital appreciation is carried at cost less accumulated depreciation and any accumulated impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is provided on investment property on a straight line basis. Depreciation period for investment property is 5-50 years with exception of land that have indefinite useful life.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Corporate Income Tax

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

Tax expense represents the sum of the period tax expense and deferred tax income / (expense).

Controlled Foreign Corporation Income:

Turkish CFC regime was introduced in 2006 by Turkish Corporate Income Tax Act. Due to CFC regulations, Turkish Corporate income tax payer which manages their investments via foreign subsidiaries will need to declare and pay corporate income tax in Turkey under certain conditions regardless of whether or not the income generated through foreign subsidiaries is transferred to Turkey. In other words to gain the profit is forced to be free from the distribution of the generated profit. Corporations which are established in foreign companies directly or indirectly controlled by a Turkish individual or corporation which holds (separately or together) at least 50% of their capital, dividend or voting rights which will be deemed as CFC. The other conditions of CFC are; 25% or more of the income of the foreign subsidiary should be passive income (such as rent, dividend, interest), the foreign subsidiary should be subject to less than 10% effective tax burden over its corporate income and the gross revenue of foreign company should exceed the foreign currency equivalent of TRY 100.000.

If the CFC earnings, which are declared in Turkey and related taxes are paid, will be brought up to scene as dividend in the forthcoming periods; they will not be included into taxable income to prevent double taxation.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Corporate Income Tax (cont'd)

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity (in which case the tax is also recognized directly in equity) or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Assets Held For Sale

Non-current assets are classified as "assets held for sale" and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Employee Benefits

Termination and retirement benefits:

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per revised IAS 19 *Employee Benefits* ("IAS 19").

The retirement benefit liability recognized in the consolidated balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses through the consolidated statement of income.

The Company and its subsidiaries located abroad are liable to pay retirement benefit for its qualified personnel. In addition to this, according to Group's retirement benefit policy, the Group pays retirement benefits to its retirees. The Group and its consolidated subsidiaries, regarding the retirement benefits of its personnel employed abroad, is subject to laws and regulations of the countries its personnel is located within. Regarding the laws mentioned, required provision has been provided for in the consolidated financial statements.

2.6 Critical Accounting Judgment and Key Sources of Estimation Uncertainty

In the process of applying accounting policies, which are described in Note 2.5, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

Net realizable value of inventories

Inventories are stated at the lower of cost and net realizable value. The impairment calculation requires management to estimate the future cash flows expected to arise from the sale of inventories and the estimated selling price less all estimated costs of completion and costs necessary to make the sale. Based on the estimate made by the Group, management has determined that the cost of the inventories is higher than their net realizable value as of 31 December 2011 and the cost of inventories was reduced by 1.034 (31 December 2010: 845) and any prior year allowance balance is not accounted for as reversal of unnecessary provisions (31 December 2010: 43) (Note 10).

Deferred taxes

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. In the subsidiaries of the Group, there are deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. As a result of the assessment made, the Group has recognized deferred tax assets in certain entities because it is probable that taxable profit will be available sufficient to recognize deferred tax assets in those entities.

Change in contract fee

Changes in contract fees are recognized in the consolidated financial statements to the extent that those changes are likely to be approved by the customers, based on the percentage of completion method of the construction projects' estimates on the collection of those changes are made based on the Group management's past experiences, the related contract terms and the related legislation.

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

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

2.6 Critical Accounting Judgment and Key Sources of Estimation Uncertainty (cont'd)

Percentage of completion

The Group uses the percentage of completion method in accounting for its construction contracts. Use of the percentage of completion method requires the Group to estimate the proportion of work performed to date as a proportion of the total work to be performed.

Construction costing estimates

The Group calculates the remaining costs to complete on construction projects through its internally developed projections. Factors such as escalations in material prices, labour costs and other costs are included in these projections based on best estimate as of the balance sheet dates. Any unanticipated escalation in the subsequent periods will require the reassessment of the remaining costs.

Non-current retention receivables

Non-current retention receivable and payable are stated at their fair value each period end by discounting the Group's effective deposit and borrowing rates respectively, which management considers to be the appropriate discount rates for these assets and liabilities.

3. JOINT VENTURES

Group's significant partnerships subject to joint ventures are described in Note 2.

Condensed financial information related to these joint ventures is as follows:

	31 December 2011	31 December 2010
Current assets	304.119	356.150
Non current assets	68.323	61.924
Short term liabilities	334.801	390.604
Long term liabilities	19.354	16.979
Shareholders' equity	18.287	10.491

	1 January-31 December 2011	1 January-31 December 2010
Revenue	238.171	327.193
Cost of revenue	(209.774)	(304.003)
Net loss	(25.686)	(11.610)

In current year, joint ventures with completed projects have transferred their accumulated profit amount of 6.713 thousands of US Dollars (12.680) to one of the Group's subsidiaries Tekfen İnşaat ve Tesisat A.Ş.. Joint ventures distributed dividend amounting to 3.115 (2010: 3.104).

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

4. SEGMENTAL REPORTING

a) Segmental results

	1 January-31 December 2011					
	Contracting	Agriculture	Real Estate	Other	Eliminations	Total
Revenue	1.863.981	1.208.341	58.321	80.598	-	3.211.241
Intra-segment sales	167.792	16.038	9	158	(183.997)	-
Inter-segment sales	166	920	310	5.886	(7.282)	-
TOTAL REVENUE	2.031.939	1.225.299	58.640	86.642	(191.279)	3.211.241
Cost of revenue (-)	(1.677.953)	(920.937)	(53.491)	(57.401)	-	(2.709.782)
GROSS PROFIT	**186.028**	**287.404**	**4.830**	**23.197**	-	**501.459**
Marketing, selling and distribution expenses (-)	(480)	(93.060)	(361)	(8.731)	-	(102.632)
General administrative expenses (-)	(47.713)	(17.000)	(2.710)	(24.461)	-	(91.884)
Research and development expenses (-)	-	(258)	-	-	-	(258)
Other operating income	3.858	9.251	4.402	1.364	-	18.875
Other operating expenses (-)	(24.201)	(3.934)	(816)	(1.348)	-	(30.299)
OPERATING PROFIT / (LOSS)	**117.492**	**182.403**	**5.345**	**(9.979)**	-	**295.261**
Share on profit / (loss) of investments valued using equity method	-	-	-	7.045	-	7.045
Financial income	68.809	90.276	4.432	59.052	-	222.569
Financial expenses (-)	(92.305)	(103.857)	(1.051)	(16.166)	-	(213.379)
PROFIT BEFORE TAXATION	**93.996**	**168.822**	**8.726**	**39.952**	-	**311.496**
Tax expense	(22.489)	(32.214)	(1.740)	(12.398)	-	(68.841)
NET PROFIT FOR THE PERIOD	**71.507**	**136.608**	**6.986**	**27.554**	-	**242.655**

The Group has 56.184 of revenue and 20.536 of operating income from terminal operations classified as agricultural operation in 2011.

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

4. SEGMENTAL REPORTING (cont'd)

a) Segmental results (cont'd)

	1 January-31 December 2010					
	Contracting	Agriculture	Real Estate	Other	Eliminations	Total
Revenue	1.111.152	1.026.530	53.520	70.502	-	2.261.704
Intra-segment sales	200.352	16.217	38	136	(216.743)	-
Inter-segment sales	64	668	255	2.763	(3.750)	-
TOTAL REVENUE	1.311.568	1.043.415	53.813	73.401	(220.493)	2.261.704
Cost of revenue (-)	(970.005)	(794.641)	(50.123)	(44.557)	-	(1.859.326)
GROSS PROFIT	**141.147**	**231.889**	**3.397**	**25.945**	**-**	**402.378**
Marketing, selling and distribution expenses (-)	(463)	(83.505)	(17)	(7.944)	-	(91.929)
General administrative expenses (-)	(47.304)	(15.884)	(1.935)	(20.134)	-	(85.257)
Research and development expenses (-)	-	(119)	-	-	-	(119)
Other operating income	10.900	7.557	1.869	3.178	-	23.504
Other operating expenses (-)	(9.453)	(7.251)	(1.082)	(14.006)	-	(31.792)
OPERATING PROFIT / (LOSS)	**94.827**	**132.687**	**2.232**	**(12.961)**	**-**	**216.785**
Share on profit / (loss) of investments valued using equity method	-	-	-	9.143	-	9.143
Financial income	44.069	85.484	4.765	48.213	-	182.531
Financial expenses (-)	(77.125)	(72.324)	(3.075)	(15.671)	-	(168.195)
PROFIT BEFORE TAXATION	**61.771**	**145.847**	**3.922**	**28.724**	**-**	**240.264**
Tax expense	(22.486)	(29.372)	(926)	(9.250)	-	(62.034)
NET PROFIT FOR THE PERIOD	**39.285**	**116.475**	**2.996**	**19.474**	**-**	**178.230**

The Group has 57.758 of revenue and 25.903 of operating income from terminal operations classified as agricultural operation in 2010.

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

4. SEGMENTAL REPORTING (cont'd)

b) As of 31 December 2011 and 2010 segmental assets and liabilities are as follow:

	31 December 2011				
Balance sheet	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 Parents	372.830	283.324	8.519	1.192.247	1.856.920
Non-controlling Interests	26.975	3.631	63	17	30.686

	31 December 2010				
Balance sheet	Contracting	Agriculture	Real Estate	Other	Total
Total Assets	1.307.118	939.089	34.769	784.905	3.065.881
Current and Non-current Liabilities	950.569	330.960	19.267	82.406	1.383.202
Equity Attributable To Owners Of The Parents	269.853	150.731	1.551	1.241.590	1.663.725
Non-controlling Interests	15.293	3.609	134	(82)	18.954

c) Segmental information related to property, plant and equipment, intangible assets and investment property for the year ended 31 December 2011 and 2010 are follows:

	1 January-31 December 2011				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures (*)	78.454	11.366	256	6.441	96.517
Depreciation and amortization expense for the period (**)	55.837	13.975	475	4.811	75.098

	1 January-31 December 2010				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures (*)	30.034	10.198	214	13.489	53.935
Depreciation and amortization expense for the period (**)	53.814	14.170	475	4.980	73.439

(*) Fixed assets purchases through financial lease are also included (2011: 27.142, 2010: 1.878).
(**) Depreciation expense of 1.593 is added to the cost of inventory (31 December 2010: 1.088).

