TEKFEN HOLDİNG ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL
STATEMENTS WITH THE
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR
ENDED 31 DECEMBER 2014

(Translated into English from the report
originally issued Turkish)

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CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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 (collectively referred to as "the Group") which comprise consolidated the balance sheet as at 31 December 2014, the consolidated statement of profit or loss, consolidated statement of other 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

Group's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Turkish Accounting Standards ("TAS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA") and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to error or fraud.

Independent auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and the Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority. These standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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.

Basis for qualified opinion

As discussed in detail in Note 35, the Company had to cease its Libya operations in February 2011 for an indefinite period of time, due to local issues and unfavorable developments that took place in the country. Subsequently, certain attempts were made to reach an agreement with the Authority regarding continuation of operations; however, as a result of failure in implementing the prerequisites of the agreement coupled with the adverse political issues that came up in Libya in the last period, the Group management resolved to proceed with an International Arbitration claim for recovery of all project-related rights, receivables and assets as of 30 January 2015. Further to the subject resolution, the total of net assets of TRY 189.740 thousand (USD 81.823 thousand) comprising total assets of TRY 244.505 thousand (USD 105.440 thousand) and total liabilities of TRY 54.765 thousand (USD 23.617 thousand) recognized in the prior period consolidated financial statements in relation to Libya operations is accounted for as "Other operating expenses" in the consolidated financial statements as of 31 December 2014. Had the subject total of net assets, which was the basis of qualified opinion in the prior periods, not been recognized as expense in the current period consolidated financial statements, the Group's consolidated statement of profit and loss for the year ended 31 December 2014 would have resulted in a profit surplus in the same amount.

Opinion

In our opinion, except for the effects of matters described in the "Basis for qualified opinion" paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Tekfen Holding Anonim Şirketi and its subsidiaries as at 31 December 2014, and their financial performance and cash flows for the year then ended in accordance with the TAS.

Emphasis of matter

As discussed in Note 18, the uncertainty about the legal process which was started with Samsun Metropolitan Municipality's notifying Toros Tarım Sanayi ve Ticaret A.Ş. ("Toros Tarım")'s management of the closure of the Samsun Gübre facility of Toros Tarım, the subsidiary of the Group, continues with the stay of execution granted by Samsun Administrative Court of 1st instance. The emphasis of this matter does not affect our opinion on these consolidated financial statements.

Reports on independent auditor's responsibilities arising from other regulatory requirements

1) Pursuant to Article 398 of the Turkish Commercial Code ("TCC") no. 6102, the auditor's report on early detection of risk system and the authorized committee is submitted to the Company's Board of Directors on 5 March 2015.

2) Pursuant to subparagraph 4, Article 402 of "TCC", no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2014 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

3) Pursuant to subparagraph 4, Article 402 of "TCC", the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Istanbul,
5 March 2015

BDO Denet Bağımsız Denetim
Yeminli Mali Müşavirlik A.Ş.
Member, BDO International Network

Bülent Üstünel
Partner in charge

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AUDITED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2014

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

ASSETS	Notes	Audited 31 December 2014	Audited 31 December 2013
Current Assets		**3.255.170**	**3.291.454**
Cash and cash equivalents	5	1.047.449	1.055.153
Financial investments	6	41.411	49.119
Trade receivables	8	704.388	789.689
- Related party receivables		*17.819*	*9.081*
- Trade receivables		*686.569*	*780.608*
Other receivables	9	3.053	2.999
- Related party receivables		-	-
- Other receivables		*3.053*	*2.999*
Inventories	10	722.479	521.174
Receivables from ongoing construction contracts	11	409.086	558.960
Prepaid expenses	16	77.514	151.152
Assets related with current tax	30	52.872	44.299
Other current assets	21	177.433	105.597
		3.235.685	3.278.142
Assets classified as held for sale	29	19.485	13.312
Non Current Assets		**1.700.312**	**1.405.966**
Financial investments	6	68.745	63.593
Trade receivables	8	88.205	84.225
- Related party receivables		-	-
- Trade receivables		*88.205*	*84.225*
Other receivables	9	2.966	6.733
- Related party receivables		-	-
- Other receivables		*2.966*	*6.733*
Investments valued by equity method	12	149.307	120.547
Investment property	13	78.334	78.775
Property, plant and equipment	14	1.185.759	904.712
Intangible assets	15	4.714	3.311
Prepaid expenses	16	21.947	69.094
Deferred tax assets	30	47.076	38.359
Other non current assets	21	53.259	36.617
TOTAL ASSETS		**4.955.482**	**4.697.420**

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 BALANCE SHEET AS AT 31 DECEMBER 2014

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

LIABILITIES	Notes	Audited 31 December 2014	Audited 31 December 2013
Current Liabilities		**2.277.766**	**2.326.434**
Short term financial debts	7	676.552	555.236
Short term portion of long term financial debts	7	21.679	58.029
Trade payables	8	1.106.045	1.145.610
- Related party payables		*519*	*444*
- Trade payables		*1.105.526*	*1.145.166*
Employee benefit payables	20	34.126	38.389
Other payables	9	15.273	16.478
- Related party payables		*21*	-
- Other payables		*15.252*	*16.478*
Advances received	16	232.224	255.196
Deferred revenue	16	5.618	5.278
Current tax liability	30	45.733	48.327
Ongoing construction progress payments	11	55.003	135.906
Short term provisions		74.127	66.988
- Short term provisions attributable to employee benefits	20	*46.665*	*36.296*
- Other short term provisions	18	*27.462*	*30.692*
Other short term liabilities	21	11.386	997
Non Current Liabilities		**681.652**	**448.789**
Long term financial debts	7	389.702	297.662
Trade payables	8	79.190	23.651
Other payables	9	24.213	20.662
Advances received	16	87.128	-
Long term provisions		36.714	45.160
- Long term provisions attributable to employee benefits	20	*36.649*	*45.090*
- Other long term provisions	18	*65*	*70*
Deferred tax liabilities	30	63.938	61.654
Government incentives and grants	17	767	-
SHAREHOLDERS' EQUITY	22	**1.996.064**	**1.922.197**
Equity Attributable To Owners Of The Parent		**1.959.165**	**1.890.154**
Paid in capital		370.000	370.000
Capital structure adjustment		3.475	3.475
Premiums in capital stock		300.984	300.984
Accumulated other comprehensive income or loss that will not be reclassified in profit or loss		(658)	2.470
- Gain/(loss) on revaluation and remeasurement		*(658)*	*2.470*
Accumulated other comprehensive income or loss that will be reclassified in profit or loss		213.534	194.274
- Currency translation reserve		*163.474*	*149.095*
- Gain/(loss) on revaluation and reclassification		*50.060*	*45.179*
Restricted profit reserves		140.185	120.830
Retained earnings		875.736	962.382
Net profit / (loss) for the period		55.909	(64.261)
Non-controlling Interests		**36.899**	**32.043**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**4.955.482**	**4.697.420**

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Notes	Audited 1 January- 31 December 2014	Audited 1 January- 31 December 2013
Revenue	23	4.474.755	3.846.036
Cost of revenue (-)	23	(4.022.331)	(3.718.804)
GROSS PROFIT		**452.424**	**127.232**
General administrative expenses (-)	24	(124.021)	(113.132)
Marketing expenses (-)	24	(131.825)	(120.365)
Research and development expenses (-)	24	-	(253)
Other operating income	26	161.280	114.053
Other operating expenses (-)	26	(374.470)	(164.787)
Share on profit / loss of investments valued using equity method	12	41.127	33.705
OPERATING (LOSS) / PROFIT		**24.515**	**(123.547)**
Investment income	27	12.149	59.739
Investment expense (-)	27	(260)	(13.928)
PROFIT / (LOSS) BEFORE FINANCIAL INCOME / (EXPENSE)		**36.404**	**(77.736)**
Financial income	28	182.502	144.109
Financial expense (-)	28	(123.211)	(71.522)
PROFIT / (LOSS) BEFORE TAXATION		**95.695**	**(5.149)**
Tax expense	30	**(37.838)**	**(58.533)**
Tax expense for the period		(48.799)	(57.995)
Deferred tax income / (expense)		10.319	(1.416)
Currency translation reserve		642	878
PROFIT / (LOSS) FOR THE PERIOD		**57.857**	**(63.682)**
Distribution of Profit / (Loss) For The Period			
Non-controlling interests		1.948	579
Owners of the parent		55.909	(64.261)
Earnings / (Loss) Per Share	31	0,151	(0,174)

AUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Notes	Audited 1 January- 31 December 2014	Audited 1 January- 31 December 2013
PROFIT / (LOSS) FOR THE PERIOD		**57.857**	**(63.682)**
OTHER COMPREHENSIVE INCOME / (EXPENSE):			
Items that will not be reclassified to profit or loss		**(3.128)**	**2.470**
Gain on revaluation of defined retirement benefit plans	22	(3.910)	3.088
Taxes based on other comprehensive income that will not be reclassified to profit or loss		782	*(618)*
Deferred tax income / (expense)		*782*	*(618)*
Items that will be reclassified to profit or loss		**22.168**	**33.942**
Gain / (loss) on revaluation of available for sale financial investments	6	5.138	(30.625)
Currency translation reserve differences	22	17.287	63.036
Taxes based on other comprehensive income that will be reclassified to profit or loss		(257)	1.531
Deferred tax income / (expense)		*(257)*	*1.531*
OTHER COMPREHENSIVE INCOME		**19.040**	**36.412**
TOTAL COMPREHENSIVE INCOME / (EXPENSE)		**76.897**	**(27.270)**
Distribution of Total Comprehensive Income / (Expense) For The Period			
Non-controlling interests		4.856	5.790
Owners of the parent		72.041	(33.060)

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Paid in capital	Capital structure adjustment	Premiums in capital stock	Gain / (loss) on revaluation and remeasurement	Gain / (loss) on revaluation and reclassification	Currency translation reserve	Restricted profit reserves	Retained earnings	Net profit/ (loss) for the period	Equity attributable to owners of the parent	Non controlling interests	Total
Opening balances as of 1 January 2013	370.000	3.475	300.984	-	74.273	91.270	98.255	843.918	299.305	2.081.480	29.785	2.111.265
Other comprehensive income	-	-	-	2.470	*(29.094)*	*57.825*	-	-	-	*31.201*	*5.211*	*36.412*
Net loss for the period	-	-	-	-	-	-	-	-	*(64.261)*	*(64.261)*	*579*	*(63.682)*
Total comprehensive income	-	-	-	2.470	(29.094)	57.825	-	-	(64.261)	(33.060)	5.790	(27.270)
Change in non-controlling interests	-	-	-	-	-	-	-	(527)	-	(527)	(3.532)	(4.059)
Fair value of redeemed shares	-	-	-	-	-	-	-	(19.464)	-	(19.464)	-	(19.464)
Transfers to retained earnings	-	-	-	-	-	-	-	299.305	(299.305)	-	-	-
Transfers to reserves from retained earnings	-	-	-	-	-	-	22.575	(22.575)	-	-	-	-
Payment of dividends	-	-	-	-	-	-	-	(138.275)	-	(138.275)	-	(138.275)
Balance as of 31 December 2013	370.000	3.475	300.984	2.470	45.179	149.095	120.830	962.382	(64.261)	1.890.154	32.043	1.922.197
Opening balances as of 1 January 2014	370.000	3.475	300.984	2.470	45.179	149.095	120.830	962.382	(64.261)	1.890.154	32.043	1.922.197
Other comprehensive income	-	-	-	(3.128)	*4.881*	*14.379*	-	-	-	*16.132*	*2.908*	*19.040*
Net profit for the period	-	-	-	-	-	-	-	-	*55.909*	*55.909*	*1.948*	*57.857*
Total comprehensive income	-	-	-	(3.128)	4.881	14.379	-	-	55.909	72.041	4.856	76.897
Fair value of redeemed shares	-	-	-	-	-	-	-	(3.030)	-	(3.030)	-	(3.030)
Transfers to retained earnings	-	-	-	-	-	-	-	(64.261)	64.261	-	-	-
Transfers to reserves from retained earnings	-	-	-	-	-	-	19.355	(19.355)	-	-	-	-
Balance as of 31 December 2014	370.000	3.475	300.984	(658)	50.060	163.474	140.185	875.736	55.909	1.959.165	36.899	1.996.064

AUDITED CONSOLIDATED STATAMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Notes	Audited 1 January- 31 December 2014	Audited 1 January- 31 December 2013
A. CASH FLOWS FROM OPERATING ACTIVITIES		**133.493**	**(123.232)**
Profit / (Loss) for The Period		57.857	(63.682)
Adjustments To Reconcile Net Profit / (Loss)		267.829	101.013
- Depreciation and Amortization	13,14,15	89.997	82.500
- Impairment / Reversed Provision	10, 14, 15	971	8.702
- Provision Adjustments	8, 18, 20	60.155	80.929
- Interest Expense and Income	28	(57.848)	(40.427)
- Difference Between Capital in Kind and Fair Value	27	-	(49.083)
- Loss / (Gain) on Sale of Associate Accounted by Equity Method	12	-	42
- Group's Share on Net Assets of Investments in Associates Accounted by Equity Method	12	(41.127)	(33.705)
- Dividend Income	27	(6.664)	(6.590)
- Gain / Loss on Fair Valuation	6	(19)	(5)
- Allowance for Taxation	30	37.838	58.533
- Loss Arising from The Derecognition of Net Assets in Libya	35	189.740	-
- Gain / Loss on Sale of Fixed Assets	27	(5.214)	117
Movements in Working Capital		(133.799)	(101.753)
- Changes in Inventories	10	(191.238)	(66.478)
- Changes in Retention Receivables		67.478	(39.650)
- Changes in Trade Receivables	8	(32.078)	(110.258)
- Changes in Other Assets		(17.591)	(132.622)
- Changes in Receivables from Ongoing Construction Contracts	11	(29.933)	67.863
- Changes in Trade Payables	8	24.021	241.736
- Changes in Other Liabilities		118.737	23.244
- Changes in Receivables from Ongoing Construction Progress Payments	11	(80.903)	(36.469)
- Other Changes in Working Capital	6	7.708	(49.119)
Cash Generated by Operating Activities		191.887	(64.422)
Interest Paid		(33.513)	(25.554)
Interest Received		83.231	65.924
Tax Paid / Return	30	(59.966)	(60.647)
Penalty of Litigation Paid	18	(382)	(921)
Retirement Pay Provision and Premiums Paid	20	(35.983)	(27.683)
Unused Vacation Paid	20	(11.645)	(9.397)
Other Provision Paid	18	(136)	(532)

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

	Notes	Audited 1 January - 31 December 2014	Audited 1 January - 31 December 2013
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(305.962)**	**(185.495)**
Proceeds from Sale of Tangible and Intangible Assets	14, 15	18.154	9.928
Acquisition of Tangible and Intangible Assets	13, 14, 15	(400.028)	(166.930)
Advances and Debts Given	16	52.891	(46.057)
Proceeds from Sale of Associate	12	-	6.126
Acquisition of Non-Controlling Interests' Shares		-	(4.059)
Dividend Received	27	23.021	15.497
C. CASH FLOWS FROM FINANCING ACTIVITIES		**119.064**	**213.148**
Proceeds from Borrowings		1.147.558	1.061.149
Repayments of Borrowings		(970.552)	(659.540)
Payments of Financial Lease Obligations		(57.942)	(50.186)
Dividend Paid		-	(138.275)
CHANGE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION RESERVE EFFECT		**(53.405)**	**(95.579)**
D. CURRENCY TRANSLATION RESERVE EFFECT ON CASH AND CASH EQUIVALENTS		45.701	86.971
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**(7.704)**	**(8.608)**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1.055.153	1.063.761
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)		**1.047.449**	**1.055.153**

(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 2014, the Group has employees 13.878 (31 December 2013: 15.514) including the personnel of subcontractors. Registered address of the Company is Kültür Mahallesi, Budak Sokak, Tekfen Sitesi, A Blok, No: 7, Beşiktaş, İstanbul, Türkiye.

