

**TEKFEN HOLDİNG ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTH
INTERIM PERIOD
ENDED 30 SEPTEMBER 2012

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

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2012

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

ASSETS	Notes	Unaudited	Audited
		30 September 2012	31 December 2011
Current Assets		2.608.552	2.538.876
Cash and cash equivalents	7	694.876	786.323
Trade receivables	8	638.481	543.642
Other receivables		10.186	12.878
Inventories	9	433.981	496.871
Receivables from ongoing construction contracts	10	618.980	581.810
Other current assets	11	197.698	101.539
		<u>2.594.202</u>	<u>2.523.063</u>
Assets classified as held for sale		14.350	15.813
Non Current Assets		1.349.095	1.208.854
Trade receivables	8	155.266	103.815
Other receivables		6.054	4.264
Financial investments		78.190	70.376
Investments valued by equity method	4, 12	223.316	209.527
Investment property	13	92.642	95.068
Property, plant and equipment	13	740.032	689.962
Intangible assets	13	2.583	1.945
Deferred tax assets		23.953	20.832
Other non current assets	11	27.059	13.065
TOTAL ASSETS		<u>3.957.647</u>	<u>3.747.730</u>

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

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2012

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

LIABILITIES	Notes	Unaudited	Audited
		30 September 2012	31 December 2011
Current Liabilities		1.821.109	1.695.794
Financial debts	14	374.430	325.048
Trade payables	8	845.795	806.757
Other payables		58.361	49.423
Current tax liability		4.198	16.912
Ongoing construction progress payments	10	201.351	196.957
Provisions	15	8.783	8.991
Employee benefits	17	46.102	41.849
Other short term liabilities		282.089	249.857
Non Current Liabilities		141.058	164.330
Financial debts	14	55.892	84.844
Trade payables	8	3.732	3.075
Other payables		5.458	1.062
Employee benefits	17	39.943	39.827
Deferred tax liabilities		36.033	35.522
EQUITY	5	1.995.480	1.887.606
Equity Attributable To Owners Of The Company		1.966.573	1.856.920
Paid in capital		373.475	373.475
Premiums in capital stock		300.984	300.984
Revaluation growth funds		61.252	51.560
Currency translation reserve		91.935	114.768
Restricted profit reserves		97.810	72.222
Retained earnings		843.276	701.471
Net profit for the period		197.841	242.440
Non-controlling Interests		28.907	30.686
TOTAL EQUITY AND LIABILITIES		3.957.647	3.747.730

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Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2012

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

		Unaudited 1 January- 30 September 2012	Unaudited 1 July- 30 September 2012	Unaudited 1 January- 30 September 2011	Unaudited 1 July- 30 September 2011
	Notes				
Revenue		3.009.055	982.137	2.188.276	795.029
Cost of revenue (-)		(2.661.845)	(892.040)	(1.814.768)	(679.444)
GROSS PROFIT		347.210	90.097	373.508	115.585
Marketing, selling and distribution expenses (-)		(83.261)	(24.266)	(76.674)	(22.813)
General administrative expenses (-)		(77.316)	(24.647)	(68.279)	(20.368)
Research and development expenses (-)		(101)	(40)	(198)	(96)
Other operating income		13.667	4.613	13.697	4.285
Other operating expenses (-)		(12.690)	(4.676)	(7.580)	(818)
OPERATING PROFIT		187.509	41.081	234.474	75.775
Share on profit / loss of investments valued using equity method	12	6.873	1.544	2.394	758
Financial income	20	170.276	32.529	160.787	60.178
Financial expense (-)	20	(122.968)	(23.864)	(154.463)	(77.047)
PROFIT BEFORE TAX		241.690	51.290	243.192	59.664
Tax expense		(43.753)	(3.455)	(46.209)	(5.869)
Tax expense for the period		(45.682)	(4.734)	(41.956)	(4.810)
Deferred tax expense		1.620	1.348	(3.454)	(331)
Currency translation reserve		309	(69)	(799)	(728)
NET PROFIT FOR THE PERIOD		197.937	47.835	196.983	53.795
Distribution of Profit For The Period					
Non-controlling interests		96	(789)	(224)	(72)
Owners of the Company		197.841	48.624	197.207	53.867
Earnings Per Share (TL)	19	0,535	0,131	0,533	0,146