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

4. 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 December 2011)	1.748.339	499.215	197.286	900.166	57.514	(191.279)	3.211.241
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 December 2011)(*)	69.759	11.773	4.364	10.621	-	-	96.517

	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January-31 December 2010)	1.343.722	288.682	144.750	633.073	71.970	(220.493)	2.261.704
Total assets (31 December 2010)	3.583.874	626.455	216.646	601.675	156.764	(2.119.533)	3.065.881
Capital expenditures (1 January - 31 December 2010)(*)	35.300	4.619	471	13.397	148	-	53.935

(*) Fixed assets purchases through financial lease are also included. (2011: 27.142, 2010: 1.878).

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

5. CASH AND CASH EQUIVALENTS

	31 December 2011	31 December 2010
Cash on hand	1.625	1.541
Cash at banks		
Demand deposits	112.416	59.400
Time deposits with maturity of three months or less	666.058	690.334
Overdue cheques	704	757
Other cash equivalents	5.520	6.522
	786.323	758.554

Risk characteristics and levels within cash and cash equivalents have been disclosed in Note 31.

6. FINANCIAL INVESTMENTS

	31 December 2011	31 December 2010
Available for sale financial investments	70.376	127.900

Details of available for sale financial assets are as follow:

Details	Share %	31 December 2011	Share %	31 December 2010
Traded				
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.	10,79	67.935	10,79	125.250
Tümteks Tekstil Sanayi ve Ticaret A.Ş.	7,45	-	7,45	1.721
Türkiye Sınai Mali Kalkınma Bankası A.Ş.	<1	687	<1	887
Akçansa Çimento Sanayi ve Ticareti A.Ş.	<1	38	<1	42
Turcas Petrolcülük A.Ş.	<1	9	<1	16
		68.669		127.916
Non traded				
Sınai ve Mali Yatırımlar Holding A.Ş.	<1	2.536	<1	2.536
Mersin Serbest Bölge İşleticisi A.Ş.	9,56	898	9,56	898
Tümteks Tekstil Sanayi ve Ticaret A.Ş. (*)	7,45	1.414	7,45	-
Other		1.751		1.959
		6.599		5.393
Less: Allowance for diminution in value of available for sale investment				
Sınai ve Mali Yatırımlar Holding A.Ş.		(2.536)		(2.536)
Tümteks Tekstil Sanayi ve Ticaret A.Ş. (*)		(1.414)		(1.721)
Other		(942)		(1.152)
		(4.892)		(5.409)
		70.376		127.900

(*) Bankruptcy of Tümteks has been adjudicated by the 2010/657 numbered final court decision of Denizli Commercial Court of First Instance on 5 October 2011, and its' all shares, those had been traded in the watch list market, have been banned for trading and excluded from the stock market.

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

6. FINANCIAL INVESTMENTS (cont'd)

Traded available for sale financial assets actively are carried at quoted market prices. The positive difference of 51.645 (31 December 2010: 106.284) in the fair value of the available for sale financial assets traded in active markets is directly recognized in equity. There is a negative difference amount of 11 (31 December 2010: 176 positive) in the fair value of the available for sale financial assets traded in active markets is directly recognized in the consolidated statement of income.

1.707 (31 December 2010: 1.705) of the above available for sale financial assets that do not have a quoted market value and their fair values cannot be reliably measured as the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. For this reason they are stated at cost less provision for diminution in value, if any.

Risk characteristics and levels within financial investments have been disclosed in Note 31.

7. FINANCIAL DEBTS

	31 December 2011	31 December 2010
Short-term bank loans	302.344	430.977
Short-term bank loans obtained from related parties (Note: 30)	2	3
Short-term portion of long-term bank loans' and interest payments	994	548
Short term obligation under finance leases	21.708	16.056
Total short-term financial debts	325.048	447.584
Long-term bank loans	66.252	15.988
Long term obligation under finance leases	18.592	11.712
Total long-term financial debts	84.844	27.700
Total financial debts	409.892	475.284

Bank loans are as follow:

	Weighted average interest rate %		31 December 2011	
Original currency	Short term	Long term	Short term	Long term
US Dollars	3,20	6,34	300.856	64.270
EUR	3,50	3,50	172	43
TRY	11,38	10,23	2.312	1.939
			303.340	66.252

	Weighted average interest rate %		31 December 2010	
Original currency	Short term	Long term	Short term	Long term
US Dollars	2,90	3,13	415.778	15.460
EUR	2,60	2,53	11.427	165
TRY	8,23	7,25	4.323	363
			431.528	15.988

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

7. FINANCIAL DEBTS (cont'd)

Repayment schedule of bank loans is as follows:

	31 December 2011	31 December 2010
Within 1 year	303.340	431.528
Within 1-2 year	65.052	15.988
Within 2-3 year	400	-
Within 3-4 year	400	-
Within 5 or more years	400	-
	369.592	447.516

For its bank loans; as of 31 December 2011 Group has given 40.020 thousands US Dollars (75.594) and 88 thousands EUR (215) worth of letters of guarantees and 750 worth of mortgage. (31 December 2010: 36.020 thousand US Dollars (55.687) and 158 thousand EUR (324) worth of letters of guarantees and 750 worth of mortgage).

Group's bank loans; as of 31 December 2011 in the amounts of 193.326 thousands US Dollars (365.173), 88 thousands EUR (215) and 3.465 are subject to fixed interest rates and expose the Group to fair value interest risk (31 December 2010: 278.410 thousands US Dollars (430.421), 5.897 thousands EUR (12.083), 3.172 thousands). Other bank loans are arranged at floating interest rates thus exposing the Group's cash flow interest rate risk.

Risk characteristics and levels within financial debts have been disclosed in Note 31.

Details of obligation under finance leases are as follow:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Obligations under finance leases				
Within one year	23.506	17.552	21.708	16.056
Within 1-5 year	19.228	12.119	18.592	11.712
	42.734	29.671	40.300	27.768
Less: finance expenses related to following years	(2.434)	(1.903)	-	-
Present value of obligations finance leases:	40.300	27.768	40.300	27.768
Less: Payments within 12 months (in short term payables)			21.708	16.056
Due beyond 12 months			18.592	11.712

It is the Group policy to lease some of its furniture, fixtures and equipments under finance leases. Average lease terms are 4 years (2010: 4 years). For the year ended 31 December 2011 effective weighted average interest is 6,05% for US Dollars and 3,91% for EUR (31 December 2010: 7,00% for US Dollars). Financial lease obligations currency type distribution was shown at Note 31. The fair value of the Group's lease obligations approximates their carrying amount.

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

8. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

Short term trade receivables	31 December 2011	31 December 2010
Contract receivables	404.275	256.355
Receivables from Agriculture group operations	77.574	95.994
Other trade receivables	27.001	23.050
Provision for doubtful receivables	(12.038)	(11.329)
Retention receivables (Note: 11)	32.706	4.247
Due from related parties (Note: 30)	13.904	10.736
Other	220	9
	543.642	379.062

Long term trade receivables		
Retention receivables (Note: 11)	101.066	47.762
Contract receivables	2.749	4.595
Other	-	121
	103.815	52.478

Average maturity date for trade receivables varies between the segments. Average maturity date for Contracting segment, for projects in abroad is 75 days (31 December 2010: 64 days), for domestic projects is 41 days (31 December 2010: 69 days), for Agriculture segment is 31 days (31 December 2010: 30 days) and for other segments is 55 days (31 December 2010: 74 days).

Amount of provision for doubtful receivables was determined based on past uncollectible receivable cases encountered. As of 31 December 2010, short term receivables of 22.192 (31 December 2010: 36.596) is provided provision for in the amount of 12.038 (31 December 2010: 11.329).

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

	2011	2010
Provision as at 1 January	(11.329)	(11.695)
Charge for the year	(1.101)	(1.056)
Collected	332	103
Write off of bad debt	42	1.314
Currency translation effect	18	5
Provision as at 31 December	(12.038)	(11.329)

608 of charge for the year (2010: 923) has been charged to general administration expenses and 493 (2010: None) to other operating expenses. Any doubtful receivable provision is not charged to cost of revenue in the current year (2010: 133).

Risk characteristics and levels within trade receivables have been disclosed in Note 31.

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

8. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Trade Payables:

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

Short term trade payables	31 December 2011	31 December 2010
Contract payables	439.608	233.030
Trade payables from Agriculture group operations	322.995	243.984
Due to related parties (Note: 30)	1.517	3.666
Retention payables	19.196	7.077
Notes payables	-	-
Other trade payables	23.441	24.394
	806.757	512.151

Long term trade payables	31 December 2011	31 December 2010
Retention payables	2.960	1.155
Contract payables	115	132
	3.075	1.287

Average payable period for Group's trade payables changes according to the segments. For Agriculture segment, average payable period for import purchases is 117 days (31 December 2010: 120 days), for domestic purchases is 30 days (31 December 2010: 57 days). Moreover, average payable periods for Contracting and other segments are 180 days and 32 days, respectively (31 December 2010: 99 days and 29 days, respectively).

Risk characteristics and levels within trade payables have been disclosed in Note 31.

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

9. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables:

Other short term receivables	31 December 2011	31 December 2010
Deposits and guarantees given	5.465	573
Credit card receivables with maturity longer than three months	1.051	2.546
Income accruals	1.051	1.165
Other doubtful receivables	571	571
Other doubtful receivable provision (-)	(571)	(571)
Other receivables	5.311	4.033
	12.878	8.317
Other long term receivables		
Deposits and guarantees given	4.264	7.429
Blocked deposits	-	1.193
Other doubtful receivables	909	742
Provision for other doubtful receivables	(909)	(742)
	4.264	8.622

b) Other Payables:

Other short term payables	31 December 2011	31 December 2010
Expense accruals	29.504	16.012
Taxes and funds payable	9.841	7.675
Social security witholding payables	6.983	2.600
Deposits and guarantees received	2.345	4.379
Other payables	750	659
	49.423	31.325
Other long term payables		
Deposits and guarantees received	971	568
Other payables	91	1.049
	1.062	1.617

Risk characteristics and levels within other receivables and payables have been disclosed in Note 31.

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

10. INVENTORIES

	31 December 2011	31 December 2010
Raw materials	48.583	32.697
Work in progress	106.919	34.193
Finished goods	72.050	31.216
Trading goods	65.443	37.599
Goods in transit	58.895	45.822
Inventory from real estate projects	15.652	4.939
Inventory at construction sites	102.738	92.581
Other inventories (*)	27.625	25.079
Allowance for impairment on inventory (-)	(1.034)	(845)
	496.871	303.281

Movement of allowance for impairment on inventory	2011	2010
Provision as of 1 January	(845)	(862)
Charge for the period	(5)	(3)
Currency translation effect	(184)	(23)
Provision released	-	43
Provision as of 31 December	(1.034)	(845)

(*) As of 31 December 2011, other inventories consist of operating supplies amounting to 13.516 and spare parts amounting to 14.109 (31 Aralık 2010: 12.608 operating supplies ve 12.471 spare parts).