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

As of 31 December 2014 the details of registered names of the subsidiaries, joint ventures and branches, their nature of business, their countries of origin, their business segments and their direct / effective share participation rates are listed below:

Subsidiaries	Nature of Business	Country of Origin	Direct/Effective Share Participation Rate % 2014	2013	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	51	Contracting
HMB Hallesche Mitteldeutsche Bau-Aktiengesellschaft, Halle "HMB"	Trading	Germany	100	100	Contracting
Tekfen International Limited "Tekfen International Ltd"	Investment	United Kingdom	-	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 ve Denizcilik A.Ş. "Toros Terminal"	Service	Turkey	100	100	Agriculture
Türk Arap Gübre A.Ş. "Türk Arap Gübre"	Manufacturing	Turkey	100	80	Agriculture
Toros Gemi Acenteliği ve Ticaret A.Ş. "Toros Gemi"	Shipping Agent	Turkey	100	100	Agriculture
Toros Tarımsal Ürünler Pazarlama Hizmet ve Ticaret A.Ş. "TorosTarımsal"	Fertizilier Agent	Turkey	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 ve 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
Tekfen Gayrimenkul Yatırım A.Ş. "Tekfen Gayrimenkul"	Investment	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)

Subsidiaries	Nature of Business	Country of Origin	Direct/Effective Share Participation Rate % 2014	2013	Business Segment
Belediye Tüketim Malları İthalat İhracat Ticaret ve Yatırım A.Ş. "Belpa"	Trading	Turkey	94	94	Other
Tekfen Sigorta Aracılık Hizmetleri A.Ş. "Tekfen Sigorta"	Insurance Service	Turkey	100	100	Other
Tekfen Kültür Sanat Ürünleri Yapım ve Yayın San. Tic. A.Ş. "Tekfen Kültür" (*)	Cultural Activities	Turkey	-	100	Other
Tekfen Endüstri ve Ticaret A.Ş. "Tekfen Endüstri"	Trading	Turkey	100	100	Other
Papfen Limited Liability Company "Papfen"	Textile	Uzbekistan	100	100	Other
Tekfen International Finance and Investments S.A. "Tekfen Finance"	Investment	Luxembourg	100	100	Other
Antalya Stüdyoları A.Ş. "Antalya Stüdyoları"	Studio Management	Turkey	100	100	Other
Petrofertil Shipping S.A. "Petrofertil Shipping"	Service	Panama	100	100	Agriculture/ Contracting/ Other
Joint Ventures					
Blacksea Gübre Ticaret A.Ş. "Black Sea"	Fertilizer Trade	Turkey	30	30	Agriculture
Hishtil Toros Fidecilik San. ve Tic. A.Ş. "H-T Fidecilik"	Agriculture	Turkey	50	50	Agriculture
Azfen Birge Müessesi "Azfen "	Construction	Azerbaijan	40	40	Contracting
Florya Gayrimenkul Yatırım İnş. Tur. San. Tic. A.Ş. "Florya Gayrimenkul"	Real Estate	Turkey	50	50	Real Estate

(*)Tekfen Kültür, is donated to Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı based on the Company's board directors' resolution dated 31 January 2014.

As of 31 December 2014, branches included in the Group's consolidation are as follows:

Branches	Nature of Business	Country of Origin	Business Segment
Tekfen İnşaat – Baku 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	United Arab Emirates	Contracting
Tekfen İnşaat – Muscat Branch	Construction	Oman	Contracting
Tekfen İnşaat – Abu Dhabi Branch	Construction	United Arab Emirates	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, Oman, United Arab Emirates, Turkmenistan and Libya. Contracting group especially specializes on construction of petroleum and gas facilities. Land and sea terminals, offshore platforms, tank farms, pipe lines, petroleum refineries, pumping stations, generating stations, 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. Tekfen İnşaat's income provided from the consolidation of Azfen by equity method is disclosed in this group.

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 group. Toros Tarım's income provided from the consolidation of H-T Fidecilik and Black Sea by equity method is disclosed in this 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. Income provided from the consolidation of Florya Gayrimenkul by equity method is disclosed in this group.

Other Operations

Operations of "Other" segment comprise of light-pulp trading, cotton yarn production and trading, insurance services and holding operations. Holding operations are executed by the Company and include responding to Group's financial needs when needed. Dividend income and rent income provided constitute Holding's revenue.

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 5 March 2015. 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 ("TCC") and Tax Legislation. Subsidiaries, associates, joint ventures and branches 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 accompanying consolidated financial statements have been prepared in accordance with the Communiqué Series II, 14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on 13 June 2013 which is published on Official Gazette numbered 28676. Turkish Accounting Standards and additions and interpretations regarding these standards ("TAS") as adopted by the Public Oversight Accounting and Auditing Standards Authority ("POA") are predicated on in accordance with article 5th of the Communiqué.

Additionally, the financial statements and notes are presented in accordance with the formats complying with CMB's announcement dated 7 June 2013.

Financial statements are prepared on the historical cost basis. Determination of historical cost is generally based on the fair value of the consideration paid for the assets.

Functional and Reporting Currency

The separate 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 TAS 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 as of 31 December 2014 is; 1 USD= 2,3189 TRY, 1 EUR= 2,8207 TRY, 1 MAD= 0,25785 TRY, 1 SAR= 0,61837 TRY, 1 QAR= 0,63532 TRY (As of 31 December 2013; 1 USD= 2,1343 TRY, 1 EUR= 2,9365 TRY, 1 MAD= 0,26277 TRY, 1 SAR= 0,56915 TRY, 1 QAR= 0,58474 TRY)

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 Turkey Accounting Standards, use of inflationary accounting standards has been discontinued effective 1 January 2005. Pursuant effectuation, "Financial Reporting Standards in Hyperinflationary Economies" ("TAS 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 made a reclassification in prior period condensed consolidated financial statements in order to provide conformity with the current period's presentation. The nature, reason and amount the reclassification is described below:

Currency translation reserves shown in gross value amounting to 23.032 is netted off with the reclassification between "Financial Income" and "Financial Expense" accounts in the consolidated financial statements as of 31 December 2013. In the scope of TAS 33 Earnings per share, this reclassification has no effect on earnings per share calculation.

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

2.1 The Basis for Presentation (cont'd)

Consolidation Principles

Consolidated financial statements are made of entities' financial statements that are either controlled by the Company or its subsidiaries. The Company and its subsidiaries control an investee when it is exposed, or have rights, to variable returns from its involvement with the investee and have the ability to affect those returns through its power over the investee.

Control is maintained by the Company where it has less voting rights than the majority of an investee but still voting rights are sufficient to give the practical ability to direct or manage relevant activities of the related investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to maintain power.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. The results of the purchased or sold subsidiaries of the Group are shown in the consolidated profit or loss and consolidated other comprehensive income statement that belongs to the dates after they purchased or the dates before they sold.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on 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. When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary.

The fair value of any investment retained after the sales of a subsidiary at the date when control is lost, is regarded as the fair value on initial recognition accounting within the scope of TAS 39 "Financial Instruments: Recognition and Measurement", when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investments in associates and investments valued by equity method

An associate is an entity over which the Group has significant influence. 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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

(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)

Investments in associates and investments valued by equity method (cont'd):

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in associate or a joint venture 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 or joint venture and any impairment. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Any additional losses are recognized if Group is exposed to any legal or constructive obligation or Group has made payments on behalf of the associate or a joint venture.

Profits and losses arising from the transactions between one of the Group companies and Group's associate are eliminated pro-rata per Group's share in the related associate or joint venture.

Shares in Joint Operations:

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The details of the joints operations of the Group as of 31 December 2014 are as follows:

Joint Operations:	Nature of Business	Country of Origin	Participation Rate % 2014	Participation Rate % 2013	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
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	Contracting
Tekfen TML J.V. "Tekfen TML J.V."	Construction	Libya	67	67	Contracting
Tekfen Impresit J.V. "Impresit"	Construction	Turkey	100	100	Contracting
North Caspian Constructors B.V. "NCC J.V." (*)	Construction	Netherlands	50	50	Contracting
Tekfen Rönesans Adi Ortaklığı "Tekfen Rönesans"	Construction	Turkey	50	50	Real Estate

(*) Companies are joint ventures in terms of their operations; however, they are established as equity companies in terms at their legal structure.
(**) Liquidated in 2014.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue generated from the sale of any product/output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the TASs applicable to the particular assets, liabilities, revenues and expenses.

2.2 Changes in Accounting Policies

Significant changes in accounting policies have been applied retrospectively and prior period consolidated financial statements are restated.

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

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 material changes in accounting estimate methods of the Group.

If any significant accounting errors are found out, changes are applied retrospectively and prior year's financial statements are restated. The Group did not determine any significant accounting errors in the current year.

2.4 Adoption of New and Revised Turkey Accounting Standards

(a) Amendments in TASs affecting the notes and amounts in the consolidated financial statements:

None.

(b) Standards and interpretations and amendments to existing standards that are effective as of the year 2014, but not affecting the consolidated financial statements of the Group:

- TFRS 10, TFRS 11, TAS 27 (amendments) "Investment Entities", will be effective for annual periods beginning on or after 1 January 2014.
- TAS 32 (amendment) "Offsetting Financial Assets and Financial Liabilities", will be effective for annual periods beginning on or after 1 January 2014.
- TAS 36 (amendment) "Recoverable Amount Disclosures for Non-Financial Assets", will be effective for annual periods beginning on or after 1 January 2014.
- TAS 39 (amendment) "Novation of Derivatives and Continuation of Hedge Accounting", will be effective for annual periods beginning on or after 1 January 2014.
- TFRS Interpretation 21, "Levies", will be effective for annual periods beginning on or after 1 January 2014.
- TAS 21(amendment), "The Effects of Foreign Currency Transactions", the amendments will be effective from the date of publication of 12 November 2014.

(c) Standards and interpretations and amendments to existing standards that are issued but not yet effective and have not been early adopted by the Group:

- TFRS 9, "Financial Instruments", will be effective for annual periods beginning on or after 1 January 2015.
- TFRS 9 and TFRS 7 (amendments), "Mandatory Effective Date of TFRS 9 and Transition Disclosures", on November 2013, it is tentatively decided that the mandatory effective date of TFRS 9 will be no earlier than annual periods beginning on or after 1 January 2018. This amendment has not been published by POA yet.
- TAS 19 (amendment), "Employee Benefits", will be effective for annual periods beginning on or after 30 June 2014.
- Annual Improvements to 2010-2012 Cycle (TFRS 2, TFRS 3, TFRS 8, TFRS 13, TAS 16 and TAS 38, TAS 24, TFRS 9, TAS 37, TAS 39), will be effective for annual periods beginning on or after 30 June 2014.
- Annual Improvements to 2011-2013 Cycle (TFRS 3, TFRS 13, TAS 40), will be effective for annual periods beginning on or after 30 June 2014.
- TAS 16 and TAS 38 (amendments), "Clarification of Acceptable Methods of Depreciation and Amortisation" will be effective for annual periods beginning on or after 31 December 2015.
- TAS 16 and TAS 41 (amendments) and TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 (amendments), "Agriculture: Bearer Plants" will be effective for annual periods beginning on or after 31 December 2015.
- TFRS 11 and TFRS 1 (amendments), "Accounting for Acquisitions of Interests in Joint Operations" will be effective for annual periods on or after 31 December 2015.

The Group evaluates the effects of these standards on the consolidated 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 revenue of a construction contract can be estimated reliably, contract revenue associated with the construction contract shall be recognized by reference to the percentage of completion of the contract activity at the balance sheet date. Percentage 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 percentage 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.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

Construction contract costs consist of direct costs such as; all raw materials and direct labor expenses and indirect labor 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 of the additional receivable can be measured reliably.

Retention Receivables from Contractors

The Group's interim progress billings from its employees 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 in the ordinary course of business less all estimated costs of completion and costs necessary to make a sale.

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

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 legal fees. In case of the qualifying assets which necessarily take a substantial period of time to get ready for its intended use or sale, borrowing costs are capitalized. When the construction of these assets is completed and they are ready for use, they are transferred to the relevant property, plant and equipment class. 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 of property, plant and equipment, 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 methods 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 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. When the Group borrows funds specifically for the purpose of the qualifying assets, the amount of borrowing costs eligible for capitalization is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

Financial Instruments

Financial assets

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. Financial assets that are bought and sold in the normal way transaction (the delivery date) on the date of is recorded. Financial assets are measured at initial recognition at fair value. Fair value of financial assets and financial liabilities that are not reflected in profit or loss at initial recognition, transaction costs that are directly attributable to the acquisition of a financial asset to fair value are added.

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. These financial assets are presented at fair value and any gain or loss after valuation is recognized in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment and relevant income is calculated through effective interest method.

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 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 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 gain / (loss) on revaluation and reclassification 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 gain / (loss) on revaluation and reclassification reserve is reclassified to profit or loss.

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.

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.

Financial liabilities

During the initial recognition of a financial liability measured at fair value. At fair value during the initial recognition of financial liabilities that are not reflected in profit or loss, transaction costs that are directly attributable to the financial liability related to fair value are added. In subsequent periods, interest expense is calculated on the effective interest rate financial liabilities that are accounted at amortized cost with using the effective interest method.

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, are recognized in other comprehensive income 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.

Events After the Reporting Period

Events after the reporting period comprise of events which occur between the reporting date and the date on which the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or after public disclosure of any other selected financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

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 Financial Information 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 are managed separately because of the risk and benefits attributable to these segments are influenced from different economical environments and different geographical locations.

Government Grants and Incentives

Government grants are recognized at fair value only if there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

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

Government incentives are not recognized in the financial statements unless there is a reasonable assurance that Group will comply with the conditions attaching to them and the incentives will be received.

Government incentives are accounted systematically in profit or loss where they are matched with the relevant costs recorded as expenses 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 being recognized in profit or loss and have to be accounted systematically in profit 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 that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

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.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

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 for each entity included in the consolidation 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.

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.

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.

Employee Benefits

Termination and retirement benefits:

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

The retirement benefit obligation recognized in the consolidated financial statements represents the net present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

The Company and its subsidiaries 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. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Redeemed Shares

As determined in the articles of association of Tekfen Holding A.Ş., 30 of the registered redeemed shares belong to Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı ("Tekfen Vakfı"). The constitutive redeemed shares grant no voting rights or any membership rights to their owners.

As explained in the articles of association of the Company, after the first dividend is distributed in the ratio of 30% in accordance with the communiqués of Capital Market Board, a maximum ratio of 3%, which is determined by the General Assembly, of the remaining net distributable profit amount is allocated to the Tekfen Vakfı.

According to TAS 32, if, as a result of contingent settlement provisions, the issuer does not have an unconditional right to avoid settlement by delivery of cash or other financial instrument, the instrument is a financial liability of the issuer.

Redeemed shares owned by Tekfen Vakfı are considered as negotiable instruments and realized as a financial liability assuming that they will continue to take advantage of the right at upper limit as long as the Group's existing shareholders structure and management remains the same. In assessment of fair values of related constitutive redeemed shares, the Group's market value as of balance sheet date is taken into consideration. Calculated fair value depends on different conditions which may occur in foreseeable future and is therefore discounted and realized as liability in the consolidated financial statements.

2.6 Critical Accounting Judgments, Key Sources of Estimation Uncertainty and Assumptions

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.

Deferred taxes

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TAS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS and tax purposes. 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.

Income tax

The Group operates in various tax jurisdictions and is subject to applicable tax legislation and tax laws in these countries. The Group requires the use of significant estimates of determining provision of income tax. The Group estimates the usage of financial losses carried forward and the tax provision arising from tax liabilities. When the final tax results are determined, realized amounts may be different than the estimated amounts and as of the balance sheet date an adjustment may be made on the recognized income tax provision.

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 OPERATIONS

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

Financial information related to these joint operations is as follows:

	31 December 2014	31 December 2013
Current assets	46.789	226.383
Non current assets	25.046	34.004
Current liabilities	186.860	282.452
Non current liabilities	7.332	7.169
Shareholders' equity	(122.357)	(29.234)

	1 January- 31 December 2014	1 January- 31 December 2013
Revenue	20.257	44.453
Cost of revenue (-)	(24.397)	(50.347)
Net loss	(89.383)	(17.221)

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

4. SEGMENTAL REPORTING

a) Segmental results

	1 January - 31 December 2014				
	Contracting	Agriculture	Real Estate	Other	Total
Revenue	2.767.793	1.625.940	26.292	54.730	4.474.755
Cost of revenue (-)	(2.703.230)	(1.257.712)	(23.955)	(37.434)	(4.022.331)
GROSS PROFIT	**64.563**	**368.228**	**2.337**	**17.296**	**452.424**
General administrative expenses (-)	(66.904)	(25.366)	(3.909)	(27.842)	(124.021)
Marketing expenses (-)	(875)	(116.208)	(6.156)	(8.586)	(131.825)
Research and development expenses (-)	-	-	-	-	-
Other operating income	60.676	97.301	1.771	1.532	161.280
Other operating expenses (-)	(262.130)	(110.969)	(235)	(1.136)	(374.470)
Share on profit / (loss) of investments valued using equity method	40.410	717	-	-	41.127
OPERATING PROFIT / (LOSS)	**(164.260)**	**213.703**	**(6.192)**	**(18.736)**	**24.515**
Investment income	3.797	1.847	461	6.044	12.149
Investment expense (-)	(241)	(19)	-	-	(260)
PROFIT / (LOSS) BEFORE FINANCIAL INCOME / (EXPENSE)	**(160.704)**	**215.531**	**(5.731)**	**(12.692)**	**36.404**
Financial income	9.133	54.368	448	118.553	182.502
Financial expenses (-)	(38.190)	(42.751)	(25)	(42.245)	(123.211)
PROFIT / (LOSS) BEFORE TAXATION	**(189.761)**	**227.148**	**(5.308)**	**63.616**	**95.695**
Tax expense	(7.339)	(8.679)	1.131	(22.951)	(37.838)
PROFIT / (LOSS) FOR THE PERIOD	**(197.100)**	**218.469**	**(4.177)**	**40.665**	**57.857**

The Group has 84.479 of revenue and 39.514 of operating income from terminal operations classified as agricultural operation in 2014.

(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 2013				
	Contracting	Agriculture	Real Estate	Other	Total
Revenue	2.326.683	1.422.712	29.645	66.996	3.846.036
Cost of revenue (-)	(2.458.637)	(1.189.327)	(25.940)	(44.900)	(3.718.804)
GROSS PROFIT	**(131.954)**	**233.385**	**3.705**	**22.096**	**127.232**
General administrative expenses (-)	(60.572)	(22.389)	(4.109)	(26.062)	(113.132)
Marketing expenses (-)	(1.219)	(109.997)	(198)	(8.951)	(120.365)
Research and development expenses (-)	-	(253)	-	-	(253)
Other operating income	58.146	51.755	1.330	2.822	114.053
Other operating expenses (-)	(50.267)	(110.247)	(422)	(3.851)	(164.787)
Share on profit / (loss) of investments valued using equity method	32.636	967	75	27	33.705
OPERATING PROFIT / (LOSS)	**(153.230)**	**43.221**	**381**	**(13.919)**	**(123.547)**
Investment income	3.737	700	22	55.280	59.739
Investment expense (-)	(4.163)	(1.223)	-	(8.542)	(13.928)
PROFIT / (LOSS) BEFORE FINANCIAL INCOME / (EXPENSE)	**(153.656)**	**42.698**	**403**	**32.819**	**(77.736)**
Financial income	10.410	30.518	914	102.267	144.109
Financial expenses (-)	(36.301)	(9.245)	(2.315)	(23.661)	(71.522)
PROFIT / (LOSS) BEFORE TAXATION	**(179.547)**	**63.971**	**(998)**	**111.425**	**(5.149)**
Tax expense	(37.844)	(1.444)	264	(19.509)	(58.533)
PROFIT / (LOSS) FOR THE PERIOD	**(217.391)**	**62.527**	**(734)**	**91.916**	**(63.682)**

The Group has 68.707 of revenue and 28.466 of operating income from terminal operations classified as agricultural operation in 2013.

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

4. SEGMENTAL REPORTING (cont'd)

b) As of 31 December 2014 and 2013 segmental assets and liabilities are as follows:

	31 December 2014				
Balance sheet	Contracting	Agriculture	Real Estate	Other	Total
Total assets	1.977.897	1.838.653	212.216	926.716	4.955.482
Current and non-current liabilities	1.842.845	831.979	197.434	87.160	2.959.418
Equity attributable to owners of the parents	(66.787)	657.318	15.773	1.352.861	1.959.165
Non-controlling interests	36.571	262	-	66	36.899

	31 December 2013				
Balance sheet	Contracting	Agriculture	Real Estate	Other	Total
Total assets	2.217.424	1.312.260	129.460	1.038.276	4.697.420
Current and non-current liabilities	1.882.713	652.739	107.544	132.227	2.775.223
Equity attributable to owners of the parents	143.702	451.509	20.295	1.274.648	1.890.154
Non-controlling interests	31.789	189	-	65	32.043

c) Segmental information related to intra and inter segment revenue, property, plant and equipment, intangible assets and investment property for the year ended 31 December 2014 and 2013 are as follows:

	1 January - 31 December 2014				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures (*)	27.049	371.202	2.594	616	401.461
Depreciation and amortization expense for the period (**)	64.133	21.114	370	4.380	89.997
Intra-segment revenue	109.690	23.219	67	215	133.191
Inter-segment revenue	23	1.077	503	7.078	8.681

	1 January - 31 December 2013				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures (*)	24.738	158.389	356	643	184.126
Depreciation and amortization expense for the period (**)	61.579	15.693	287	4.941	82.500
Intra-segment revenue	155.573	20.237	244	188	176.242
Inter-segment revenue	19	1.212	416	6.596	8.243

(*) Fixed assets purchases through financial lease amounting to 2.213 (2013: 7.008) and reversal of capitalized borrowing costs amounting to 780 (2013: 10.188 additional capitalization) are also included.

(**) Depreciation expense is added to the cost of inventory 395 (2013: 3.181).

(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 2014)	2.398.512	1.470.032	82.885	661.081	4.117	(141.872)	4.474.755
Total assets (31 December 2014)	6.134.476	2.137.335	320.421	673.673	78.586	(4.389.009)	4.955.482
Capital expenditures (1 January - 31 December 2014)(*)	382.192	4.113	72	15.084	-	-	401.461

	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January-31 December 2013)	2.299.084	952.728	274.326	490.235	14.148	(184.485)	3.846.036
Total assets (31 December 2013)	5.382.474	1.726.942	385.965	722.194	78.812	(3.598.967)	4.697.420
Capital expenditures (1 January - 31 December 2013)(*)	174.176	2.689	40	7.221	-	-	184.126

(*) Fixed assets purchases through financial lease amounting to 2.213 (2013: 7.008) and reversal of capitalized borrowing costs amounting to 780 (2013: 10.188 additional capitalization) are also included.

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

5. CASH AND CASH EQUIVALENTS

	31 December 2014	31 December 2013
Cash on hand	1.301	867
Cash at banks		
Demand deposits	83.046	20.463
Time deposits with maturity of three months or less	909.702	996.633
Overdue cheques	105	148
Other cash equivalents	53.295	37.042
	1.047.449	1.055.153

Explanations about the nature and level of risks related to cash and cash equivalents are provided in Note 33.

6. FINANCIAL INVESTMENTS

Short term financial investments	31 December 2014	31 December 2013
Time deposits with maturity of longer than three months	41.411	49.119
Long term financial investments		
Available for sale financial investments	68.745	63.593

Short term financial investments consists of time deposits with maturity of longer than three months with an annual interest rate of 3% (2013: 3,46%) amounting to 41.411(17.858 thousand USD) (31 December 2013: 49.119 (23.014 thousand USD)).

Details of available for sale financial assets are as follows:

Details	Share %	31 December 2014	Share %	31 December 2013
Traded				
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.	10,79	65.523	10,79	60.700
Türkiye Sınai Kalkınma Bankası A.Ş.	<1	1.429	<1	1.116
Akçansa Çimento Sanayi ve Ticareti A.Ş.	<1	87	<1	66
Turcas Petrolcülük A.Ş.	<1	10	<1	10
		67.049		61.892
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
Akmerkez Lokantacılık Gıda San. ve Tic. A.Ş.(*)	30,50	441	30,50	441
Üçgen Bakım ve Yönetim Hizmetleri A.Ş. (*)	27,45	109	27,45	109
Tümteks Tekstil Sanayi ve Ticaret A.Ş.	7,45	6.147	7,45	6.147
Other		1.298		1.257
		11.429		11.388
Less: Allowance for impairment of available for sale investment				
Sınai ve Mali Yatırımlar Holding A.Ş.		(2.536)		(2.536)
Tümteks Tekstil Sanayi ve Ticaret A.Ş.		(6.147)		(6.147)
Other		(1.050)		(1.004)
		(9.733)		(9.687)
		68.745		63.593

(*) As of 31 December 2014 and 2013, entities classified as financial investment are shown at cost due to the fact that their total assets do not have a significant effect at the accompanying consolidated financial statements.

(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 50.060 (31 December 2013: 45.179) in the fair value of the available for sale financial assets traded in active markets is directly recognized in equity. There is a positive difference amount of 19 (31 December 2013: 5) in the fair value of the available for sale financial assets traded in active markets is directly recognized in the statement of profit or loss.

1.696 (31 December 2013: 1.701) 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 impairment in value, if any.

Explanations about the nature and level of risks related to financial investments are provided in Note 33.

7. SHORT AND LONG TERM FINANCIAL DEBTS

	31 December 2014	31 December 2013
Short-term bank loans	676.552	555.236
Short-term portion of long-term bank loans' and interest payments	1.154	749
Short term portion of long term obligation under finance leases	20.525	57.280
Total short-term financial debts	698.231	613.265
Long-term bank loans	383.851	275.768
Long term obligation under finance leases	5.851	21.894
Total long-term financial debts	389.702	297.662
Total financial debts	1.087.933	910.927

<u>The details of bank loans are as follows:</u>

	Weighted average interest rate %		31 December 2014		
Original currency	Short term	Long term	Short term	Long term	Total
US Dollars	3,17	3,88	505.936	124.766	630.702
EUR	2,04	3,23	52.479	259.085	311.564
TRY	12,04	-	101.760	-	101.760
TRY	-	-	17.531	-	17.531
			677.706	383.851	1.061.557

	Weighted average interest rate %		31 December 2013		
Original currency	Short term	Long term	Short term	Long term	Total
US Dollars	3,38	4,05	476.225	173.096	649.321
EUR	2,36	2,67	43.604	102.672	146.276
TRY	9,60	-	28.293	-	28.293
TRY	-	-	7.863	-	7.863
			555.985	275.768	831.753

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

7. SHORT AND LONG TERM FINANCIAL DEBTS (cont'd)

Repayment schedule of bank loans is as follows:

	31 December 2014	31 December 2013
Within 1 year	677.706	555.985
Within 1-2 year	176.583	139.872
Within 2-3 year	51.817	64.032
Within 3-4 year	51.817	20.529
Within 4-5 year	51.817	20.529
Within 5 or more years	51.817	30.806
	1.061.557	831.753

Group's bank loans; as of 31 December 2014 in the amounts of 267.778 thousand USD (620.950), 18.100 thousand EUR (51.055) and 115.531 are subject to fixed interest rates and expose the Group to fair value interest risk (31 December 2013: 304.321 thousand USD (649.512), 14.673 thousand EUR (43.087), 36.156). Other bank loans are borrowed at floating interest rates thus exposing the Group's cash flow to interest rate risk.