Impairment on 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 1.034 (2010: 845) has been determined as provision for allowance for impairment on inventory. As of 31 December 2011, total amount of the inventory shown at net realizable value is 4.045 (2010: 4.119).

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

11. CONSTRUCTION CONTRACTS

	31 December 2011	31 December 2010
Cost incurred on uncompleted contracts	4.791.915	3.783.441
Recognised gain less losses (net)	582.451	453.895
	5.374.366	4.237.336
Less: Billings to date (-)	(4.989.513)	(3.834.323)
	384.853	403.013

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

	31 December 2011	31 December 2010
From customers under construction contracts	581.810	440.280
To customers under construction contracts	(196.957)	(37.267)
	384.853	403.013

As of 31 December 2011, total retention receivables amount to 133.772 (31 December 2010: 52.009) (Note: 8).

	31 December 2011	31 December 2010
Receivables from uncompleted contracts		
Contracts undersigned abroad	570.189	434.212
Contracts undersigned in Turkey	11.621	6.068
	581.810	440.280
Payables from uncompleted contracts		
Contracts undersigned abroad	(58.578)	(30.117)
Contracts undersigned in Turkey	(138.379)	(7.150)
	(196.957)	(37.267)
	384.853	403.013

The Group has 213.738 of advances received for contracting projects (31 December 2010: 121.853) (Note: 20).

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

12. INVESTMENTS VALUED BY EQUITY METHOD

		Share in capital (%)			
Subsidiaries	Location of foundation and operation	31 December 2011	31 December 2010	Power to appoint	Industry
Eurobank Tekfen A.Ş.	İstanbul	29,2583 %	29,2437 %	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 Gelistirme 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 participations' condensed financial positions are as follow:

	31 December 2011		
Financial Position	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 subsidaires	198.940	10.587	209.527

	31 December 2010		
Financial Position	Eurobank Tekfen	Tekfen Oz	Total
Total assets	4.490.497	92.878	4.583.375
Total liabilities	3.979.795	25.948	4.005.743
Net assets	510.702	66.930	577.632
Group's share in net assets of subsidaires	149.348	10.977	160.325

	1 January-31 December 2011		
	Eurobank Tekfen	Tekfen Oz	Total
Revenue	518.861	3.382	522.243
Profit for the year	25.410	(2.376)	23.034
Group's share on subsidiaries' profit/(loss) for the year	7.435	(390)	7.045

	1 January-31 December 2010		
	Eurobank Tekfen	Tekfen Oz	Total
Revenue	497.711	42.038	539.749
Profit for the year	30.351	1.625	31.976
Group's share on subsidiaries' profit/(loss) for the year	8.876	267	9.143

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

13. INVESTMENT PROPERTY

Investment property as at 31 December 2011 and 2010 is as follows:

Cost	Land	Building	Total
Opening balance as at 1 January 2011	3.657	111.282	114.939
Currency translation effect	763	-	763
Additions	-	82	82
Disposals	-	(271)	(271)
Transfers from Property, Plant and Equipment	3.040	-	3.040
Closing balance as at 31 December 2011	7.460	111.093	118.553
Accumulated Depreciation			
Opening balance as at 1 January 2011	-	(20.564)	(20.564)
Charge for the year	-	(2.991)	(2.991)
Disposals	-	70	70
Closing balance as at 31 December 2011	-	(23.485)	(23.485)
Carrying value as at 31 December 2011	7.460	87.608	95.068

Cost	Land	Building	Total
Opening balance as at 1 January 2010	3.866	110.977	114.843
Currency translation effect	(209)	-	(209)
Additions	-	12.964	12.964
Transfers to Property, Plant and Equipment	-	(12.659)	(12.659)
Closing balance as at 31 December 2010	3.657	111.282	114.939
Accumulated Depreciation			
Opening balance at 1 January 2010	-	(19.715)	(19.715)
Charge for the year	-	(3.260)	(3.260)
Transfers to Property, Plant and Equipment	-	2.411	2.411
Closing balance as at 31 December 2010	-	(20.564)	(20.564)
Carrying value as at 31 December 2010	3.657	90.718	94.375

Investment Property includes buildings over rental income earned and lands that are held for the investment purposes. Useful lives of investment properties are within 5 and 50 years.

Depreciation expense of 2.633 (2010: 2.900) has been charged to cost of revenue, 358 (2010: 360) to general administrative expenses.

For the year ended 31 December 2011 total rental income earned from investment properties is 17.082 (31 December 2010: 14.415). Direct operating expenses arising on the investment properties in the year amounted to 4.723 (31 December 2010: 5.102).

The fair value of the Group's investment property at 31 December 2011 has been arrived based on a valuation carried out at that date by independent expertise not connected with the Group which is one of the accredited independent valuers by Capital Market Board of Turkey. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The fair market value of the investment properties as of 31 December 2011 is 412.132 (31 December 2010: 388.548) according to the valuation carried out by independent expert.

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

14. PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress	Leasehold improvements	Total
Cost Value								
Opening balance as at 1 January 2011	258.811	304.331	963.695	27.719	49.178	6.075	121.204	1.731.013
Currency translation effect	31.700	20.429	96.497	4.794	11.534	1.224	476	166.654
Additions	12.592	6.609	43.616	4.178	12.088	14.103	2.261	95.447
Disposals	(648)	(4.575)	(16.197)	(3.306)	(3.768)	(3)	-	(28.497)
Transfers(*)	(2.354)	2.919	(8.342)	3.532	3.116	(1.928)	17	(3.040)
Closing balance as at 31 December 2011	300.101	329.713	1.079.269	36.917	72.148	19.471	123.958	1.961.577
Accumulated Depreciation								
Opening balance as at 1 January 2011	(61.510)	(173.094)	(772.972)	(19.666)	(37.159)	-	(64.553)	(1.128.954)
Currency translation effect	(9.255)	(10.916)	(61.434)	(3.412)	(8.847)	-	(234)	(94.098)
Charge for the year	(8.131)	(6.186)	(46.358)	(3.617)	(4.223)	-	(3.229)	(71.744)
Disposals	526	3.459	13.015	3.047	3.134	-	-	23.181
Transfers(*)	526	397	4.630	(3.305)	(2.236)	-	(12)	-
Closing balance as at 31 December 2011	(77.844)	(186.340)	(863.119)	(26.953)	(49.331)	-	(68.028)	(1.271.615)
Carrying value as at 31 December 2011	222.257	143.373	216.150	9.964	22.817	19.471	55.930	689.962

(*) Land with net book value of 3.040 in "Property, Plant and Equipment" is transferred to "Investment Properties".

Property, plant and equipment include fixed assets with carrying value of 93.794 purchased through financial lease.

The amount of mortgage on tangible assets is 750.

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

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Land and land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress	Leasehold improvements	Total
Cost Value								
Opening balance as at 1 January 2010	256.933	293.497	939.050	27.288	41.806	16.048	121.796	1.696.418
Currency translation effect	2.999	(1.630)	8.356	593	4.906	21	23	15.268
Additions	8.323	5.677	10.936	2.389	5.586	7.072	47	40.030
Disposals	(5.919)	(2.569)	(12.506)	(2.551)	(3.145)	-	(662)	(27.352)
Transfers(*)	(3.525)	9.356	17.859	-	25	(17.066)	-	6.649
Closing balance as at 31 December 2010	258.811	304.331	963.695	27.719	49.178	6.075	121.204	1.731.013
Accumulated Depreciation								
Opening balance as at 1 January 2010	(51.468)	(164.442)	(731.843)	(19.654)	(30.867)	-	(61.794)	(1.060.068)
Currency translation effect	(2.307)	2.065	(4.005)	16	(4.645)	-	(524)	(9.400)
Charge for the year	(8.108)	(5.385)	(46.806)	(2.295)	(4.294)	-	(2.875)	(69.763)
Allowance for impairment	-	(5.810)	-	-	-	-	-	(5.810)
Disposals	373	1.577	10.552	2.267	2.666	-	640	18.075
Transfers(*)	-	(1.099)	(870)	-	(19)	-	-	(1.988)
Closing balance as at 31 December 2010	(61.510)	(173.094)	(772.972)	(19.666)	(37.159)	-	(64.553)	(1.128.954)
Carrying value as at 31 December 2010	197.301	131.237	190.723	8.053	12.019	6.075	56.651	602.059

(*) Tangible assets with net book value of 10.248 in "Investment Properties" is transferred to "Property, Plant and Equipment", and tangible assets with net book value of 5.044 and 543 is transferred to "Assets classified as held for sale" and "Intangible assets", respectively.

Property, plant and equipment include fixed assets with carrying value of 76.645 purchased through financial lease.

The amount of mortgage on tangible assets is 750.

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

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Property, plant and equipment are depreciated over the following useful lives:

	Useful life
Land and land improvements	2-50 years
Buildings	2-50 years
Machinery and equipment	2-25 years
Vehicles	2-15 years
Furniture and fixtures	2-25 years
Leasehold improvements	2-50 years

Depreciation expense of 66.458 (2010: 67.599) has been charged to cost of revenue, 145 (2010: 99) to research and development expenses, 1.138 (2010: 926) to marketing, selling and distribution expenses, 2.416 (2010: 56) to general administrative expenses and 1.587 (2010: 1.083) to inventory.

15. INTANGIBLE ASSETS

Cost value	Rights	Other intangible assets	Total
Opening balance as at 1 January 2011	12.493	611	13.104
Currency translation effect	1.787	30	1.817
Additions	621	367	988
Disposals	(92)	(16)	(108)
Closing balance as at 31 December 2011	14.809	992	15.801
Accumulated amortization			
Opening balance as at 1 January 2011	(10.091)	(278)	(10.369)
Currency translation effect	(1.615)	(24)	(1.639)
Charge for the year	(1.954)	(2)	(1.956)
Disposals	92	16	108
Closing balance as at 31 December 2011	(13.568)	(288)	(13.856)
Carrying value as at 31 December 2011	1.241	704	1.945

Cost value	Rights	Other intangible assets	Total
Opening balance as at 1 January 2010	11.378	338	11.716
Currency translation effect	203	(5)	198
Additions	574	367	941
Disposals	(205)	(89)	(294)
Transfers	543	-	543
Closing balance as at 31 December 2010	12.493	611	13.104
Accumulated amortization			
Opening balance as at 1 January 2010	(8.621)	(317)	(8.938)
Currency translation effect	(172)	5	(167)
Charge for the year	(1.501)	(3)	(1.504)
Disposals	203	37	240
Closing balance as at 31 December 2010	(10.091)	(278)	(10.369)
Carrying value as at 31 December 2010	2.402	333	2.735

Intangible assets are amortized over useful lives of rights through 3 to 15 years and useful lives of other intangibles through 3 to 10 years.