One of the Group's subsidiaries, Toros Tarım has borrowed ECA (SACE) bank loan from Unicredit Bank Austria in August, 2013 for sulfuric acid facility in Samsun factory. The credit amount used until 31 December 2014 is 155.708 (55.202 thousand EUR). The duration of repayments will last 7 years, including no principal payment within the first two years. The interest rate is 2% plus Euribor. Toros Tarım fulfilled the financial performance criteria obliged due to the agreement as of 31 December 2014. The Deutsche Bank credit amount used for investments until 31 December 2014 is 103.381 (36.651 thousand EUR). The duration of repayments will last 6,5 years, including no principal payment within first 1,5 years. The interest rate for 6 months is 0,9% plus Euribor.

Details of obligation under finance leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Obligations under finance leases under finance leases:				
Within one year	21.447	60.255	20.525	57.280
Within 2-5 year	5.998	22.771	5.851	21.894
	27.445	83.026	26.376	79.174
Less: finance expenses related to following years	(1.069)	(3.852)	-	-
Present value of obligations finance leases	26.376	79.174	26.376	79.174
Less: Payments within 12 months (in short term payables)			20.525	57.280
Due beyond 12 months			5.851	21.894

It is the Group policy to lease some of its furniture, fixtures and equipment under finance leases. Average lease term varies between 36 months and 48 months (2013: 18 – 48 months). For the year ended 31 December 2014 effective weighted average interest is 5,34% for USD and 5,36% for EUR (31 December 2013: 5,29% for USD, 5,41% for EUR). Financial lease obligations currency type distribution is disclosed in Note 33. The fair value of the Group's lease obligations approximates their carrying amount.

Explanations about the nature and level of risks related to financial debts are provided in Note 33.

(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 follows:

Short term trade receivables	31 December 2014	31 December 2013
Receivables from Contracting group operations	480.159	500.337
Receivables from Agriculture group operations	157.502	159.088
Receivables from Real Estate group operations	16.729	1.106
Other trade receivables	11.655	24.706
Provision for doubtful receivables	(56.292)	(32.675)
Retention receivables (Note: 11)	65.355	123.337
Due from related parties (Note: 32)	17.819	9.081
Other	11.461	4.709
	704.388	789.689

Long term trade receivables		
Retention receivables (Note: 11)	70.901	84.225
Receivables from Real Estate group operations	17.304	-
	88.205	84.225

Postdated cheques amounting to 126.374 (31 December 2013: 131.730), notes receivables amounting to 32.469 (31 December 2013: 45), foreign currency differences amounting to (12) (31 December 2013: (10)), and due date differences amounting to 8 (31 December 2013: 88) are included in short and long term trade receivables.

Average maturity date for trade receivables varies between the segments. Average maturity date for Contracting group, for projects in abroad is 66 days (31 December 2013: 81 days), for domestic projects is 35 days (31 December 2013: 43 days), for Agriculture group is 40 days (31 December 2013: 37 days), for Real Estate group for short term trade receivables is 115 days, for long term trade receivables is 625 days (31 December 2013: short term trade receivables is 15 days, there are not any long term trade receivables) and for other segment is 117 days (31 December 2013: 80 days)

Amount of provision for doubtful receivables was determined based on past uncollectible receivable cases encountered. As of 31 December 2014, trade receivables of 67.438 (31 December 2013: 38.474) is provided provision for in the amount of 56.292 (31 December 2013: 32.675).

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

	2014	2013
Provision as at 1 January	(32.675)	(17.090)
Charge for the year	(21.628)	(13.754)
Collected	362	101
Write off of bad debt	-	-
Currency translation effect	(2.351)	(1.932)
Provision as at 31 December	(56.292)	(32.675)

19.938 of charge for the year (2013: 12.608) has been charged to cost of revenue and 1.690 (2013: 1.146) to general administrative expenses.

Explanations about the nature and level of risks related to trade receivables are provided in Note 33.

(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 follows:

Short term trade payables	31 December 2014	31 December 2013
Trade payables from Contracting group operations	615.611	663.618
Trade payables from Agriculture group operations	464.602	440.831
Trade payables from Real Estate group operations	5.190	1.641
Due to related parties - trade (Note: 32)	519	444
Retention payables (Note: 11)	12.430	23.954
Other trade payables	7.693	15.122
	1.106.045	1.145.610

Long term trade payables	31 December 2014	31 December 2013
Retention payables (Note: 11)	79.117	23.569
Trade payables from Contracting group operations	73	82
	79.190	23.651

Notes payables amounting to 141 (31 December 2013: 18.123), and foreign currency differences amounting to 61.337 (31 December 2013: 86.049) are included in short and long term trade payables), there is any postdated cheques in the current year (31 December 2013: 248).

For Agriculture Group, payables attributable to inventory supplied through imports constitute 93% (31 December 2013: 96%) of trade payables as at balance sheet date and average payable period for these import purchases is 164 days (31 December 2013: 131 days) whereas average payable period for domestic purchases is 30 days (31 December 2013: 30 days).

For Contracting group, import purchases through letter of credit constitute 3% (31 December 2013: 4%) of trade payables as at balance sheet date. The average payable period for these import purchases is 90 days (31 December 2013: 76 days) whereas the average payable period for other purchases is 104 days (31 December 2013: 84 days).

The average payable period for Real Estate group is 30 days (31 December 2013: 11 days).

For the other operations of the Group, the average payable period is 88 days (31 December 2013: 53 days).

Explanations about the nature and level of risks related to trade payables are provided in Note 33.

(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 2014	31 December 2013
Blocked deposits	-	1.387
Deposits and guarantees given	1.305	1.092
Other doubtful receivables	571	571
Other doubtful receivable provision (-)	(571)	(571)
Other receivables	1.748	520
	3.053	2.999
Other long term receivables		
Deposits and guarantees given	2.836	6.473
Other doubtful receivables	1.113	1.025
Provision for other doubtful receivables	(1.113)	(1.025)
Other receivables	130	260
	2.966	6.733

b) Other Payables:

Other short term payables	31 December 2014	31 December 2013
Taxes and funds payable	12.338	14.832
Deposits and guarantees received	1.751	1.120
Related party payables - non trade (Note: 32)	21	-
Other payables	1.163	526
	15.273	16.478
Other long term payables		
Fair value of reedemed shares	22.494	19.464
Deposits and guarantees received	1.719	1.198
	24.213	20.662

Explanations about the nature and level of risks related to other receivables and payables are provided in Note 33.

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

10. INVENTORIES

	31 December 2014	31 December 2013
Raw materials	62.378	48.741
Work in progress	86.463	46.487
Finished goods	55.911	41.734
Trading goods	122.974	38.169
Goods in transit	72.799	52.066
Inventory from real estate projects	146.170	110.936
Inventory at construction sites	147.749	149.679
Other inventories	29.074	33.429
Allowance for impairment on inventory (-)	(1.039)	(67)
	722.479	521.174

During the year ended 31 December 2014, borrowing costs capitalized in inventory amount to 14.832 (31 December 2013: 11.454).

Movement of allowance for impairment on inventory	2014	2013
Provision as of 1 January	(67)	(983)
Charge for the period	(1.039)	(48)
Currency translation effect	(1)	(70)
Provision released	68	1.034
Provision as of 31 December	(1.039)	(67)

Group has identified some inventories whose net realizable value is less than its current cost. Accordingly, the amount of 1.039 (31 December 2013: 48) has been determined as an allowance for impairment on inventory and included in cost of revenue. As of 31 December 2014, total amount of the inventory shown at net realizable value is 7.280 (31 December 2013: 486).

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

11. CONSTRUCTION CONTRACTS

	31 December 2014	31 December 2013
Cost incurred on uncompleted contracts	8.648.378	7.531.560
Recognised gain less losses (net)	187.789	481.652
	8.836.167	8.013.212
Less: Billings to date (-)	(8.482.084)	(7.590.158)
	354.083	423.054

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

	31 December 2014	31 December 2013
From customers under construction contracts	409.086	558.960
To customers under construction contracts	(55.003)	(135.906)
	354.083	423.054

	31 December 2014	31 December 2013
<u>Receivables from uncompleted contracts</u>		
Contracts undersigned abroad	386.047	513.876
Contracts undersigned in Turkey	23.039	45.084
	409.086	558.960
<u>Payables from uncompleted contracts</u>		
Contracts undersigned abroad	(54.020)	(135.906)
Contracts undersigned in Turkey	(983)	-
	(55.003)	(135.906)
	354.083	423.054

The Group has 58.087 of advances given to subcontractors and other suppliers for construction projects classified in short term prepaid expenses (31 December 2013: 130.772). Also, the Group has 183.203 of advances received for contracting projects classified in advances received (31 December 2013: 189.065) (Note 16).

As of 31 December 2014, the Group has 91.547 of retention payables to subcontractors (31 December 2013: 47.523). Also, the amount of retention receivables is 136.256 (31 December 2013: 207.562) (Note 8).

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

12. INVESTMENTS VALUED BY EQUITY METHOD

The details of the joints ventures of the Group, which are valued by equity method, are as follows:

		31 December 2014		31 December 2013			
Joint Ventures	Location of foundation and operation	Participation Rate	Amount	Participation Rate	Amount	Power to appoint	Industry
H-T Fidecilik	Turkey	50,00 %	6.060	50,00 %	5.610	50,00 %	Agriculture
Azfen	Azerbaijan	40,00 %	81.002	40,00 %	52.841	40,00 %	Construction
Black Sea	Turkey	30,00 %	997	30,00 %	727	30,00 %	Fertilizer Trade
Florya Gayrimenkul	Turkey	50,00 %	61.248	50,00 %	61.369	50,00 %	Real Estate
			149.307		120.547		

Movement of Group's joint ventures during the year is as follows:

	2014	2013
Opening balance as at 1 January	120.547	42.539
Group's share on profit/(loss)	41.127	33.705
Effect of the newly established joint ventures	-	61.560
Effect of the joint ventures sold	-	(6.168)
Transactions of the joint ventures sold during the year	-	(8.200)
Dividends	(16.357)	(8.907)
Currency translation effect	4.110	6.284
Profit eliminations	(120)	(266)
Closing balance as at 31 December	149.307	120.547

Group's share on profit /loss of joint ventures is as follows:

	2014	2013
H-T Fidecilik	448	485
Azfen	40.410	32.636
Black Sea	269	482
Florya Gayrimenkul	-	75
Shares on profit/ loss of joint ventures consolidated by equity method	41.127	33.678
Other subsidiaries consolidated by equity method		
Tekfen Oz (*)	-	27
Total investments consolidated by equity method	41.127	33.705

(**)Group has sold its shares in Tekfen Oz to Omurga Konya Gayrimenkul Yatırım A.Ş. on 29 March 2013.

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

12. INVESTMENTS VALUED BY EQUITY METHOD (cont'd)

Information related to financial position:

31 December 2014	H-T Fidecilik	Azfen	Black Sea	Florya Gayrimenkul	Total
Cash and cash equivalents	16	87.517	2.508	153	90.194
Other current assets	24.838	323.656	11.311	60.653	420.458
Other non current assets	16.652	69.248	473	65.327	151.700
Total Assets	41.506	480.421	14.292	126.133	662.352
Short term financial debts	16.154	-	-	-	16.154
Other short term liabilities	11.735	276.051	10.844	1.192	299.822
Long term financial debts	1.073	-	-	-	1.073
Other long term liabilities	424	1.865	124	2.445	4.858
Total Liabilities	29.386	277.916	10.968	3.637	321.907
Net Assets	12.120	202.505	3.324	122.496	340.445
Group's Ownership Rate	50,00%	40,00%	30,00%	50,00%	
Group's share on Net Assets	6.060	81.002	997	61.248	149.307

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

12. INVESTMENTS VALUED BY EQUITY METHOD (cont'd)

Information related to financial position (cont'd):

31 December 2013	H-T Fidecilik	Azfen	Black Sea	Florya Gayrimenkul	Total
Cash and cash equivalents	7	8.997	1.744	261	11.009
Other current assets	16.293	160.474	605	56.603	233.975
Other non current assets	9.285	37.873	393	68.376	115.927
Total Assets	25.585	207.344	2.742	125.240	360.911
Short term financial debts	6.534	-	-	-	6.534
Other short term liabilities	5.906	75.096	318	67	81.387
Long term financial debts	1.600	-	-	-	1.600
Other long term liabilities	325	145	-	2.435	2.905
Total Liabilities	14.365	75.241	318	2.502	92.426
Net Assets	11.220	132.103	2.424	122.738	268.485
Group's Ownership Rate	50,00%	40,00%	30,00%	50,00%	
Group's share on Net Assets	5.610	52.841	727	61.369	120.547

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

12. INVESTMENTS VALUED BY EQUITY METHOD (cont'd)

Information related to profit or loss statement (cont'd):

31 December 2014	H-T Fidecilik	Azfen	Black Sea	Florya Gayrimenkul	Total
Revenue	29.656	752.826	151.255	-	933.737
Depreciation and amortization expense	1.059	14.997	116	-	16.172
Operating profit / (loss)	1.972	125.846	(1.423)	1	126.396
Financial income	5	1.335	2.323	9	3.672
Financial expense (-)	(916)	-	(2)	-	(918)
Tax income / (expense)	(164)	(26.158)	-	(9)	(26.331)
Profit / (Loss) for the year	896	101.024	898	-	102.818
Group's Ownership Rate	50,00%	40,00%	30,00%	50,00%	
Group's share on Profit / (Loss) for the year	448	40.410	269	-	41.127

31 December 2013	H-T Fidecilik	Azfen	Black Sea	Florya Gayrimenkul	Total
Revenue	25.095	384.525	90.837	-	500.457
Depreciation and amortization expense	821	8.409	114	-	9.344
Operating profit / (loss)	1.930	102.227	1.803	145	106.105
Financial income	1	-	2.903	46	2.950
Financial expense (-)	(930)	-	(2.792)	-	(3.722)
Tax income / (expense)	(30)	(20.637)	(308)	(40)	(21.015)
Profit / (Loss) for the year	970	81.591	1.605	150	84.316
Group's Ownership Rate	50,00%	40,00%	30,00%	50,00%	
Tekfen Oz (*)					27
Group's share on Profit / (Loss) for the year	485	32.636	482	75	33.705

(*) Group has sold its shares in Tekfen Oz on 29 March 2013. The Group's share until the date of sale is presented.