Amortization expense of 1.899 (2010: 1.455) has been charged to general administrative expenses, 39 (2010: 38) to cost of revenue, 12 (2010: 6) to marketing, selling and distribution expenses and 6 (2010: 5) to cost of inventory.

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

16. GOVERNMENT GRANTS AND INCENTIVES

The Contracting segment has a tax incentive regarding the agreement between Tekfen İnşaat and Tekfen TML J.V. for the construction of Kufra-Tazerbo water channel project in Libya dated 6 June 2006.

Toros Tarım benefits from the certified seed production support according to the support amounts determined in the Communiqué about "Supporting Domestic Certified Seed Production" published in the Official Gazette for its production of certified wheat and potato seeds.

The Undersecretaries of Treasury and Foreign Trade of Turkey has given tax, duties and charge incentive for the contracts undertaken by Tekfen İnşaat and its joint ventures. These contracts are as follow:

- Ankara - Pozantı Highway (Çiftehan - Pozantı Section) Project - extended till 31 December 2012.
- Gaziantep – Birecik Highway Project – extended until 30 June 2012.
- In the construction project Tekfen İnşaat is conducting in Turkmenistan, the agreement between Turkey and Turkmenistan provides tax exemption from Corporate Income Tax in Turkmenistan.

17. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

Provisions	31 December 2011	31 December 2010
Provision for litigation	8.345	15.875
Other provisions	646	3.173
	8.991	19.048

Movement of provision for litigation is as follows:

	2011	2010
Provision as of 1 January	15.875	15.260
Provision paid (-)	(7.148)	(321)
Charge for the period	660	2.805
Provision released	(1.067)	(1.842)
Currency translation effect	25	(27)
Provision as of 31 December	8.345	15.875

b) Contingent Assets and Liabilities

Contractual Obligations:

Defects Liabilities

Based on the agreements signed with customers, the Group's associate Tekfen İnşaat ve Tesisat A.Ş ("Tekfen İnşaat") ensures to maintain its contract operations until the end of guarantee period and undertake the construction, maintenance, and general maintenance of related assets for the periods stated on the agreements. In case the customer determines any defects subsequent to the provisional acceptance of the contract, Tekfen İnşaat is obliged to remedy the defect.

Penalty of Default

Based on the agreements signed with the customers, if Tekfen İnşaat fails to complete in full or partially its contract operations within the determined period, it shall pay penalty amount for such defaults to its customers.

17. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

b) Contingent Assets and Liabilities (cont'd)

Contractual Obligations (cont'd):

Tax Inspections

In the Saudi Arabia Branch, the Department of Zakat and Income Tax ("DZIT") has issued its final tax assessment for the years 2003, 2004, and 2005. Based on this assessment, there is an additional tax liability from the Saudi Arabia Branch amounting to 5.324 thousand US Dollars (Saudi Arabia Riyal 19.963.924). Saudi Branch has submitted an objection on this assessment with the Appeal Committee. Management believes that the DZIT's claim is without merit and the Appeal Committee decision will ultimately be to their favor and accordingly, no provision for tax charge was provided in the accompanying consolidated financial statements.

Litigations:

Upon the consultation of legal advisors, as of 31 December 2011, the Management has decided to fund 8.345 (2010: 15.875) of provision for lawsuits that might be filed against the Group which will have a high probability of potential outflow from the Group. Based on the legal prosecution of lawyers, the Group foresees no significant risks regarding 29.680 (2010: 25.149) of lawsuit filed against the Group.

Toros Tarım Samsun Fertilizer Facility

Toros Tarım has acquired all of the public shares of Samsun Gübre Sanayii A.Ş. from the Privatization Administration as at 4 July 2005 and has completed its business combination procedures in November 2005.

Following the re-operation of the plant that belongs to the Municipality, the Municipality's order on the shutdown of the related plant grounding that it has been operating without any license was cancelled for consecutive periods of 6 months based on the Toros Tarım's applications. While Toros Tarım has been trying to gather the required documents, including the plant's revised construction plans, for obtaining the "Business Opening License and Operation Permit" which could not be obtained during the public ownership, the subject land is turned up to be within the scope of Article 2(b) of the Forest Law in the making of the revised construction plans. Since the Municipality cannot proceed with any of the procedures on the construction plan, Toros Tarım could not be able to obtain the "Business Opening License and Operation Permit".

On the other hand, the case filed at the Administrative Court regarding the cancellation of the municipality's shut down order, at first the Court ceased the execution of the decision; however, by the order issued as at 3 June 2008, the Court has overruled the cancellation of the shut down order of Toros Tarım. Toros Tarım has appealed the court decision and the case is still pending at the Council.

Also, Toros Tarım has informed the Local Government Headquarters about the related issues and lawsuits and, accordingly as at 6 May 2008, the Local Administration of the General Directorate of the Ministry of Internal Affairs communicated a written statement to the Samsun Governor's Office, referring to the Legal Counsels of the Ministry of Internal Affairs' consultation feedback which was presented to the Ministry on 2 May 2008. The Statement cited that it would be best for the public interest if Toros Tarım is given a "interim license" under the "Business Opening License and Operating Permit" Regulations subject to the condition that all the required documents for the business license to operate shall be completed subsequent to the ongoing judicial process and the final decision will be made depending on the outcome of the related lawsuit.

In regards to the facility which has been continuing its operations in accordance with the legal advice of the Local Administration of the General Directorate of the Ministry of Internal Affairs, Toros Tarım has made an application to the Metropolitan Municipality of Samsun for the issuance of Business Opening License and Operation Permit by obtaining all the required documents, except for the "plan of site" and "transit permit", in compliance with the Legal Counsels of the Ministry of Internal Affairs' consultation feedback as at 20 October 2008. However, the 31 October 2008 dated written response of the Metropolitan Municipality of Samsun states that its application cannot be assessed. Toros Tarım Management's administrative appeals and legal disputes against the decision have been still continuing.

As of the date of this report, the uncertainty over the legal process is still in progress, since the Group Management's administrative appeal and legal disputes before the Council over the court the decision is pending. Therefore, the Group's accompanying financial statements do not contain any relevant provisions concerning the subject matter.

17. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

b) Contingent Assets and Liabilities (cont'd)

Rights and Commitments Based on Share Purchase - Sale Agreement:

Call option to Eurobank EFG Holding (Luxembourg) S.A.; put option to Tekfen Holding given pursuant to share purchase-sale agreement, which was signed in 16 March 2007 between the Company and Eurobank EFG Holding (Luxembourg) S.A..

At any time between the seventh (7^{th}) anniversary and the tenth (10^{th}) anniversary of the signing of this agreement, Eurobank EFG Holding (Luxembourg) S.A. shareholders will have the right to exercise, by delivery of a written notice ("Call Notice"), a call option to purchase at the exercise price, in one transaction, all of the shares then by all the Company ("Call Shares"). The exercise price applicable to the sale of call shares shall be paid in US Dollars.

At any time between the fifth anniversary and the tenth anniversary of the signing of this agreement, the Company shall be entitled to sell at the exercise price, in one transaction, all of the shares then held by all the Company ("the Put Shares"), to the Eurobank EFG Holding (Luxembourg) S.A. shareholders, by delivery of a written notice stating their intent to exercise such entitlement (a "Put Option"), such sale to be in accordance with this section. The exercise price applicable to the sale of the put shares shall be determined pursuant to the awards above and shall be paid in cash in US Dollars.

Furthermore, based on Share Purchase–Sale Agreement in Share Transfer Article, it is stated that the shareholders shall not sell their shares to third parties by way of public offering or special purpose sale for the five years from the agreement date however, it is excluded that one of the shareholder or both can sell or transfer whole amount or a portion of their shares to a subsidiary of the Group.

As explained in detail in Note 34, on 9 April 2012, a new agreement is signed between the Company and Eurobank EFG Holding (Luxembourg) S.A..

Other:

The financial, economic, and social policies of the foreign countries in which the Group has operations may affect the Group's profitability.

National and international commodity market price volatility may affect the Group operations and profitability.

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

18. COMMITMENTS AND OBLIGATIONS

Guarantee, pledge and mortgage position of the Group as of 31 December 2011 and 2010 are as follow:

31 December 2011	Equivalant of TRY	*Thousands US Dollars*	*Thousands of EUR*	*Other (Equivalant of Thousands TRY)*
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	-	-	-	-
Total as of 31 December 2011	1.681.410	598.126	92.090	326.560

31 December 2010	Equivalant of TRY	*Thousands US Dollars*	*Thousands of EUR*	*Other (Equivalant of Thousands TRY)*
A. GPM given on behalf of its own legal entity	149.348	-	-	149.348
-Guarantee	-	-	-	-
-Pledge	*149.348*	-	-	*149.348*
-Mortgage	-	-	-	-
B. GPM given on behalf of subsidiaries that are included in full consolidation	1.185.610	604.597	38.927	171.138
-Guarantee	*1.184.860*	*604.597*	*38.927*	*170.388*
-Pledge	-	-	-	-
-Mortgage	*750*	-	-	*750*
C. GPM given in order to guarantee third parties' debts for the routine trade operations	1.731	-	-	1.731
-Guarantee	*1.731*	-	-	*1.731*
-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	-	-	-	-
Total as of 31 December 2010	1.336.689	604.597	38.927	322.217

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

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

19. EMPLOYEE BENEFITS

Short term employee benefits:	31 December 2011	31 December 2010
Retirement pay provision	255	1.667
Unused vacation pay liability provision	9.131	9.018
Premium provision	11.422	9.294
Wages and other employee benefits	21.041	15.496
	41.849	35.475
Long term employee benefits:		
Retirement pay provision	39.827	34.344

	31 December 2011	31 December 2010
Short term retirement pay provision	255	1.667
Long term retirement pay provision	39.827	34.344
	40.082	36.011

Retirement pay provision:

Retirement pay provision for Turkish personnel employed in Turkey;

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each entitled employee. Also, employees are entitled to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions according to of the prevailing 506 numbered Social Insurance Law's Article 60, as amended by 6 March 1981 dated, 2422 numbered and 25 August 1999 dated, 4447 numbered laws. Some transition provisions related to the pre-retirement service term was excluded from the law since the related law was changed as of 23 May 2002.

Retirement pay provision upper limit is revised on every six months and Group has calculated current year's amount by using the upper limit 2.805,04 TRY which is effective on or after 1 January 2012 (31 December 2010: 2.623,23 TRY). The amount payable to the employee is limited to employee's one month worth salary or to the upper limit of retirement pay provision for each period of service as of 31 December 2011.

The liability is not funded, as there is no funding requirement.

Retirement pay provision regarding Turkish employees located abroad:

The Group is liable to pay retirement benefit for its qualified personnel. In addition to this, according to Group's retirement benefit policy, the Group pays retirement benefits to its retirees.

The provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees (not applicable for employees who are working in construction projects). IAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the Group's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

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

19. EMPLOYEE BENEFITS (cont'd)

Retirement pay provision (cont'd):

Retirement pay provision regarding Turkish employees located abroad (cont'd):

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as of 31 December 2011, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated by taking the real discount rate as approximately 4,11% (31 December 2010: 4,66%). Approximately proportion of voluntarily terminations requiring no payments are also taken into account.

Retirement pay provision of employees located abroad:

The Group and its consolidated subsidiaries are subject to regulations where they operate in. Provisional amounts for the subject matter laws have been provided in the consolidated financial statements.

Retirement pay provision for subcontractor employee:

The Group and the subcontractor companies are conjointly responsible for the retirement pay provision of subcontractor employee at the construction project. In order to guarantee subcontractors commitment, the Group provides deductions from subcontractor's progress billings and letter of guarantee. Retirement pay provision calculation for subcontractor's personnel is subject to regulations where they operate in and the agreements between the Group and the subcontractors.

	Retirement Pay Provision	Premium Provision
Opening balance as of 1 January 2011	36.011	9.294
Currency translation effect	3.558	884
Service expense	9.394	10.770
Interest expense	1.285	-
Provision paid (-)	(11.114)	(9.526)
Actuarial loss	948	-
Closing balance as of 31 December 2011	40.082	11.422
Opening balance as of 1 January 2010	32.000	7.468
Currency translation effect	193	50
Service expense	9.042	8.968
Interest expense	1.430	-
Provision paid (-)	(7.670)	(7.192)
Actuarial loss	1.016	-
Closing balance as of 31 December 2010	36.011	9.294

9.193 of current year retirement pay provision (2010: 9.296) has been included in cost of revenue and 2.434 has been included in general administrative expenses (2010: 2.192).

2.414 (2010: 1.720) and 8.356 (2010: 7.248) of current year premium provision have been included in cost of revenue and in general administrative expenses respectively.

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

20. OTHER CURRENT/NON CURRENT ASSETS AND OTHER SHORT/LONG TERM LIABILITIES

Other Current Assets	31 December 2011	31 December 2010
VAT receivables	48.353	14.058
Advances paid for construction projects	25.111	19.988
Prepaid taxes and funds	11.781	7.205
Order advances given	6.877	2.310
Prepaid expenses	5.689	3.925
Witholding tax of ongoing construcion contracts	-	1.054
Business advances given	2.685	953
Other current assets	1.043	841
	101.539	50.334

Other Non Current Assets	31 December 2011	31 December 2010
Witholding tax of ongoing construcion contracts	10.681	9.940
VAT receivables	1.778	30.411
Prepaid expenses	473	801
Advances given for fixed assets	133	-
	13.065	41.152

Other Short Term Liabilities	31 December 2011	31 December 2010
Advances received for construction projects (Note: 11)	213.738	121.853
Order advances received	28.661	55.652
Income relating to future months	5.354	5.358
VAT Calculated	1.878	3.170
Other	226	228
	249.857	186.261

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

21. SHAREHOLDERS' EQUITY

a) Share Capital / Interrelated Subsidiary Capital Adjustments

The structure of the paid in capital as of 31 December 2011 and 2010 is as follows:

Shareholders	(%)	31 December 2011	(%)	31 December 2010
Akçağlılar family	19,30%	71.426	19,30%	71.426
Berker family	19,30%	71.426	19,30%	71.426
Gökyiğit family	19,30%	71.426	19,30%	71.426
Other (*)	4,23%	15.593	4,23%	15.593
Publicly traded	37,87%	140.129	37,87%	140.129
Paid in capital	100,00%	370.000	100,00%	370.000
Capital structure adjustments		3.475		3.475
Restated capital		373.475		373.475

(*) Indicates the total of owners with shares less than 5%.

Registered and issued capital comprises 370.000.000 shares at 1 TRY par value (31 December 2010: 370.000.000). All these shares consist of bearer common shares.

The Company, reserves 5% of the historical statutory profit as first legal reserve, until the total reserve reaches 20% of the historical paid in share capital. From the remaining statutory profit, 30% of the paid capital is distributed as first dividend to the holders on the condition that rates and amounts are not less then rates and amounts applied by CMB. Also at most 3% of remaining profit is distributed to Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı which has redeemed share.

b) Revaluation Growth Funds

	31 December 2011	31 December 2010
Property, plant and equipment revaluation fund	1.008	975
Fair value reserve of financial investments (Note: 6)	50.552	107.027
	51.560	108.002

Property, Plant and Equipment Revaluation Fund:

Property, plant and equipment revaluation funds are derived from the revaluation of land and buildings. In the event of the disposition of a revalued land or a building, revalued portion and the sale proceed difference is directly transferred to retained earnings.

Revaluation fund comprise revaluation of property, plant and equipment funds of Eurobank Tekfen.

Fair Value Reserve of Financial Investments:

Fair value reserve of financial investments consists of changes in fair value of securities held for sale. In the event of the disposition of a revalued financial asset at fair value, revalued portion and the sale proceed difference is directly accounted in profit or loss. In case of a revalued at fair value financial assets impairment, amount impaired is accounted in period profit or loss.

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

21. SHAREHOLDERS' EQUITY (cont'd)

c) Currency Translation Reserve

Functional and reporting currency of the Group's contracting segment is US Dollars and consolidated reporting currency of the Group is TRY. In accordance with IAS 21 ("The Effects of Changes in Foreign Exchange Rates"), balance sheet items are translated into TRY with the US Dollars rates prevailing at the balance sheet date and revenue, expenses and cash flows are translated with the exchange rates at the transaction date (historical rates) or yearly average rate. Gain or loss arising from the translation is recognized in the foreign currency translation reserve under equity which is 114.768 (31 December 2010: 44.209).

d) Restricted Profit Reserves

	31 December 2011	31 December 2010
Legal reserves	72.222	53.390

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

In accordance with the CMB's requirements which were effective until 1 January 2008, the amount generated from first-time application of inflation adjustments on financial statements, and followed under the "accumulated loss" item was taken into consideration as a reduction in the calculation of profit distribution based on the inflation adjusted financial statements within the scope of the CMB's regulation issued on profit distribution. The related amount that was followed under the "accumulated loss" item could also be offset against the profit for the period (if any) and undistributed retained earnings and the remaining loss amount could be offset against capital reserves arising from the restatement of extraordinary reserves, legal reserves and equity items, respectively.

In addition, in accordance with the CMB's requirements which were effective until 1 January 2008, at the first-time application of inflation adjustments on financial statements, equity items, namely "Capital", "Issue premiums", "Legal reserves", "Statutory reserves", "Special reserves" and "Extraordinary reserves" were carried at nominal value in the balance sheet and restatement differences of such items were presented in equity under the "Shareholders' equity inflation restatement differences" line item in aggregate. "Shareholders' equity inflation restatement differences" related to all equity items could only be subject to the capital increase by bonus issue or loss deduction, while the carrying value of extraordinary reserves could be subject to the capital increase by bonus issue; cash profit distribution or loss offsetting.

However, in accordance with the Communiqué Series: XI, No: 29 issued on 1 January 2008 and other related CMB's announcements, "Paid-in capital", "Restricted profit reserves" and "Premium in capital stock" should be carried at their registered amounts in statutory records. Restatement differences (e.g. inflation restatement differences) arising from the application of the Communiqué should be associated with:

- "Capital restatement differences" account, following the "Paid-in capital" line item in the financial statements, if such differences are arising from "Paid-in capital" and not added to capital;

- "Retained earnings/ accumulated loss", if such differences are arising from "Restricted profit reserves" and "Premium in capital stock" and has not been subjected to profit distribution or capital increase.

Other equity items are carried at the amounts that are valued based on the CMB's Financial Reporting Standards.

Capital restatement differences can only be included in capital.

21. SHAREHOLDERS' EQUITY (cont'd)

d) Restricted Profit Reserves (cont'd)

Profit Distribution:

In accordance with the Capital Markets Board's (the "Board") Decree issued as of 27 January 2011, in relation to the profit distribution of earnings derived from the operations in 2010, minimum profit distribution is not required for listed companies , and accordingly, profit distribution should be made based on the requirements set out in the Board's Communiqué Series IV, No: 27 "Principles of Dividend Advance Distribution of Companies That Are Subject To The Capital Markets Board Regulations", terms of articles of corporations and profit distribution policies publicly disclosed by the companies.

Furthermore, based on the afore-mentioned decree, companies that are required to prepare consolidated financial statements should calculate their net distributable profits, to the extent that they can be recovered from equity in their statutory records, by considering the net profit for the period in the consolidated financial statements which are prepared and disclosed in accordance with the Communiqué Serial: XI, No: 29.

Board of Directors offered to pay shareholders 0,19 TRY (2010: 0,14) dividends per share on 12 April 2012. That dividend payment is subject to approval of the shareholders in General Shareholders' Meeting and therefore amount is not accounted as liability to the consolidated financial statements. Projected dividend amount is 70.167 (2010: 52.914), on the other side cash dividend amount will be paid to usufructuary is 4.880 (2010: 3.694).

Resources That Can Be Subject To Profit Distribution:

Within the frame of Communiqué Series: XI, No: 29, amount disclosed in notes to financial statements based on the Board decision dated 9 January 2009; following the deduction of companies' retained earnings, total of remaining profit for the period and other resources that may apply to profit distribution is 829.051 (31 December 2010: 703.042) for Tekfen Holding A.Ş. 474.142 portion of this amount belongs to shares issued and 354.909 portion of this amount belongs to bonus shares issued (31 December 2010: shares issued 348.133, bonus shares issued 354.909).

e) Premiums in Capital Stock

Group has done public offering (22,50%) of issued 66.775 shares by increased capital on 23 November 2007. The income from this public offering 380.618 is accounted as premium in capital stock in shareholder's equity after 12.859 expense directly related to the public offering deducted.

f) Retained Earnings

As of 31 December 2011 Group's retained earnings of 701.471 consists of 59.385 inflationary adjustments on equity, 75.604 extraordinary reserves and 566.482 accumulated profit. (31 December 2010: 605.085 consist of 59.385 inflationary adjustments on equity, 75.604 extraordinary reserves and 470.096 accumulated profit).