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

13. INVESTMENT PROPERTY

Investment property as at 31 December 2014 and 2013 is as follows:

Cost	Land	Building	Total
Opening balance as at 1 January 2014	5.878	99.371	105.249
Currency translation effect	378	-	378
Additions	-	292	292
Transfers	1.660	-	1.660
Closing balance as at 31 December 2014	7.916	99.663	107.579
Accumulated Depreciation			
Opening balance as at 1 January 2014	-	(26.474)	(26.474)
Charge for the year	-	(2.771)	(2.771)
Closing balance as at 31 December 2014	-	(29.245)	(29.245)
Carrying value as at 31 December 2014	7.916	70.418	78.334

Cost	Land	Building	Total
Opening balance as at 1 January 2013	8.198	111.093	119.291
Currency translation effect	720	-	720
Additions	-	429	429
Disposals	(3.040)	(12.151)	(15.191)
Closing balance as at 31 December 2013	5.878	99.371	105.249
Accumulated Depreciation			
Opening balance at 1 January 2013	-	(26.466)	(26.466)
Charge for the year	-	(2.722)	(2.722)
Disposals	-	2.714	2.714
Closing balance as at 31 December 2013	-	(26.474)	(26.474)
Carrying value as at 31 December 2013	5.878	72.897	78.775

Investment Property includes buildings over rental income earned and lands that are held for the investment purposes. Useful lives of investment properties are within 4 and 50 years.

Depreciation expense of 2.248 (2013: 2.199) has been charged to cost of revenue, 523 (2013: 523) to general administrative expenses.

For the year ended 31 December 2014 total rental income earned from investment properties is 25.827 (31 December 2013: 18.582). Direct operating and depreciation expenses arising on the investment properties in the year amounted to 5.875 (31 December 2013: 4.934).

The fair value of the Group's investment property has been arrived based on a valuation carried out by independent expertise not connected with the Group which is one of the accredited independent valuers by Capital Market Board. The fair values of the lands were determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair market value of the investment properties as of 31 December 2014 is 431.836 (31 December 2013: 391.858) according to the valuation carried out by independent expert.

There are not any restrictions on the realizability of investment property or any remittances of income and proceeds of disposal and there are not any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

(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 2014	339.855	347.984	1.273.685	40.293	77.602	154.592	136.079	2.370.090
Currency translation effect	16.897	2.104	55.045	1.835	4.614	135	390	81.020
Additions	5.205	155	24.386	530	4.305	364.454	351	399.386
Disposals	(7.018)	(1.356)	(24.347)	(2.155)	(5.722)	-	-	(40.598)
Transfers	2.098	11.275	5.729	-	479	(21.118)	137	(1.400)
Disposals due to the grant of subsidiary	-	-	-	-	(250)	-	-	(250)
Transfer of the subsidiary to assets classified as held for sale	-	(25.938)	(39.510)	(431)	(326)	-	-	(66.205)
Derecognition of property, plant and equipment in Libya	(813)	-	(104.215)	(6.296)	(2.222)	-	-	(113.546)
Closing balance as at 31 December 2014	356.224	334.224	1.190.773	33.776	78.480	498.063	136.957	2.628.497
Accumulated Depreciation								
Opening balance as at 1 January 2014	(103.241)	(210.609)	(980.052)	(33.116)	(57.173)	-	(81.187)	(1.465.378)
Currency translation effect	(7.207)	940	(40.088)	(1.855)	(3.782)	-	(267)	(52.259)
Charge for the year	(12.310)	(6.046)	(54.702)	(2.436)	(6.849)	-	(4.017)	(86.360)
Disposals	4.901	902	16.772	1.993	3.090	-	-	27.658
Transfers	-	-	-	-	-	-	291	291
Disposals due to the grant of subsidiary	-	-	-	-	250	-	-	250
Transfer of the subsidiary to assets classified as held for sale	-	24.373	37.936	402	310	-	-	63.021
Derecognition of property, plant and equipment in Libya	813	-	60.708	6.296	2.222	-	-	70.039
Closing balance as at 31 December 2014	(117.044)	(190.440)	(959.426)	(28.716)	(61.932)	-	(85.180)	(1.442.738)
Carrying value as at 31 December 2014	239.180	143.784	231.347	5.060	16.548	498.063	51.777	1.185.759

Property, plant and equipment include fixed assets with carrying value of 117.673 purchased through financial lease. These property, plant and equipment purchased through financial lease consist of various prefabricated buildings, machinery, equipment and vehicles employed in construction sites. During the current period, property, plant and equipment purchases through financial lease amount to 2.213 (31 December 2013: 7.008). For the year ended as of 31 December 2014, reversal of capitalized borrowing costs amounting to 780 (31 December 2013: 10.188 additional capitalization) are included in property, plant and equipment. The rate used to determine the amount of borrowing costs eligible for capitalization is 18,39% (2013:18,35%).

(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 2013	295.690	322.490	1.104.410	35.140	70.000	52.376	134.973	2.015.079
Currency translation effect	35.751	25.978	120.509	5.083	9.938	2.004	723	199.986
Additions	5.580	718	14.985	1.523	2.860	155.564	535	181.765
Disposals	(417)	(8.709)	(11.512)	(1.099)	(4.838)	-	(154)	(26.729)
Transfers	3.251	7.507	45.293	(354)	(358)	(55.352)	2	(11)
Closing balance as at 31 December 2013	339.855	347.984	1.273.685	40.293	77.602	154.592	136.079	2.370.090
Accumulated Depreciation								
Opening balance as at 1 January 2013	(80.281)	(183.457)	(852.641)	(26.536)	(46.827)	-	(76.832)	(1.266.574)
Currency translation effect	(12.879)	(17.897)	(82.314)	(4.026)	(7.261)	-	(395)	(124.772)
Charge for the year	(10.404)	(7.383)	(49.282)	(3.770)	(7.072)	-	(4.329)	(82.240)
Allowance for impairment	-	(3.981)	(4.496)	-	-	-	-	(8.477)
Disposals	323	2.869	9.452	1.018	2.869	-	154	16.685
Transfers	-	(760)	(771)	198	1.118	-	215	-
Closing balance as at 31 December 2013	(103.241)	(210.609)	(980.052)	(33.116)	(57.173)	-	(81.187)	(1.465.378)
Carrying value as at 31 December 2013	236.614	137.375	293.633	7.177	20.429	154.592	54.892	904.712

Property, plant and equipment include fixed assets with carrying value of 148.385 purchased through financial lease.

(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	5-50 years
Machinery and equipment	2-40 years
Vehicles	2-15 years
Furniture and fixtures	2-50 years
Leasehold improvements	5-50 years

Depreciation expense of 80.239 (2013: 74.316) has been charged to cost of revenue, 1.357 (2013: 1.234) to marketing expenses, 4.369 (2013: 3.499) to general administrative expenses and 395 (2013: 3.181) to inventory. There is not any depreciation expense charged to research and development expenses (2013: 10).

15. INTANGIBLE ASSETS

Cost value	Rights	Other	Total
Opening balance as at 1 January 2014	19.131	449	19.580
Currency translation effect	1.268	(8)	1.260
Additions	877	906	1.783
Disposals due to the grant of subsidiary	(202)	-	(202)
Transfers	981	-	981
Closing balance as at 31 December 2014	22.055	1.347	23.402
Accumulated amortization			
Opening balance as at 1 January 2014	(15.966)	(303)	(16.269)
Currency translation effect	(1.061)	8	(1.053)
Charge for the year	(1.255)	(6)	(1.261)
Disposals due to the grant of subsidiary	186	-	186
Transfers	(291)	-	(291)
Closing balance as at 31 December 2014	(18.387)	(301)	(18.688)
Carrying value as at 31 December 2014	3.668	1.046	4.714

Cost value	Rights	Other	Total
Opening balance as at 1 January 2013	15.235	1.457	16.692
Currency translation effect	2.196	41	2.237
Additions	1.770	162	1.932
Disposals	(81)	-	(81)
Intangibles written off	-	(1.211)	(1.211)
Transfers	11	-	11
Closing balance as at 31 December 2013	19.131	449	19.580
Accumulated amortization			
Opening balance as at 1 January 2013	(13.744)	(257)	(14.001)
Currency translation effect	(1.583)	(46)	(1.629)
Charge for the year	(719)	-	(719)
Disposals	80	-	80
Closing balance as at 31 December 2013	(15.966)	(303)	(16.269)
Carrying value as at 31 December 2013	3.165	146	3.311

Intangible assets are amortized over useful lives of rights through 2 to 25 years and useful lives of other intangibles through 2 to 5 years.

Amortization expense of 969 (2013: 539) has been charged to general administrative expenses, 292 (2013: 180) to cost of revenue.

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

16. PREPAID EXPENSES, ADVANCES RECEIVED AND DEFERRED REVENUE

Short term prepaid expenses	31 December 2014	31 December 2013
Advances paid for construction projects (Note: 11)	58.087	130.772
Prepaid expenses	9.958	12.743
Business advances given	534	1.183
Order advances given	8.935	6.454
	77.514	151.152
Long term prepaid expenses		
Advances given for fixed assets	8.464	61.355
Prepaid expenses	13.483	7.739
	21.947	69.094
Advances received		
Advances received for construction projects (Note: 11)	183.203	189.065
Other advances received	49.021	66.131
	232.224	255.196
Short term deferred revenue		
Income relating to future months	5.618	5.278
	5.618	5.278
Long term advances received		
Advances received for Real Estate projects	87.128	-
	87.128	-

17. GOVERNMENT GRANTS AND INCENTIVES

	31 December 2014	31 December 2013
Government incentives and grants	767	-

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.

Before the harvest period, the support amounts per kilogram are conveyed in the Official Gazette by Republic of Turkey Ministry of Food, Agriculture and Livestock annually. For the harvest period in 2014, unit prices conveyed in 2013 for wheat is 0,10 TRY/kg and for potato is 0,08 TRY/kg. As of 31 December 2014, income generated from wheat support is 899 whereas the income generated from potato support is 180 which make a total income of 1.079 (31 December 2013: wheat supporting 644, potato supporting 116, total 760). Support income generated from current year sales is recognized as income accrual every reporting period is collected in the following period.

Within the scope of Tübitak, The Scientific and Technological Research Council of Turkey Teydeb (The Scientific and Technological Research Council of Turkey Technology and Innovation Grant Programs Directorate), several programs are being conducted for private sector entities on a project basis in order to provide support for Research and Development activities. 1511 numbered Research Technology Development and Innovation Projects in Priority Areas Grant Program is one of those programs. Toros Tarım applied for support within the context of this program with "Wheat Breeding Project" and its project is approved. The purpose of the project is to breed high quality and efficient wheat types that are resistant to biotic and abiotic stress conditions for different ecological zones of our country. 36 month long support duration has begun on 1 September 2013 and will continue until 31 August 2016. In parallel with the budget given to Tübitak; personnel expenses, fixed asset and material acquisitions, service and labor costs are also in the scope of the support. Support fees will be paid in cash after the assessment of financial and technical reports presented to Tübitak semi-annually.

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

18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

Short term other provisons	31 December 2014	31 December 2013
Provision for litigation	23.152	8.112
Other provisions	4.310	22.580
	27.462	30.692

Long term other provisons	31 December 2014	31 December 2013
Other provisions	65	70
	65	70

	Provision for litigation	Other liability provisions	Total Other Provisions
Opening balance as of 1 January 2014	8.112	22.650	30.762
Currency translation effect	626	739	1.365
Charge for the period	19.304	3.713	23.017
Provision paid	(382)	(136)	(518)
Provision released	(4.508)	(22.591)	(27.099)
Closing balance as of 31 December 2014	23.152	4.375	27.527
Opening balance as of 1 January 2013	8.248	877	9.125
Currency translation effect	(30)	2.431	2.401
Charge for the period	1.690	19.912	21.602
Provision paid	(921)	(532)	(1.453)
Provision released	(875)	(38)	(913)
Closing balance as of 31 December 2013	8.112	22.650	30.762

b) Contingent Assets and Liabilities

Contractual Obligations:

Defects Liabilities

Based on the agreements signed with customers, the Group's subsidiary 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.

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

b) Contingent Assets and Liabilities (cont'd)

Tax Inspections

During the period, developments have been occurred in the process of the lawsuit attributable to tax inspection of Saudi Arabia Branch explained in the notes of the audited consolidated financial statements as of 31 December 2013. The Department of Zakat and Income Tax of Saudi Arabia ("DZIT") has issued its final tax assessment and based on this assessment, Tekfen İnşaat Saudi Arabia Branch has an additional tax liability amounting to 5.644 (2.434 thousand USD). According to the partial result of the objection on this assessment with the Appeal Committee, tax payment amounting to 2.836 (1.223 thousand USD) has been made during the period and the part of the tax liability amounting to 2.808 (1.211 thousand USD), which has not been resulted yet, is concluded not to be paid.

Litigations:

As of 31 December 2014, lawsuit filed against the Group is totally 119.453 (31 December 2013: 114.085) and the management has decided to accrue 23.152 (31 December 2013: 8.112) of provision for lawsuits that might have high probability of potential outflow from the Group upon the consultation of legal advisors. Based on the legal advice of lawyers, no significant risks is foreseen regarding of lawsuit filed against the Group.

Toros Tarım Samsun Fertilizer Facility

Toros Tarım has acquired all of the public shares of Samsun Gübre Sanayi A.Ş. from the Privatization Administration on 4 July 2005. Following the issuance of the Article 2/B of the Forest Law in April 2012, restraints on some parcels transferred from Samsun Gübre Sanayi A.Ş. have become futile. Accordingly, revised construction plans with different scales and application zoning plans have been prepared by Samsun Metropolitan Municipality (Municipality). Upon the rejection of appeal for each construction plans, Toros Tarım has filed an annulment action against Municipality at Samsun 1stAdministrative Court. Since the effect of Planning Partnership Interest prescribed at the Application Zoning Plan is considered to break the integrity of the facility; Toros Tarım has not been granted the operating license and Municipality Committee has announced enforcement on 5 February 2013 regarding the shutdown of the facility. Aforementioned transaction was not exercised upon interim suspension of the execution by the Administrative Court.

The lawsuits filed at Samsun Administrative Court with the request for cancellation of construction plans prepared by the Municipality are concluded in our favor.

On the other side, new title deeds are received as a result of construction plans prepared ex office and parceling prepared by Ministry of Environment and Urbanization related to the parcels on which the facility is located. The Municipality has filed a lawsuit against the Ministry, related with the cancellation of the zoning plan, the Court has given decision for the suspension of the execution and the cancellation of construction plans prepared by Ministry. The decision is appealed by the defendant Ministry.

Subsequently, Toros Tarım has filed lawsuits against the Municipality with the request for cancellation of the new construction plans prepared by Municipality, and the lawsuits are not concluded.

The application to Municipality for operating license is not accepted on the grounds that the Court has given decision for the suspension of the execution for the lawsuit filed by the Municipality against the Ministry.

On 3 November 2014, the Municipality notified for shutdown of the facility and since it is decided by the Court for the suspension of the execution at the lawsuit filed at Samsun 2nd Administrative Court by Toros Tarım for cancellation of this administrative act, the shutdown is no implemented. The lawsuit related with the cancellation of this administrative act is still going on.

Other provisions

Tax inspection carried out by the Ministry of Finance on Tekfen İnşaat's for the corporation tax calculations for the fiscal years 2010 and 2011 has been completed. According to the report prepared by the tax inspector, a provision is recognized in the amount of 3.610 in other provisions (31 December 2013: None).

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.)

19. COMMITMENTS

Guarantee, pledge and mortgage position of the Group as of 31 December 2014 and 2013 is as follows:

31 December 2014	Equivalent of Thousands TRY	*Thousands of US Dollars*	*Thousands of EUR*	*Other (Equivalent of Thousands*
A. GPM given on behalf of its own legal entity	-	-	-	-
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPM given on behalf of subsidiaries that are included in full consolidation	6.145.036	2.313.655	60.232	610.005
-Guarantee	*6.140.536*	*2.313.655*	*60.232*	*605.505*
-Pledge	-	-	-	-
-Mortgage	4.500	-	-	*4.500*
C. GPM given in order to guarantee third parties' debts for the routine trade operations	27.381	-	-	27.381
-Guarantee	*27.381*	-	-	*27.381*
-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 2014	6.172.417	2.313.655	60.232	637.386

31 December 2013	Equivalent of Thousands TRY	*Thousands of US Dollars*	*Thousands of EUR*	*Other (Equivalent of Thousands TRY)*
A. GPM given on behalf of its own legal entity	-	-	-	-
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPM given on behalf of subsidiaries that are included in full consolidation	1.915.847	589.084	47.760	518.318
-Guarantee	*1.914.347*	*589.084*	*47.760*	*516.818*
-Pledge	-	-	-	-
-Mortgage	*1.500*	-	-	*1.500*
C. GPM given in order to guarantee third parties' debts for the routine trade operations	-	-	-	-
-Guarantee	-	-	-	-
-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 2013	1.915.847	589.084	47.760	518.318

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.)

20. EMPLOYEE BENEFITS

Employee benefit payables

	31 December 2014	31 December 2013
Salary accruals	24.814	26.110
Social security witholding payables	9.312	12.279
	34.126	38.389

Short term provisions attributable to employee benefits	31 December 2014	31 December 2013
Retirement pay provision	17.321	5.734
Unused vacation pay liability provision	15.526	17.933
Premium provision	13.818	12.629
	46.665	36.296

Long term provisions attributable to employee benefits

Retirement pay provision	36.649	45.090

	31 December 2014	31 December 2013
Short term retirement pay provision	17.321	5.734
Long term retirement pay provision	36.649	45.090
	53.970	50.824

Retirement pay provision:

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.

Retirement pay provision for Turkish personnel employed in Turkey:

Group is obliged to pay severance pay to each employee who is retiring (58 years for women and 60 years for men) after over 25 years working life by completing at least one year of service, whose business relationship is terminated, who is called for military service or who is died, according to the Turkish Labor Law.

Group has calculated current year's amount by using the upper limit 3.541,37 TRY which is effective on or after 1 January 2015 (31 December 2013: 3.438,22 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 2014.

There is no legal funding requirement for retirement pay liability.

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). TAS 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 are used in the calculation of the total liability.

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

20. EMPLOYEE BENEFITS (cont'd)

Retirement pay provision (cont'd):

Retirement pay provision for Turkish personnel employed in Turkey (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 2014, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. As of 31 December 2014, the provisions have been calculated by taking the real discount rate as approximately 2,82% (31 December 2013: 4,99%). Approximately proportion of voluntarily terminations requiring no payments are also taken into account.

Retirement pay provision of foreign 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 employees at the construction projects. 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	Unused vacation pay liability provision	Total provisions attributable to employee benefits
Opening balance as of 1 January 2014	50.824	12.629	17.933	81.386
Currency translation effect	1.627	274	793	2.694
Charge for the period	19.946	13.484	10.054	43.484
Interest expense	1.309	-	-	1.309
Provision paid	(23.414)	(12.569)	(11.645)	(47.628)
Provision released	(213)	-	(1.609)	(1.822)
Actuarial gain	3.891	-	-	3.891
Closing balance as of 31 December 2014	53.970	13.818	15.526	83.314
Opening balance as of 1 January 2013	42.581	11.754	13.223	67.558
Currency translation effect	4.357	923	1.981	7.261
Charge for the period	23.380	12.056	13.108	48.544
Interest expense	645	-	-	645
Provision released	(1.620)	-	(982)	(2.602)
Provision paid	(15.579)	(12.104)	(9.397)	(37.080)
Actuarial gain	(2.940)	-	-	(2.940)
Closing balance as of 31 December 2013	50.824	12.629	17.933	81.386

17.960 (2013: 19.742) of current year charge and released provision for retirement pay has been included in cost of revenue, 2.916 (2013: 2.054) has been included in general administrative expenses and 166 (2013: 609) has been included in marketing expenses.

1.822 (2013: 2.774), 11.080 (2013: 8.853) and 582 (2013: 423) of current year premium provision have been included in cost of revenue, in general administrative expenses and in marketing expenses respectively. There is not any premium provision included in research and development expenses (2013: 6).

7.249 (2013: 11.135) of current year charge and released provision for unused vacation pay liability has been included in cost of revenue, 1.013 (2013: 864) has been included in general administrative expenses and 183 (2013: 127) has been included in marketing expenses.

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

21. OTHER CURRENT/NON CURRENT ASSETS AND OTHER SHORT TERM LIABILITIES

Other current assets	31 December 2014	31 December 2013
VAT receivables	174.240	102.951
Witholding tax of ongoing construction contracts	3.084	712
Other current assets	109	1.934
	177.433	105.597

Other non current assets	31 December 2014	31 December 2013
Witholding tax of ongoing construction contracts	51.460	34.820
VAT receivables	1.799	1.797
	53.259	36.617

Other short term liabilities	31 December 2014	31 December 2013
VAT calculated	11.386	822
Other	-	175
	11.386	997

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

22. SHAREHOLDERS' EQUITY

a) Share Capital

After the changes in the shareholders' structure during the period, the structure of the paid in capital as of 31 December 2014 and 2013 is as follows:

Shareholders	(%)	31 December 2014	(%)	31 December 2013
Berker family	19,30%	71.426	19,30%	71.426
Gökyiğit family	19,30%	71.426	19,30%	71.426
Akçağlılar family	10,87%	40.216	19,30%	71.426
Other (*)	4,21%	15.593	4,21%	15.593
Publicly traded (**)	46,31%	171.339	37,89%	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%.
(**) 14.892.694 (4,02%) shares at 1 TRY par value of publicly traded shares are under the control of founding shareholder families as of 31 December 2014 (31 December 2013: 14.892.694 share; 4,02%).

Registered and issued capital comprises 370.000.000 shares at 1 TRY par value (31 December 2013: 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 than 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) Accumulated other comprehensive income or loss that will be not reclassified / reclassified in profit or loss

	31 December 2014	31 December 2013
Accumulated other comprehensive income or loss that will not be reclassified in profit or loss		
-Gain on revaluation of defined retirement benefit plans	(658)	2.470
	(658)	2.470
Accumulated other comprehensive income or loss that will be reclassified in profit or loss		
- Currency translation reserve	163.474	149.095
- Gain/(loss) on revaluation and reclassification (Note: 6)	50.060	45.179
	213.534	194.274

Gain/(loss) on revaluation and remeasurement:

Gain on revaluation and remeasurement consists of all actuarial gains and losses, which are calculated in accordance with revised TAS 19 and recognized in other comprehensive income.

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

22. SHAREHOLDERS' EQUITY (cont'd)

Currency Translation Reserve:

Group's consolidated reporting currency is TRY. In accordance with TAS 21 (The Effects of Changes in Foreign Exchange Rates), balance sheet items of the companies, whose functional currencies are differed from TRY, are translated into TRY with the 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 in the presentation of Group's consolidated financial statements. Gain or loss arising from the translation is recognized in the foreign currency translation reserve under equity which is 163.474 (31 December 2013: 149.095).

Gain / (loss) on revaluation and reclassification:

Gain / (loss) on revaluation and reclassification consists of changes in fair value of financial assets available 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 profit or loss.

c) Restricted Profit Reserves

	31 December 2014	31 December 2013
Restricted profit reserves	140.185	120.830

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.

Profit Distribution:

Listed companies distribute profit in accordance with the Communiqué No. II-19.1 issued by CMB which is effective from 1 February 2014.

Companies distribute profit in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute profit in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable installments and advance dividend can be paid in accordance with profit on interim financial statement of the Company.

In accordance with TCC, unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

As of 5 March 2015, Board of Directors offered to pay shareholders 0,10 TRY (2013: None) gross dividends per share. 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 gross dividend amount is 40.000 (2013: None), on the other side projected gross dividend amount to be paid to holders of the redeemed share is 1.048 (2013: None).

Resources That Can Be Subject To Profit Distribution:

The other resources that may apply to profit distribution is 1.206.696 (31 December 2013: 1.097.822) for Tekfen Holding A.Ş., 731.790 portion of this amount belongs to shares issued and 474.906 portion of this amount belongs to bonus shares issued (31 December 2013: shares issued 622.916, bonus shares issued 474.906).

d) 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 is 380.618. After 12.859 expenses directly related to the public offering deducted, 300.984 is accounted as premium in capital stock in shareholder's equity.

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

23. REVENUE AND COST OF REVENUE

a) Revenue

	1 January- 31 December 2014	1 January 31 December 2013
Domestic goods and merchandise sales	1.623.119	1.450.828
Export goods and merchandise sales	33.572	9.843
Contract revenue – domestic	557.543	595.217
Contract revenue – abroad	2.191.110	1.689.487
Joint operations – domestic	17.712	29.894
Joint operations – abroad	1.428	12.085
Textile products revenue	14.564	15.869
Other	53.806	50.879
Sales returns (-)	(10.818)	(7.373)
Sales discounts (-)	(7.281)	(693)
	4.474.755	3.846.036

b) Cost of Revenue

	1 January- 31 December 2014	1 January- 31 December 2013
Cost of raw materials used	(1.658.370)	(1.934.719)
Subcontractor expenses	(1.103.723)	(501.025)
Employee benefits expenses	(522.560)	(493.345)
Machinery, vehicle and other rent expenses	(128.463)	(146.799)
Construction site expenses	(121.425)	(116.089)
Transportation expenses	(91.493)	(69.855)
Depreciation expenses (Note: 13, 14, 15)	(82.779)	(76.695)
Consultancy expense	(54.710)	(62.859)
Energy and fuel expenses	(53.893)	(52.773)
Maintenance expenses	(33.940)	(29.005)
Outsourcing expenses	(23.911)	(24.816)
Engineering expenses	(23.254)	(25.346)
Provision for doubtful receivables (Note: 8)	(19.938)	(12.608)
Cost of merchandises sold	(15.968)	(20.463)
Insurance expenses	(10.739)	(14.082)
Custom expenses	(7.854)	(12.488)
Consumable and other material expenses	(2.385)	(4.185)
Allowance for impairment on inventory (Note: 10)	(971)	(48)
Other	(65.955)	(121.604)
	(4.022.331)	(3.718.804)

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

24. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	1 January-31 December 2014	1 January-31 December 2013
General administrative expenses (-)	(124.021)	(113.132)
Marketing expenses (-)	(131.825)	(120.365)
Research and development expenses (-)	-	(253)
	(255.846)	(233.750)

a) Details of General Administrative Expenses	1 January-31 December 2014	1 January-31 December 2013
Payroll expenses and fringe benefits	(77.932)	(69.453)
Consultancy expenses	(11.122)	(12.092)
Office and administration expenses	(10.760)	(9.789)
Depreciation and amortization expenses (Note: 13, 14, 15)	(5.861)	(4.561)
Bank and notary expenses	(2.133)	(1.374)
Duties, charges and other tax expenses	(1.897)	(2.388)
Provision for doubtful receivables (Note: 8)	(1.690)	(1.146)
Traveling expenses	(1.152)	(1.064)
Rent expenses	(1.016)	(753)
Maintenance expenses	(475)	(504)
Energy and fuel expenses	(324)	(334)
Reversal of doubtful receivable provision (Note: 8)	362	101
Other expenses	(10.021)	(9.775)
	(124.021)	(113.132)

b) Details of Marketing Expenses		
Transportation expenses	(96.606)	(90.975)
Payroll expenses and fringe benefits	(8.756)	(10.444)
Real Estate group advertisement and marketing expenses	(3.475)	-
Office and administration expenses	(2.599)	(490)
Maintenance expenses	(1.885)	(714)
Duties, charges and other tax expenses	(1.693)	(1.260)
Depreciation and amortization expenses (Note: 14)	(1.357)	(1.234)
Rent expenses	(1.168)	(1.350)
Energy and fuel expenses	(972)	(1.083)
Traveling expenses	(689)	(750)
Other expenses	(12.625)	(12.065)
	(131.825)	(120.365)

c) Details of Research and Development Expenses		
Depreciation and amortization expenses (Note: 14)	-	(10)
Payroll expenses and fringe benefits	-	(85)
Maintenance expenses	-	(16)
Energy and fuel expenses	-	(21)
Other expenses	-	(121)
	-	(253)