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

22. REVENUE AND COST OF REVENUE

a) Revenue

	1 January- 31 December 2011	1 January 31 December 2010
Domestic goods and merchandise sales	1.244.523	1.040.635
Export goods and merchandise sales	18.187	29.818
Contract revenue – domestic	304.611	92.040
Contract revenue – abroad	1.332.504	688.621
Joint ventures – domestic	29.541	41.061
Joint ventures – abroad	197.325	289.430
Textile products revenue	21.252	17.751
Other	73.057	69.758
Other sales discount (-)	(2.169)	(3.103)
Sales returns (-)	(7.487)	(4.058)
Sales discount (-)	(103)	(249)
	3.211.241	2.261.704

b) Cost of Revenue

	1 January- 31 December 2011	1 January- 31 December 2010
Cost of raw materials used	(1.473.011)	(1.023.275)
Employee benefits expenses	(342.820)	(237.242)
Subcontractor expenses	(305.783)	(183.787)
Machinery, vehicle and other rent expenses	(111.826)	(56.835)
Construction site expenses	(87.514)	(36.930)
Depreciation expenses	(69.130)	(70.537)
Engineering expenses	(42.303)	(15.583)
Energy and fuel expenses	(38.904)	(33.434)
Maintenance expenses	(37.592)	(24.087)
Consultancy expense	(31.974)	(17.558)
Transportation expenses	(30.307)	(19.649)
External services received	(12.956)	(9.830)
Consumable and other material expenses	(10.949)	(6.996)
Insurance expenses	(9.974)	(7.108)
Custom expenses	(7.276)	(9.637)
Cost of merchandises sold	(6.312)	(26.782)
Allowance for impairment on inventory (Note: 10)	(5)	40
Other	(91.146)	(80.096)
	(2.709.782)	(1.859.326)

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

23. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

	1 January-31 December 2011	1 January-31 December 2010
Research and development expenses (-)	(258)	(119)
Marketing, selling and distribution expenses (-)	(102.632)	(91.929)
General administrative expenses (-)	(91.884)	(85.257)
	(194.774)	(177.305)

a) Detail of Research and Development Expenses	1 January-31 December 2011	1 January-31 December 2010
Depreciation and amortization expenses	(145)	(99)
Payroll expenses and fringe benefits	(92)	(3)
Maintenance expenses	(3)	(2)
Energy and fuel expenses	(2)	(3)
Other expenses	(16)	(12)
	(258)	(119)

b) Detail of Marketing, Selling and Distribution Expenses		
Transportation expenses	(77.366)	(71.206)
Payroll expenses and fringe benefits	(9.030)	(8.010)
Maintenance expenses	(1.312)	(862)
Rent expenses	(1.185)	(721)
Depreciation and amortization expenses	(1.150)	(932)
Duties, charges and other tax expenses	(1.026)	(812)
Energy and fuel expenses	(954)	(871)
Office and administration expenses	(676)	(443)
Traveling expenses	(563)	(480)
Other expenses	(9.370)	(7.592)
	(102.632)	(91.929)

c) Detail of General Administrative Expenses		
Payroll expenses and fringe benefits	(60.352)	(56.041)
Office and administration expenses	(6.937)	(6.663)
Consultancy expenses	(5.620)	(5.166)
Depreciation and amortization expenses	(4.673)	(1.871)
Maintenance expenses	(1.820)	(897)
Duties, charges and other tax expenses	(1.652)	(1.598)
Bank and notary expenses	(1.247)	(1.185)
Traveling expenses	(702)	(2.172)
Rent expenses	(650)	(805)
Provision for doubtful receivables	(608)	(923)
Energy and fuel expenses	(291)	(288)
Reversal of doubtful receivable provision	304	103
Other expenses	(7.636)	(7.751)
	(91.884)	(85.257)

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

24. QUALITATIVE EXPENSES

	1 January-31 December 2011	1 January-31 December 2010
Transportation expenses	(77.366)	(71.206)
Payroll expenses and fringe benefits	(69.474)	(64.054)
Office and administration expenses	(7.613)	(7.106)
Depreciation and amortization expenses	(5.968)	(2.902)
Consulting expenses	(5.620)	(5.166)
Maintenance expenses	(3.135)	(1.761)
Duties, charges and other tax expenses	(2.678)	(2.410)
Traveling expenses	(1.265)	(2.652)
Rent expenses	(1.835)	(1.526)
Bank and notary expenses	(1.247)	(1.185)
Energy and fuel expenses	(1.247)	(1.162)
Provision for doubtful receivables	(608)	(923)
Reversal of doubtful receivable provision	304	103
Other expenses	(17.022)	(15.355)
	(194.774)	(177.305)

25. OTHER OPERATING INCOME AND EXPENSE

Other Operating Income	1 January-31 December 2011	1 January-31 December 2010
Project management income	4.262	1.861
Reversal of other unnecessary provisions	2.347	1.209
Refundment income of social benefit	1.125	1.128
Rent income	1.083	438
Reversal of litigation provision (Note: 17)	1.067	1.842
Government grants and incentives income	752	786
Indemnity income	461	769
Gain on sale of fixed asset	440	6.667
Scrap sale income	412	1.227
Reversal of doubtful receivable provision	28	-
Other income	6.898	7.577
	18.875	23.504

Other Operating Expenses		
Obsolete construction inventory write off (Note: 33)	(20.705)	-
Rent expense	(1.201)	(1)
Loss on sale of fixed assets	(1.160)	(548)
Penalty and damages paid	(1.073)	(100)
Litigation provision (Note: 17)	(660)	(2.805)
Additional tax expense	(233)	(1.517)
Damages subject to litigation	(66)	(16)
Other provision expenses	(10)	(8.759)
Loss of fixed asset impairment (Note: 14)	-	(5.810)
Impairment on investment	-	(239)
Other expenses	(5.191)	(11.997)
	(30.299)	(31.792)

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

26. FINANCIAL INCOME AND FINANCIAL EXPENSE

Financial Income:

	1 January- 31 December 2011	1 January- 31 December 2010
Interest income	61.019	51.531
Foreign exchange gains	149.665	125.337
Dividend income	2.051	5.238
Other	9.834	425
	222.569	182.531

Financial Expense:

	1 January- 31 December 2011	1 January- 31 December 2010
Finance expense	(35.548)	(37.206)
Foreign exchange losses	(177.831)	(130.989)
	(213.379)	(168.195)

27. ASSETS CLASSIFIED AS HELD FOR SALE

Assets classified as held for sale consist of Group's buildings and land.

	31 December 2011	31 December 2010
Assets classified as held for sale	15.813	16.718
	15.813	16.718

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

28. TAX INCOME AND EXPENSES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Current tax liability:	31 December 2011	31 December 2010
Corporate tax provision	68.720	45.533
Less: Prepaid taxes and funds	(51.808)	(27.840)
	16.912	17.693

Tax expense comprises as follows:	1 January-31 December 2011	1 January-31 December 2010
Current tax provision	69.198	45.533
Deferred tax expense / (income)	1.072	16.286
Currency translation effect	(1.429)	215
	68.841	62.034

Tax legislation in Turkey:

Corporate Tax:

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying consolidated financial statements for the estimated charge based on the Group's results for the year.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective rate of tax in 2011 is 20% (2010: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2011 is 20% (2010: 20%). Losses can be carried forward for offset against future taxable income for up to 5 years. Losses cannot be carried back for offset against profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate (Companies with special accounting periods file their tax returns between 1-25 of the fourth month subsequent to the fiscal year end). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Since 75% of sale proceeds from subsidiary and fixed asset acquisitions, to the extent that they are at hand less than two years, are included in capital in for five years, they are exempt from tax.

Income Withholding Tax:

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies.

The rate of income withholding tax is 10% between 24 April 2003 and 22 July 2006. This rate was changed to 15% commencing from 22 July 2006 with the Cabinet Decision 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

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

28. TAX INCOME AND EXPENSES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Income Withholding Tax (cont'd);

However, 19,8% withholding tax is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities. The investments without investment incentive certificates do not qualify for tax allowance.

Taxation of Foreign Subsidiaries and Operations:

Subsidiaries and operations included in consolidation in the accompanying consolidated financial statements are subject to corporate tax and withholding tax effective in the relevant country. Effective tax rates in those countries in which the Group operates are summarized below:

Countries	Corporate Tax Rate %	Witholding Tax Rate %
Azerbaijan	%20	%10 - %14
Bulgaria	%10	%0 - %10
Kazakhstan	%20	%15 - %20
Uzbekistan	%9 - %15	%10 - %20
Germany	%15 - %33	%0 - %25
Saudi Arabia	%20	%5 - %15
Luxembourg	%29	%0 - %15
Ireland	%12,5 - %25	%20
United Kingdom	%26,5	%20
Morocco	%30	%10
Libya	%0 - %20	%0 - %20
Oman	%12	%0 - %10
United Arab Emirates	%0	%0
Qatar	%10	%0 - %7
Turkmenistan	%0 - %20	%15

Exception of Foreign Branch Earnings:

In accordance with private judgment related with overseas construction earnings in Corporate Tax Law's Article 5/1-h: "Earnings, which are provided from overseas construction, maintenance, installation or technical services, are transferred to income statement in Turkey" are excepted from corporate tax. According to the judgment, the only requirement is transferring of these earnings to income statement in Turkey. It is not obligatory that the earnings to be brought in Turkey.

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

28. TAX INCOME AND EXPENSES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Deferred Tax:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and shown below. Tax rate used in calculating deferred tax assets and liabilities is the effective tax rate in the relevant countries where the Group undertakes its operations.

Due to entities in Turkey are not allowed to declare consolidated tax returns, subsidiaries titled to deferred assets may not be netted of with their subsidiaries titled to deferred tax liabilities; hence are required to declare separately.

Components of deferred tax (assets)/liabilities bases:	31 December 2011	31 December 2010
Restatement and depreciation / amortization differences of tangible and intangible assets	64.321	41.325
Provision for retirement benefits and vacation liability	(21.407)	(22.181)
Impairment provision for inventory	(8)	(3)
Contract costs and progress billings (net)	39.917	7.245
Undistributed profits of joint ventures	29.939	40.250
Provision for doubtful receivables	(4.303)	(7.924)
Effect of income accruals	(3.588)	1.056
Tax losses carried forward	-	(625)
Provision for litigation	(7.403)	(13.434)
Available for sale investments	54.263	111.878
Provision for premium payments	(3.730)	(3.960)
Other	(592)	(15.918)
Deferred tax liabilities / (assets)	147.409	137.709

Components of deferred tax (assets)/liabilities:	31 December 2011	31 December 2010
Restatement and depreciation / amortization differences of tangible and intangible assets	7.488	3.812
Provision for retirement benefits and vacation liability	(4.623)	(4.435)
Impairment provision for inventory	(2)	(1)
Contract costs and progress billings (net)	7.983	6.948
Undistributed profits of joint ventures	5.987	8.050
Provision for doubtful receivables	(1.698)	(1.585)
Effect of income accruals	(717)	223
Tax losses carried forward	-	(137)
Provision for litigation	(1.479)	(2.687)
Available for sale investments	2.713	5.593
Provision for premium payments	(746)	(792)
Other	(216)	(3.228)
Deferred tax liabilities / (assets)	14.690	11.761
Deferred tax assets	(20.832)	(19.689)
Deferred tax liabilities	35.522	31.450
	14.690	11.761

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

28. TAX INCOME AND EXPENSES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Movement of deferred tax assets and liabilities for the year ended 31 December 2011 is as follows:

Movement of deferred tax liabilities / (assets)	2011	2010
Opening balance as at 1 January	11.761	(10.037)
Deferred tax expense	1.072	16.286
Effect of available for sale investments in comprehensive income	(2.875)	3.823
Currency translation effect	4.732	1.689
Closing balance as at 31 December	14.690	11.761

Reconciliation of tax expense for the year with the profit for the year:

Reconciliation of taxation:	1 January- 31 December 2011	1 January- 31 December 2010
Profit before tax	311.496	240.264
Expected taxation (*)	83.937	58.958
Reconciliation of expected tax to actual tax:		
- Undeductable expenses	11.796	9.403
- Dividend and other non taxable income	(39.388)	(7.293)
- Carry forward tax losses deducted in current year	-	102
- Effects of unrealizable tax (losses) / income (net)	7.350	(1.180)
- Effects of joint ventures	5.702	3.831
- Tax commitments fall out as a result the sale	-	(542)
- Effect of change in tax rates and consolidation adjustments	2.548	(1.038)
- Other	(3.104)	(207)
Income tax expense recognized in statement of income	68.841	62.034

(*) Different rates are applied for different countries where the foreign companies and joint ventures are located.

29. EARNINGS PER SHARE

Calculation of earnings per share for the current year is made in accordance with IAS 33 considering the effects of shares and bonus shares issued.

As of 31 December 2011 and 2010, the Group's weighted average number of shares and computation of earnings per share (which corresponds to per share amounting to TRY 1) set out here are as follow:

	1 January- 31 December 2011	1 January- 31 December 2010
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 TRY)	242.440	178.580
Earnings per share from operations (TRY)	0,655	0,483

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

30. RELATED PARTY TRANSACTIONS

The Group has various transactions with related parties during the course of its operations. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated in consolidation and are not disclosed in this note.

Due from and due to balances are unsecured and will be settled in cash. No bad debt provision is made for balances due from related parties in the current year.

Details of transactions between the Group and other related parties are disclosed below:

Deposits in Eurobank Tekfen A.Ş.	31 December 2011	31 December 2010
Demand deposits	1.783	430
Time deposits	450.969	354.350
	452.752	354.780
Loans obtained from Eurobank Tekfen A.Ş. (Note: 7)	2	3

As of 31 December 2011, the Group has 452.752 (31 December 2010: 354.780) bank deposit, that is represented in cash and cash equivalent, within its related party Eurobank Tekfen A.Ş.. Interest income, amounting to 24.513, has been obtained from time deposit with average interest rates 9,70% for TRY and 4,27% for US Dollar (31 December 2010: interest rates for TRY 9,47%, for US Dollar 3,46% and 31.502 interest income).

Detail of the Group's loans obtained from related parties as of 31 December 2011 and 2010 is as follows:

31 December 2011 Loans obtained from related parties:	Original currency	Maturity	Weighted average interest rate %	Short term financial debts
Eurobank Tekfen A.Ş.	TRY	Spot	-	2
				2

31 December 2010 Loans obtained from related parties:	Original currency	Maturity	Weighted average interest rate %	Short term financial debts
Eurobank Tekfen A.Ş.	TRY	Spot	-	3
				3

	31 December 2011		31 December 2010	
	Due from	Due to	Due from	Due to
Balances with related parties	Short term	Short term	Short term	Short term
Eurobank Tekfen	1.674	445	1.375	397
Tekzen	1.497	190	1.139	88
Tekfen Oz	7.307	10	3.550	9
Diğer	258	89	307	64
Shareholders and upper management	95	29	43	39
Joint ventures	3.073	754	4.322	3.069
	13.904	1.517	10.736	3.666

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

30. RELATED PARTY TRANSACTIONS (cont'd)

	1 January - 31 December 2011							
Transactions with related parties	Purchases	Sales	Interest income	Interest expense	Dividend income	Rent income	Other income	Other expense
Tekfen Oz	-	48.626	-	-	1.082	60	604	953
Eurobank Tekfen	-	2.326	24.513	1	-	-	3.792	832
Akmerkez Lokantacılık	-	-	-	-	602	-	-	-
Tekzen	-	3.175	-	-	-	-	-	10
Üçgen Bakım	-	76	-	-	122	-	-	71
Akmerkez Gayrimenkul	-	-	-	-	-	-	-	236
Tekfen Vakfı	-	13	-	-	-	1	8	-
Other	-	121	-	-	22	-	-	-
Shareholders and upper management	-	59	-	-	-	-	201	-
Joint ventures	198	19.208	4.265	4	-	24	-	-
	198	73.604	28.778	5	1.828	85	4.605	2.102

	1 January - 31 December 2010							
Transactions with related parties	Purchases	Sales	Interest income	Interest expense	Dividend income	Rent income	Other income	Other expense
Tekfen Oz	-	39.393	66	-	1.148	15	2.106	881
Eurobank Tekfen	-	1.990	31.502	-	-	-	443	8
Akmerkez Lokantacılık	-	-	-	-	497	-	-	-
Tekzen	-	2.793	-	-	-	-	-	-
Üçgen Bakım	-	57	-	-	76	-	-	-
Akmerkez Gayrimenkul	-	-	-	-	3.281	-	-	-
Tekfen Vakfı	-	19	-	-	-	1	-	-
Other	-	39	-	-	235	1	-	-
Shareholders and upper management	-	163	-	-	-	1	-	-
Joint ventures	75	18.234	2.783	-	-	-	-	-
	75	62.688	34.351	-	5.237	18	2.549	889

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

30. RELATED PARTY TRANSACTIONS (cont'd)

Compensation of key management personnel:

The remuneration of directors and other members of key management during the year is as follows:

	31 December 2011	31 December 2010
Salaries and other short term benefits	8.645	8.624
	8.645	8.624

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of financial debts as explained in Note 7 and equity attributable to equity holders of the parent, comprising paid in capital, issue premium reserves, reserves and retained earnings.

b) Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Management provides services to the business, coordinates access to domestic and international markets, monitors, and manages the financial risks relating to the operations of the Group through internal risk reports, which analyses exposures by degree and magnitude of risk. These risks include market risk (including currency risk, fair value interest rate risk, and price risk) credit risk, liquidity risk, and cash flow interest rate risk.

The Group is not associated with any kind of financial instruments trading, including those of which derivative financial instruments for speculative purposes.

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

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

b) Financial Risk Factors (cont'd)

b.1) Credit risk management

Credit risk exposure based on financial instrument categories	Receivables			
	Trade Receivables		Other Receivables	
31 December 2011	Related Party	Third Party	Third Party	Bank Deposit
Minimum credit risk exposure at balance sheet date (*)	13.904	633.553	17.142	778.474
- Secured portion of minimum credit risk via guarantee or etc. (**)	-	43.435	-	-
A. Net book value of not due or not impaired financial assets	13.685	623.322	16.611	778.474
B. Net book value of assets that are due but not impaired	219	10.231	531	-
- Secured portion via guarantee or etc.	-	7	-	-
C. Net book value of impaired assets	-	-	-	-
- Over due (gross book value)	-	11.742	1.480	-
- Impairment (-)	-	(11.742)	(1.480)	-
- Secured net value via guarantee or etc.	-	-	-	-
- Not due (gross book value)	-	296	-	-
- Impairment (-)	-	(296)	-	-
- Secured net value via guarantee or etc.	-	-	-	-
31 December 2010				
Minimum credit risk exposure at balance sheet date (*)	10.736	420.804	16.939	749.734
- Secured portion of minimum credit risk via guarantee or etc. (**)	-	65.838	-	-
A. Net book value of not due or not impaired financial assets	10.439	395.834	15.271	749.734
B. Net book value of assets that are due but not impaired	297	24.970	1.668	-
- Secured portion via guarantee or etc.	-	-	-	-
C. Net book value of impaired assets	-	-	-	-
- Over due (gross book value)	-	11.329	1.313	-
- Impairment (-)	-	(11.329)	(1.313)	-
- Secured net value via guarantee or etc.	-	-	-	-
- Not due (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
- Secured net value via guarantee or etc.	-	-	-	-

(*) In determining the amounts, elements providing increase in loan credibility such as warrants received are not considered.
(**) Warrants consist of collateral bills, letters of guarantees and mortgages.

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

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

b) Financial Risk Factors (cont'd)

b.1) Credit risk management (cont'd)

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

31 December 2011	Trade Receivables	Other Receivables	Total
Overdue by 1-30 days	3.783	-	3.783
Overdue by 1-3 months	1.080	21	1.101
Overdue by 3-12 months	2.813	6	2.819
Overdue 1-5 years	14.516	490	15.006
Overdue by more than 5 years	-	1.494	1.494
Total overdue receivables	22.192	2.011	24.203
Total provision provided	(11.742)	(1.480)	(13.222)
Secured portion via guarantee or etc.	7	-	7

31 December 2010	Trade Receivables	Other Receivables	Total
Overdue by 1-30 days	2.475	-	2.475
Overdue by 1-3 months	397	-	397
Overdue by 3-12 months	8.354	13	8.367
Overdue 1-5 years	21.584	2.397	23.981
Overdue by more than 5 years	3.786	571	4.357
Total overdue receivables	36.596	2.981	39.577
Total provision provided	(11.329)	(1.313)	(12.642)
Secured portion via guarantee or etc.	-	-	-

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

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

b) Financial Risk Factors (cont'd)

b.1) Credit risk management (cont'd)

Collaterals held for the trade receivables that are past due as at the balance sheet date but not impaired are as follow:

	31 December 2011	31 December 2010
Guarantees received	7	-
	7	-

As at the balance sheet date, there are no collaterals held for the trade receivables that are past due and are impaired.

b.2) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's remaining maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity risk table:

31 December 2011

Due date on agreement	Carrying Value	Cash outflows according to agreements (I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Financial liabilities					
Bank loans	369.592	379.097	51.435	257.397	70.265
Finance lease obligations	40.300	42.734	2.705	20.801	19.228
Trade payables (due to related parties included)	809.832	811.949	479.992	328.704	3.253
Other payables	50.485	50.746	30.567	19.070	1.109
Total liabilities	1.270.209	1.284.526	564.699	625.972	93.855

31 December 2010

Due date on agreement	Carrying Value	Cash outflows according to agreements (I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Financial liabilities					
Bank loans	447.516	452.566	272.620	163.633	16.313
Finance lease obligations	27.768	29.671	1.251	16.301	12.119
Trade payables (due to related parties included)	513.438	514.105	276.270	236.548	1.287
Other payables	32.942	32.942	24.884	6.441	1.617
Total liabilities	1.021.664	1.029.284	575.025	422.923	31.336

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

b) Financial Risk Factors (cont'd)

b.3) Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates (refer to section b.3.1) and interest rates (refer to section b.3.2).