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

25. QUALITATIVE EXPENSES

	1 January - 31 December 2014	1 January - 31 December 2013
Transportation expenses	(96.606)	(90.975)
Payroll expenses and fringe benefits	(86.688)	(79.982)
Office and administration expenses	(13.359)	(10.279)
Consultancy expense	(11.122)	(12.092)
Depreciation and amortization expenses (Note: 13, 14, 15)	(7.218)	(5.805)
Duties, charges and other tax expenses	(3.590)	(3.648)
Real Estate group advertisement and marketing expenses	(3.475)	-
Maintenance expenses	(2.360)	(1.234)
Rent expenses	(2.184)	(2.103)
Bank and notary expenses	(2.133)	(1.374)
Traveling expenses	(1.841)	(1.814)
Provision for doubtful receivables (Note: 8)	(1.690)	(1.146)
Energy and fuel expenses	(1.296)	(1.438)
Reversal of doubtful receivable provision (Note: 8)	362	101
Other expenses	(22.646)	(21.961)
	(255.846)	(233.750)

26. OTHER OPERATING INCOME AND EXPENSES

Other operating income	1 January - 31 December 2014	1 January - 31 December 2013
Foreign exchange gains	131.566	78.688
Due date difference income	13.954	9.868
Rent income	3.180	2.850
Discount income	2.628	6.290
Scrap sale income	1.881	771
Refundment income of social benefit	1.372	1.308
Government grants and incentives income (Note: 17)	1.079	760
Indemnity income	932	5.860
Reversal of litigation provision (Note: 18)	573	875
Reversal of other unnecessary provisions	252	-
Project management income	87	732
Other income	3.776	6.051
	161.280	114.053

Other operating expenses (-)		
Loss arising from the derecognition of net assets in Libya (Note: 35)	(189.740)	-
Foreign exchange losses	(149.569)	(132.231)
Additional tax expense	(13.563)	(573)
Due date difference expense	(6.590)	(4.890)
Litigation provision (Note: 18)	(4.638)	(1.690)
Discount expenses	(4.004)	(1.282)
Penalty and damages expenses	(1.536)	(157)
Rent expense	(1.414)	(142)
Grants and contributions	(658)	(17.619)
Damages subject to litigation	(29)	-
Other expenses	(2.729)	(6.203)
	(374.470)	(164.787)

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

27. INVESTMENT INCOME AND EXPENSES

Investment income	1 January - 31 December 2014	1 January - 31 December 2013
Dividend income	6.664	6.590
Gain on sale of fixed asset	5.474	4.058
Difference between capital in kind and fair value	-	49.083
Other	11	8
	12.149	59.739

Investment expense (-)		
Loss on sale of fixed assets	(260)	(4.175)
Impairment of fixed assets (Note: 14, 15)	-	(9.688)
Loss on sale of associate	-	(42)
Other	-	(23)
	(260)	(13.928)

28. FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income	1 January - 31 December 2014	1 January - 31 December 2013
Foreign exchange gains	98.052	76.980
Interest income	84.420	67.112
Other	30	17
	182.502	144.109

Financial expenses (-)		
Foreign exchange losses	(92.029)	(58.819)
Interest expenses	(39.905)	(29.134)
Other finance expense	(5.329)	(5.211)
Less: Financial expenses included in costs of property, plant and equipment and inventories	14.052	21.642
	(123.211)	(71.522)

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

29. ASSETS CLASSIFIED AS HELD FOR SALE

Assets classified as held for sale consist of Group's assets which are being actively marketed at a price that is reasonable.

	31 December 2014	31 December 2013
Assets classified as held for sale	19.485	13.312
	19.485	13.312

The movement of assets classified as held for sale is as follows:

	1 January - 31 December 2014	1 January - 31 December 2013
Net book value as at 1 January	13.312	10.944
Currency translation effect	19	2.368
Transfer of subsidiary	6.154	-
Net book value as at 31 December	19.485	13.312

On 11 August 2014, the Group signed a sales contract indicating that sales and transfer of shares will occur only if parties' specified conditions are fulfilled in order to sell all shares of its subsidiary, Papfen which is consolidated with the full consolidation method and whose amount of total net assets as of the balance sheet date is 6.154. Net assets of Papfen has been classified to the account of "Assets classified as held for sale" in the current period and the final sales contract has not been signed yet, because the obligations of the parties have not been completed as of the report date.

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

Assets related to current tax	31 December 2014	31 December 2013
Prepaid corporate tax	52.872	44.299
	52.872	44.299

Current tax liability	31 December 2014	31 December 2013
Corporate tax provision	45.733	48.327
Less: Prepaid taxes and funds	(52.872)	(44.299)
	(7.139)	4.028

Tax expense comprises as follows:	1 January - 31 December 2014	1 January - 31 December 2013
Current tax provision	48.799	57.995
Deferred tax (income) / expense	(10.319)	1.416
Currency translation effect	(642)	(878)
	37.838	58.533

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

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 2014 is 20% (2013: 20%).

In Turkey, advance tax returns are calculated, accrued and paid on a quarterly basis. The advance corporate income tax rate in 2014 is 20% (2013: 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.

The Group is able to use its losses carried forward occurred in 2013 until 2018.

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.

75% of sale proceeds from subsidiary and fixed asset acquisitions are exempt from corporate tax with the condition that these assets are held more than two years and the proceeds are included in equity for five years. There are not any restrictions for these proceeds to be added to capital.

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.)

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

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%
Kazakhstan	20%	15% - 20%
Uzbekistan	8%	10% - 20%
Germany	15% - 33%	0% - 25%
Saudi Arabia	20%	5% - 15%
Luxembourg	29%	0% - 15%
Ireland	12,5% - 25%	0% - 20%
United Kingdom	21%	0% - 20%
Morocco	30%	10%
Oman	12%	0% - 10%
United Arab Emirates	0%	0%
Qatar	10%	0% - 7%
Turkmenistan	0% - 20%	15%

Exemption 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 exempted 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.

COP Petroleum Platform project in Azerbaijan, whose contract is undersigned by Tekfen İnşaat on 15 January 2010, benefits from tax incentive.

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 operations. These contracts are as follows:

- Ankara - Pozantı Highway (Çiftehan - Pozantı Section) Project - extended till 31 December 2015.
- 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.

Investment Incentive Tax Exemption:

Concerning the investment undertaken relating to Samsun Facility, Toros Tarım has obtained Investment Incentive Certificate as of 3 April 2013 in the scheme of "Large Scale Investment" from Republic of Turkey Ministry of Economy. The features of this incentive are employer's share of social security premium support, VAT exemption, and customs duty exemption and this incentive provides a tax exemption of 60% in the taxation of the income arising from the investment within the framework of 35% investment contribution ratio. Additionally, Toros Tarım has obtained 5th Region Investment Incentive Certificate (investments priority subject) as of 7 July 2014 from Ministry of Economy. The features of this incentive are employer's share of social security premium support, VAT exemption, and customs duty exemption and this incentive provides a tax exemption of 80% in the taxation of the income arising from the investment within the framework of 40% investment contribution ratio. In the scope of incentive, deferred tax asset has been created arising from timing differences in the amount of 12.765 on the basis of two years over Toros Tarım's profit projections. (2013: 8.605).

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

30. 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 TAS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS 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 2014	31 December 2013
Restatement and depreciation / amortization differences of tangible and intangible assets	22.928	48.817
Provision for retirement benefits and vacation liability	(38.733)	(32.848)
Investment incentive undertaken	(63.824)	(43.023)
Impairment provision for inventory	(309)	(37)
Contract costs and progress billings (net)	186.902	156.781
Undistributed profits of joint operations	32.286	31.736
Provision for doubtful receivables	(15.072)	(16.115)
Effect of income accruals	682	4.568
Tax losses carried forward	(5.140)	(9.958)
Provision for litigation	(6.614)	(7.375)
Available for sale investments	52.642	47.486
Provision for premium payments	(6.029)	(4.489)
Other	(8.608)	7.732
Deferred tax liabilities / (assets)	151.111	183.275

Components of deferred tax (assets)/liabilities:	31 December 2014	31 December 2013
Restatement and depreciation / amortization differences of tangible and intangible assets	(883)	3.561
Provision for retirement benefits and vacation liability	(7.748)	(6.568)
Investment incentive undertaken	(12.765)	(8.605)
Impairment provision for inventory	(61)	(7)
Contract costs and progress billings (net)	37.378	31.357
Undistributed profits of joint operations	6.460	6.349
Provision for doubtful receivables	(3.015)	(3.219)
Effect of income accruals	136	912
Tax losses carried forward	(1.029)	(1.991)
Provision for litigation	(1.323)	(1.475)
Available for sale investments	2.632	2.374
Provision for premium payments	(1.204)	(898)
Other	(1.716)	1.505
Deferred tax liabilities / (assets)	16.862	23.295
Deferred tax assets	(47.076)	(38.359)
Deferred tax liabilities	63.938	61.654
	16.862	23.295

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

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

Deferred Tax (cont'd):

Movement of deferred tax assets and liabilities for the year ended 31 December 2014 is as follows:

Movement of deferred tax liabilities / (assets)	2014	2013
Opening balance as at 1 January	23.295	15.730
Deferred tax (income)/expense	(10.319)	1.416
Effect of available for sale investments in comprehensive income	258	(1.531)
Effect of actuarial gain / (loss) in comprehensive income	(779)	587
Currency translation effect	4.407	7.093
Closing balance as at 31 December	16.862	23.295

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

Reconciliation of taxation:	1 January-31 December 2014	1 January-31 December 2013
Profit before tax	95.695	(5.149)
Expected taxation (*)	89.223	101.792
Reconciliation of expected tax to actual tax:		
- Undeductable expenses	1.338	5.639
- Dividend and other non taxable income	(21.163)	(65.774)
- Carryforward tax losses deducted in current year	(1)	(5)
- Effects of unrealizable tax (losses) / income (net)	12.750	30.400
- Investment incentive undertaken	(31.086)	(9.776)
- Effects of joint ventures	(415)	508
- Tax commitments fall out as a result the sale	-	911
- Effect of change in tax rates and consolidation adjustments	(14.076)	(6.236)
- Other	1.268	1.074
Income tax expense recognized in statement of income	37.838	58.533

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

31. EARNINGS PER SHARE

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

As of 31 December 2014 and 2013, the Group's weighted average number of shares and computation of earnings per share (which corresponds to per share amounting to 1 TRY) set out here are as follows:

	1 January-31 December 2014	1 January-31 December 2013
Average number of ordinary shares outstanding during the period (in full)	370.000.000	370.000.000
Net (loss) / profit for the period attributable to owners of the Parent (thousands TRY)	55.909	(64.261)
Earnings per share from operations (TRY)	0,151	(0,174)

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

32. 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.

	31 December 2014		31 December 2013	
	Due from	Due to	Due from	Due to
Balances with related parties	Short term	Short term	Short term	Short term
Tekzen	1.633	211	1.810	199
Azfen	10.920	-	3.149	-
H-T Fidecilik	78	-	8	2
Florya Gayrimenkul	588	-	-	21
Other	245	169	7	16
Shareholders and upper management	145	96	139	125
Joint operations	4.210	64	3.968	81
	17.819	540	9.081	444

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

32. RELATED PARTY TRANSACTIONS (cont'd)

	1 January - 31 December 2014						
Transactions with related parties	Sales	Interest income	Interest expense	Dividend income	Rent income	Other income	Other costs and expenses
Black Sea	6.178	-	-	-	-	134	3
Azfen	11.593	-	-	16.357	-	-	-
H-T Fidecilik	12	-	-	-	-	259	-
Florya Gayrimenkul	1.117	-	-	-	-	-	-
Akmerkez Lokantacılık	-	-	-	683	-	-	-
Tekzen	3.742	-	-	-	-	-	339
Üçgen Bakım	128	-	-	70	-	2	71
Akmerkez Gayrimenkul	4	-	-	5.226	-	-	429
Tekfen Vakfı	-	-	-	-	1	-	-
Other	-	-	-	685	1	-	-
Shareholders and upper management	214	-	-	-	-	-	-
Joint operations	214	1.764	-	-	-	-	-
	23.202	1.764	-	23.021	2	395	842

	1 January - 31 December 2013						
Transactions with related parties	Sales	Interest income	Interest expense	Dividend income	Rent income	Other income	Other costs and expenses
Black Sea	15.685	-	-	-	-	837	180
Azfen	3.342	-	-	8.907	-	-	-
H-T Fidecilik	-	-	-	-	-	40	1
Florya Gayrimenkul	2.475	-	-	-	-	-	-
Akmerkez Lokantacılık	-	-	-	1.183	-	-	1
Tekzen	4.026	-	-	-	-	-	452
Üçgen Bakım	98	-	-	77	-	-	43
Akmerkez Gayrimenkul	-	-	-	4.894	-	-	336
Tekfen Vakfı	-	-	-	-	1	-	-
Other	48	-	-	436	-	-	-
Shareholders and upper management	218	-	-	-	-	-	-
Joint operations	577	2.186	1	-	-	-	-
	26.469	2.186	1	15.497	1	877	1.013

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

32. 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 2014	31 December 2013
Salaries and other short term benefits	3.933	7.333
	3.933	7.333

33. 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 items comprising paid in capital, premiums in capital stock, restricted profit reserves and retained earnings**.**

Within the framework of risk management activities, Group defines the undertaken risks, estimates the loss amounts caused by these risks and defines the capital base amount related to these loss amounts. Thus, Group aims to minimize its capital risk.

After the capital base is defined, the steadily management of funding structure is aimed by obtaining new debts, repayment of existing debts, and dividend payments.