There has been no change to the Group's exposure to market risks or the manner which it manages and measures the risks.

b.3.1) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The details of the Group's foreign currency denominated monetary and non monetary assets and monetary and non monetary liabilities as of balance sheet date are shown below:

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

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

b) Financial Risk Factors (cont'd)
b.3) Market risk management (cont'd)
b.3.1) Foreign currency risk management (cont'd)

31 December 2011	Equivalant of Thousands of TRY	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalant of Thousands of TRY)
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
4. CURRENT ASSETS	444.567	120.221	39.831	254	119.402
5. Trade Receivables	9.241	-	2.674	-	2.706
6. Monetary Financial Assets	5.906	-	17	-	5.864
7. Other	1.949	103	718	-	-
8. NON CURRENT ASSETS	17.096	103	3.409	-	8.570
9. TOTAL ASSETS	461.663	120.324	43.240	254	127.972
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	-	-	-
13. CURRENT LIABILITIES	761.024	216.643	64.969	1.195	189.550
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
17. NON CURRENT LIABILITIES	18.556	1.328	3.396	-	7.748
18. TOTAL LIABILITIES	779.580	217.971	68.365	1.195	197.298
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

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

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

b) Financial Risk Factors (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

31 December 2010	Equivalant of Thousands of TRY	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalant of Thousands of TRY)
1. Trade Receivables	134.701	25.215	20.197	-	54.334
2. Monetary Financial Assets	212.036	101.692	5.473	143	43.264
3. Other	54.236	29.679	1.821	27	4.556
4. CURRENT ASSETS	400.973	156.586	27.491	170	102.154
5. Trade Receivables	1.537	-	459	-	596
6. Monetary Financial Assets	4.888	-	17	-	4.853
7. Other	94	61	-	-	-
8. NON CURRENT ASSETS	6.519	61	476	-	5.449
9. TOTAL ASSETS	407.492	156.647	27.967	170	107.603
10. Trade Payables	352.894	151.879	18.684	1.252	76.814
11. Financial Liabilities	69.547	37.174	5.581	-	640
12. Monetary Other Liabilities	73.271	2.480	3.658	-	61.941
12b. Non Monetary Other Liabilities	4.384	2.783	40	-	-
13. CURRENT LIABILITIES	500.096	194.316	27.963	1.252	139.395
14. Trade Payables	405	47	-	-	332
15. Financial Liabilities	1.383	787	81	-	-
16. Monetary Other Liabilities	8.312	247	-	-	7.930
17. NON CURRENT LIABILITIES	10.100	1.081	81	-	8.262
18. TOTAL LIABILITIES	510.196	195.397	28.044	1.252	147.657
19. Net foreign currency assets/(liabilities) position	(102.704)	(38.750)	(77)	(1.082)	(40.054)
20. Monetary items net foreign currency assets/(liabilities) position (1+2+5+6-10-11-12-14-15-16)	(152.650)	(65.707)	(1.858)	(1.109)	(44.610)
21. Export	93.577	61.513	273	-	-
22. Import	779.961	404.254	27.719	2.538	112.320

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

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

b) Financial Risk Factors (cont'd)
b.3) Market risk management (cont'd)
b.3.1) Foreign currency risk management (cont'd)

Foreign currency sensitivity

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

The following table details the Group's sensitivity to a 5% increase and decrease in the US Dollars and Euro. 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 period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss.

	31 December 2011	
	Profit / Loss	
	Appreciaition of foreign currencies	Depreciaition of foreign currencies
	If US Dollars 5% changed vs TRY	
US Dollars net assets / liabilities	(9.222)	9.222
	If Euro 5% changed vs TRY	
Euro net assets / liabilities	(3.070)	3.070
	If Other foreign currencies 5% changed vs TRY	
Other foreign currency net assets / liabilities	(3.604)	3.604
TOTAL	(15.896)	15.896

	31 December 2010	
	Profit / Loss	
	Appreciaition of foreign currencies	Depreciaition of foreign currencies
	If US Dollars 5% changed vs TRY	
US Dollars net assets / liabilities	(2.995)	2.995
	If Euro 5% changed vs TRY	
Euro net assets / liabilities	(8)	8
	If Other foreign currencies 5% changed vs TRY	
Other foreign currency net assets / liabilities	(2.132)	2.132
TOTAL	(5.135)	5.135

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

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

b) Financial Risk Factors (cont'd)
b.3) Market risk management (cont'd)
b.3.2) Interest rate risk management

Interest rate sensitivity

Detail of the Group's financial instruments exposed to interest rate sensitivity is as follows:

Interest Position Table

	31 December 2011	31 December 2010
Financial liabilities - Fixed Interest Rate Instruments	409.153	473.445
Financial liabilities - Floating Interest Rate Instruments	739	1.839

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. The Group management does not expect any significant changes in interest rates.

At 31 December 2011 if the TRY denominated interest rate had been 50 basis points higher/lower and all other variables held constant, profit before tax and minority interest would decrease/increase by 4 (31 December 2010: 9).

b.3.3) Other price risks

Equity pricing sensitivity

The sensitivity analyses below have been determined based on the exposure to price risks for stock.

At reporting date, if variables used in valuation methods had been 10% higher/lower and all other variables held constant:

- As at 31 December 2011, unless stock investments are disposed of and if are not subject to any impairment and as long as classified as assets held for sale, they will have no effect over net profit/loss.
- There will be an increase/decrease of 6.519 (31 December 2010: 11.983 increase/decrease) in other equity funds. This is mainly caused as a result of changes in fair values of stocks classified as held for sale.

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

32. FINANCIAL INSTRUMENTS

31 December 2011	Loans and receivables (including cash and cash equivalents)	Available for sale investments	Financial liabilities at amortized cost	Carrying value(*)	Note
Financial assets					
Cash and cash equivalents	786.323	-	-	786.323	5
Trade receivables (due from related parties included)	647.457	-	-	647.457	8,31
Financial investments	-	70.376	-	70.376	6
Other current and non current assets	17.142	-	-	17.142	9
Financial liabilities					
Financial debts	-	-	409.892	409.892	7,31
Trade payables (due to related parties included)	-	-	809.832	809.832	8,31
Other short and long term liabilities	-	-	50.485	50.485	9

31 December 2010					
Financial assets					
Cash and cash equivalents	561.360	-	-	561.360	5
Trade receivables (due from related parties included)	372.386	-	-	372.386	8,31
Financial investments	-	51.256	-	51.256	6
Other current and non current assets	25.873	-	-	25.873	9
Financial liabilities					
Financial debts	-	-	512.326	512.326	7,31
Trade payables (due to related parties included)	-	-	471.977	471.977	8,31
Other short and long term liabilities	-	-	28.730	28.730	9

(*) The Group believes that the carrying values of its financial instruments reflect their fair values.

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

32. FINANCIAL INSTRUMENTS (cont'd)

Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities are determined and grouped as follows:

- Level 1: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

- Level 2: The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on using prices from direct or indirect observable current market transactions.

- Level 3: The fair value of the financial assets and financial liabilities are determined where there is no observable market data.

The fair values of financial assets and financial liabilities are as follow:

Financial investments	31 December 2011	Fair value level as of reporting date: Level 1	Level 2	Level 3
Asset held for sale financial investments	68.669	68.669	-	-
Total	68.669	68.669	-	-

Financial investments	31 December 2010	Fair value level as of reporting date: Level 1	Level 2	Level 3
Asset held for sale financial investments	126.195	126.195	-	-
Total	126.195	126.195	-	-

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

33. EVENTS AND TRANSACTIONS AFFECTING FINANCIAL STATEMENTS BY LEVEL OF SIGNIFICANCE

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 year. As of 31 December 2011, the accompanying consolidated financial statements include total assets of 204.597 (USD 108.316 thousand), total debt of 47.526 (USD 25.161 thousand), resulting a net asset of 157.071 (USD 83.155 thousand). As at balance sheet date, inventories at construction sites amounting to 20.705, which are considered to be lost control entirely and obsolete, are determined and written off by the Group. The remaining net assets are as follow:

ASSETS	31 December 2011	31 December 2010
Current Assets	**160.010**	**145.614**
Cash and cash equivalents	844	518
Trade receivables	13.313	22.408
Due from related parties	4.048	1.539
Receivables from ongoing construction contracts	140.158	97.087
Other receivables	66	54
Inventories	-	19.543
Other current assets	1.581	4.465
Non Current Assets	**44.587**	**46.234**
Trade receivables	2.748	1.877
Property, plant and equipment	41.667	44.216
Other non current assets	172	141
TOTAL ASSETS	**204.597**	**191.848**

LIABILITIES	31 December 2011	31 December 2010
Current Liabilities	**46.678**	**46.346**
Trade payables	7.803	12.102
Other payables	1.621	1.316
Employee benefits	128	2.220
Other current liabilities	37.126	30.708
Non Current Liabilities	**848**	**3.774**
Employee benefits	848	3.774
TOTAL LIABILITIES	**47.526**	**50.120**
NET ASSETS	**157.071**	**141.728**

Letters of guarantees given related to such projects to various institutions amount to 32.790 (USD 17.360 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.

34. SUBSEQUENT EVENTS

In compliance with the Communiqués established by CMB Series IV, No: 56 "Communiqué of Determination and Implementation of Corporate Governance" dated 30 December 2011 and Series IV, No: 57 "Amending Communiqué of Determination and Implementation of Corporate Governance Communiqué" dated 11 Februrary 2012, The Company's Board of Directors decided to take necessary actions in order to amend related articles of the Articles of Association. In this context, CMB were applied for required permissions.

Tekfen Gayrimenkul Yatırım A.Ş. (Tekfen Gayrimenkul), whose capital is directly participated by 100% by the Company, was established on 27 April 2011 by publishing in trade registry gazzette.

Toros Tarım Sanayi ve Tic. A.Ş., the subsidiary of the Group, and Tekfen Gayrimenkul Yatırım A.Ş. together with the Company signed a "Shareholding Agreement" with Rönenans 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..

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 185.112 (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 1.118.229 (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.

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 our shares as of closing date of the agreement (which is 189 million TRY 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.

As of 12 April 2012, there is a positive change of 33.767 in the fair value of Akmerkez Gayrimenkul Yatırım Ortaklığı, whose shares are publicly traded.