Net cash position as of 31 December 2014 and 2013 are as follows:

	31 December 2014	31 December 2013
Total Financial Debts	(1.087.933)	(910.927)
Less: Cash and cash equivalents	1.047.449	1.055.153
Less: Time deposits with maturity of longer than three months	41.411	49.119
Net Cash Position	927	193.345

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 does not obtain any kind of financial instruments, including those of which derivative financial instruments for speculative purposes and is not associated with the trading of these financial instruments.

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

33. 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 2014	Related Party	Third Party	Related Party	Third Party	Bank Deposit (***)
Minimum credit risk exposure at balance sheet date (*)	17.819	774.774	-	6.019	1.034.159
- Secured portion of minimum credit risk via guarantee or etc. (**)	-	77.334	-	-	-
A. Net book value of not due or not impaired financial assets	17.701	745.388	-	6.019	1.034.159
B. Net book value of assets that are due but not impaired	118	17.891	-	-	-
- Secured portion via guarantee or etc.	-	-	-	-	-
C. Net book value of impaired assets	-	11.495	-	-	-
- Over due (gross book value)	-	67.787	-	1.684	-
- Impairment (-)	-	(56.292)	-	(1.684)	-
- Secured net value via guarantee or etc.	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured net value via guarantee or etc.	-	-	-	-	-
31 December 2013					
Minimum credit risk exposure at balance sheet date (*)	9.081	864.833	-	9.732	1.067.602
- Secured portion of minimum credit risk via guarantee or etc. (**)	-	112.645	-	-	-
A. Net book value of not due or not impaired financial assets	8.955	834.169	-	9.718	1.067.602
B. Net book value of assets that are due but not impaired	126	24.865	-	14	-
- Secured portion via guarantee or etc.	-	-	-	-	-
C. Net book value of impaired assets	-	5.799	-	-	-
- Over due (gross book value)	-	38.474	-	1.596	-
- Impairment (-)	-	(32.675)	-	(1.596)	-
- 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.
(***) Bank deposits include the times deposits classified under financial investments and other receivables.

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

33. 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 board of directors of the Group companies 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 receivables.

31 December 2014	Trade Receivables	Other Receivables	Total
Not due receivables	763.089	6.019	769.108
Overdue by 1-30 days	1.524	-	1.524
Overdue by 1-3 months	7.180	-	7.180
Overdue by 3-12 months	1.718	-	1.718
Overdue 1-5 years	66.472	-	66.472
Overdue by more than 5 years	8.902	1.684	10.586
Total receivables	848.885	7.703	856.588
Total overdue receivables	85.796	1.684	87.480
Secured portion via guarantee or etc.	-	-	-
Total provision provided	(56.292)	(1.684)	(57.976)
Total provision provided for overdue receivables	-	-	-
Secured portion of all impaired receivables via guarantee or etc.	-	-	-

31 December 2013	Trade Receivables	Other Receivables	Total
Not due receivables	843.124	9.718	852.842
Overdue by 1-30 days	3.218	-	3.218
Overdue by 1-3 months	9.055	-	9.055
Overdue by 3-12 months	16.238	-	16.238
Overdue 1-5 years	29.911	-	29.911
Overdue by more than 5 years	5.043	1.610	6.653
Total receivables	906.589	11.328	917.917
Total overdue receivables	63.465	1.610	65.075
Secured portion via guarantee or etc.	-	-	-
Total provision provided	(32.675)	(1.596)	(34.271)
Total provision provided for overdue receivables	-	-	-
Secured portion of all impaired receivables via guarantee or etc.	-	-	-

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

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

b) Financial Risk Factors (cont'd)

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

As at the balance sheet date, there are no collaterals held for the past due trade receivables which are impaired or not 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 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 2014

Due date on agreement	Carrying Value	Cash outflows according to agreements (I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
Financial liabilities						
Bank loans	1.061.557	1.094.056	215.004	477.503	349.035	52.514
Finance lease obligations	26.376	27.445	6.116	15.331	5.998	-
Trade payables (due to related parties included)	1.185.235	1.188.754	737.355	372.093	79.306	-
Employee benefit payables	34.126	34.126	34.126	-	-	-
Other payables (due to related parties included)	39.486	39.486	14.221	1.052	24.213	-
Total liabilities	2.346.780	2.383.867	1.006.822	865.979	458.552	52.514

31 December 2013

Due date on agreement	Carrying Value	Cash outflows according to agreements (I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
Financial liabilities						
Bank loans	831.753	846.710	127.261	433.463	255.180	30.806
Finance lease obligations	79.174	83.026	15.181	45.074	22.771	-
Trade payables (due to related parties included)	1.169.261	1.172.628	664.953	484.000	23.675	-
Employee benefit payables	38.389	38.389	38.389	-	-	-
Other payables	37.140	37.140	15.078	1.400	20.662	-
Total liabilities	2.155.717	2.177.893	860.862	963.937	322.288	30.806

33. 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.)

33. 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 2014	Equivalant of Thousands of TRY	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalant of Thousands of TRY)
1. Trade Receivables	52.423	16.778	3.081	-	4.826
2. Monetary Financial Assets	347.276	146.684	1.512	2	2.858
3. Other	81.990	33.850	1.059	-	508
4. CURRENT ASSETS	481.689	197.312	5.652	2	8.192
5. Trade Receivables	12.916	5.570	-	-	-
6. Monetary Financial Assets	342	-	17	-	294
7. Other	12.524	-	4.440	-	-
8. NON CURRENT ASSETS	25.782	5.570	4.457	-	294
9. TOTAL ASSETS	507.471	202.882	10.109	2	8.486
10. Trade Payables	568.729	204.154	16.904	20	47.563
11. Financial Liabilities	35.000	8.250	3.723	-	5.368
12. Monetary Other Liabilities	60.198	457	7.108	-	39.089
12b. Non Monetary Other Liabilities	823	322	27	-	-
13. CURRENT LIABILITIES	664.750	213.183	27.762	20	92.020
14. Trade Payables	13.762	-	1.218	-	10.326
15. Financial Liabilities	262.863	845	92.496	-	-
16. Monetary Other Liabilities	11.308	732	-	-	9.611
17. NON CURRENT LIABILITIES	287.933	1.577	93.714	-	19.937
18. TOTAL LIABILITIES	952.683	214.760	121.476	20	111.957
19. Net foreign currency assets/(liabilities) position	(445.212)	(11.878)	(111.367)	(18)	(103.471)
20. Monetary items net foreign currency assets/(liabilities) position (1+2+5+6-10-11-12-14-15-16)	(538.903)	(45.406)	(116.839)	(18)	(103.979)

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

33. 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 2013	Equivalant of Thousands of TRY	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalant of Thousands of TRY)
1. Trade Receivables	130.707	43.778	10.353	-	6.870
2. Monetary Financial Assets	374.626	171.720	1.476	6	3.769
3. Other	90.020	25.533	11.216	31	2.480
4. CURRENT ASSETS	595.353	241.031	23.045	37	13.119
5. Trade Receivables	41.194	1.912	12.242	-	1.165
6. Monetary Financial Assets	4.215	-	-	-	4.215
7. Other	75.505	19.607	11.462	-	-
8. NON CURRENT ASSETS	120.914	21.519	23.704	-	5.380
9. TOTAL ASSETS	716.267	262.550	46.749	37	18.499
10. Trade Payables	632.858	197.885	38.225	101	97.910
11. Financial Liabilities	185.510	41.125	5.908	-	80.388
12. Monetary Other Liabilities	132.074	22.256	7.054	-	63.859
12b. Non Monetary Other Liabilities	9	4	-	-	-
13. CURRENT LIABILITIES	950.451	261.270	51.187	101	242.157
14. Trade Payables	8.632	-	192	-	8.068
15. Financial Liabilities	117.027	2.096	38.329	-	-
16. Monetary Other Liabilities	12.999	464	-	-	12.009
17. NON CURRENT LIABILITIES	138.658	2.560	38.521	-	20.077
18. TOTAL LIABILITIES	1.089.109	263.830	89.708	101	262.234
19. Net foreign currency assets/(liabilities) position	(372.842)	(1.280)	(42.959)	(64)	(243.735)
20. Monetary items net foreign currency assets/(liabilities) position (1+2+5+6-10-11-12-14-15-16)	(538.358)	(46.416)	(65.637)	(95)	(246.215)

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

33. 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 2014	
	Profit / Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars 5% changed vs TRY	
US Dollars net assets / liabilities	(1.377)	1.377
	If Euro 5% changed vs TRY	
Euro net assets / liabilities	(15.707)	15.707
	If Other foreign currencies 5% changed vs TRY	
Other foreign currency net assets / liabilities	(5.177)	5.177
TOTAL	(22.261)	22.261

	31 December 2013	
	Profit / Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars 5% changed vs TRY	
US Dollars net assets / liabilities	(137)	137
	If Euro 5% changed vs TRY	
Euro net assets / liabilities	(6.307)	6.307
	If Other foreign currencies 5% changed vs TRY	
Other foreign currency net assets / liabilities	(12.198)	12.198
TOTAL	(18.642)	18.642

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

33. 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 2014	31 December 2013
Financial liabilities - Fixed Interest Rate Instruments	827.775	807.738
Financial liabilities - Floating Interest Rate Instruments	260.158	103.189

At 31 December 2014 if the interest rates had been 50 basis points higher/lower and all other variables held constant, profit before tax and non-controlling interest would decrease/increase by 1.301 (31 December 2013: 516).

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 2014, unless available for sale financial investments are disposed of and if are not subject to any impairment, they will have no effect over net profit/loss.
- There will be an increase/decrease of 6.369 (31 December 2013: 5.873 increase/decrease) in gain on revaluation and reclassification. This is mainly caused as a result of changes in fair values of available for financial investments.

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

34. FINANCIAL INSTRUMENTS

31 December 2014	Loans and receivables (including cash and cash equivalents)	Available for sale financial investments	Financial liabilities at amortized cost	Carrying value (*)	Note
Financial assets					
Cash and cash equivalents	1.047.449	-	-	1.047.449	5
Trade receivables (due from related parties included)	792.593	-	-	792.593	8, 33
Financial investments	41.411	68.745	-	110.156	6
Other current and non current assets	6.019	-	-	6.019	9, 33
Financial liabilities					
Financial debts	-	-	1.087.933	1.087.933	7, 33
Trade payables (due to related parties included)	-	-	1.185.235	1.185.235	8, 33
Employee benefit payables	-	-	34.126	34.126	20
Other short and long term liabilities (due to related parties included)	-	-	39.486	39.486	9, 33
31 December 2013					
Financial assets					
Cash and cash equivalents	1.055.153	-	-	1.055.153	5
Trade receivables (due from related parties included)	873.914	-	-	873.914	8, 33
Financial investments	49.119	63.593	-	112.712	6
Other current and non current assets	9.732	-	-	9.732	9, 33
Financial liabilities					
Financial debts	-	-	910.927	910.927	7, 33
Trade payables (due to related parties included)	-	-	1.169.261	1.169.261	8, 33
Employee benefit payables	-	-	38.389	38.389	20
Other short and long term liabilities	-	-	37.140	37.140	9, 33

(*) 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.)

34. 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 are as follows:

		Fair value level as of reporting date		
Financial investments	31 December 2014	Level 1	Level 2	Level 3
Available for sale financial investments	67.049	67.049	-	-
Total	67.049	67.049	-	-

		Fair value level as of reporting date		
Financial investments	31 December 2013	Level 1	Level 2	Level 3
Available for sale financial investments	61.892	61.892	-	-
Total	61.892	61.892	-	-

35. OTHER MATTERS MATERIALLY AFFECTING FINANCIAL STATEMENTS

a) Developments in Libya

Tekfen-TML J.V., a joint operation of which 67% is owned by the Group, had to suspend its operations and evacuate its sites in Libya from 2011 February for an uncertain period of time due to the civil unrest in the country.

Certain attempts were made to reach an agreement with the Authority regarding Group's operations in Libya hence 2011; however, as a result of failure in implementing the prerequisites of the agreement coupled with the adverse political issues that came up in Libya in the last period, the Group management resolved to proceed with an International Arbitration claim for recovery of all project-related rights, receivables and assets as of 30 January 2015.

Further to these developments, the assets amounting to 247.167 (106.588 thousand USD) and the liabilities amounting to 55.310 (23.852 thousand USD) carried in the consolidated financial statements are assessed, and net asset amounting to 189.740 (USD 81.823 thousand), which is considered to have any chance of utilization, is accounted for as "Other operating expenses" in the accompanying consolidated financial statements as of 31 December 2014.

Letters of guarantees given related to such projects to various institutions amount to 36.735 (15.841 thousand USD). In accordance with the Council of Ministers' decree no: 2011/2001 issued on 21 June 2011 and until a new resolution replaces resolutions no: 1970 and 1973 of the United Nations Security Council and their requirements, resolution no: 1973 requires disregarding compensation claims of guarantees given to the contractor, hence the expired letter of guarantees do not bear any risk exposure for the Group.

b) Toros Tarım Capital Expenditure

With Toros Tarım's Board of Directors' resolution dated 20 June 2012, it is decided that an investment amounting to 537.985 (232 million USD) will be made and 40% of this amount will be met by shareholders' equity. With Toros Tarım's Board of Directors' resolution dated 7 January 2013, the amount of the investment is increased by 157.685 (68 million USD) and the total amount of the investment is 695.670 (300 million USD). As of the balance sheet date, ongoing investments are worth around 473 Million TRY after the consolidation adjustments, besides advance payments made for these investments amounting to 6.725 is classified under long term prepaid expenses. ECA (SACE) bank loan is obtained from Unicredit Bank Austria AG for related investments in August 2013. The amount used until the balance sheet date is 155.708 (55.202 thousand EUR). A bank loan from Deutsche Bank amounting to 103.381 (36.651 thousand EUR) is obtained up to the date of 31 December 2014 for the investments. In the subsequent period, the use of new loans has been realized from Deutsche Bank amounting to 2.767 (981 thousand EUR) and from Unicredit Bank Austria AG amounting to 1.165 (413 thousand EUR).

c) Other

Tekfen İnşaat, secured 1.307.860 (564 million USD) deal as the part of Trans Anatolian Natural Gas Pipeline (TANAP) Project that involves building 3rd part of 56 inches pipeline, which is 509 km long. The duration of the project is 36 months.

36. SUBSEQUENT EVENTS

As of 5 March 2015, there is a positive change of 7.638 in the fair value of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş., the Company's associate, whose shares are publicly traded.