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2012

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

	Unaudited 1 January- 30 September 2012	Unaudited 1 July- 30 September 2012	Unaudited 1 January- 30 September 2011	Unaudited 1 July- 30 September 2011
NET PROFIT FOR THE PERIOD	197.937	47.835	196.983	53.795
Other comprehensive income / (expense):				
Change in fair value reserve of financial assets	7.178	(3.529)	(37.148)	(25.379)
Change in currency translation reserve	(24.708)	(6.611)	60.106	51.258
Share on other comprehensive income of investments valued using equity method	2.873	1.209	(2.817)	(337)
Tax (expense) / income based on other comprehensive income	(359)	176	1.857	1.269
OTHER COMPREHENSIVE INCOME / (LOSS) AFTER TAX	(15.016)	(8.755)	21.998	26.811
TOTAL COMPREHENSIVE INCOME	182.921	39.080	218.981	80.606
Distribution of Total Comprehensive Income For The Period				
Non-controlling interests	(1.779)	(1.524)	2.651	2.016
Owners of the Company	184.700	40.604	216.330	78.590

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2012

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

	Other comprehensive income						Retained earnings	Net profit for the period	Equity attributable to owners of the Company	Non controlling interests	Total
	Revaluation growth funds		Property, plant and equipment revaluation fund	Fair value reserve of financial investments	Currency translation reserve	Restricted profit reserves					
	Paid in capital	Premiums in capital stock									
Opening balances as of 1 January 2011	373.475	300.984	975	107.027	44.209	53.390	605.085	178.580	1.663.725	18.954	1.682.679
<i>Other comprehensive income</i>	-	-	-	(38.108)	57.231	-	-	-	19.123	2.875	21.998
<i>Net profit for the period</i>	-	-	-	-	-	-	-	197.207	197.207	(224)	196.983
Total comprehensive income	-	-	-	(38.108)	57.231	-	-	197.207	216.330	2.651	218.981
Transfers to retained earnings	-	-	-	-	-	-	178.580	(178.580)	-	-	-
Transfers to reserves from retained earnings	-	-	-	-	-	18.832	(18.832)	-	-	-	-
Payment of dividends	-	-	-	-	-	-	(56.608)	-	(56.608)	-	(56.608)
Balance as of 30 September 2011	373.475	300.984	975	68.919	101.440	72.222	708.225	197.207	1.823.447	21.605	1.845.052
Opening balances as of 1 January 2012	373.475	300.984	1.008	50.552	114.768	72.222	701.471	242.440	1.856.920	30.686	1.887.606
<i>Other comprehensive income</i>	-	-	-	9.692	(22.833)	-	-	-	(13.141)	(1.875)	(15.016)
<i>Net profit for the period</i>	-	-	-	-	-	-	-	197.841	197.841	96	197.937
Total comprehensive income	-	-	-	9.692	(22.833)	-	-	197.841	184.700	(1.779)	182.921
Transfers to retained earnings	-	-	-	-	-	-	242.440	(242.440)	-	-	-
Transfers to reserves from retained earnings	-	-	-	-	-	25.588	(25.588)	-	-	-	-
Payment of dividends	-	-	-	-	-	-	(75.047)	-	(75.047)	-	(75.047)
Balance as of 30 September 2012	373.475	300.984	1.008	60.244	91.935	97.810	843.276	197.841	1.966.573	28.907	1.995.480

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2012

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

<u>Notes</u>	<u>Unaudited 1 January - 30 September 2012</u>	<u>Unaudited 1 January - 30 September 2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	197.841	197.207
Adjustments to reconcile net profit for the period to cash provided by operating activities:		
Changes in non-controlling interests	96	(224)
Depreciation and amortization	13 69.511	53.508
Impairment provision for tangible assets	13 731	-
Loss / (gain) on sale of tangible asset (net)	13 (1.020)	995
Impairment provision in assets classified as held for sale	641	-
Provision for retirement pay provision and premiums	17 21.555	17.076
Provision for litigation	15 561	342
Doubtful receivable provision	8 707	866
Impairment provision for inventory	9 46	47
Other employee benefits	17 6.711	7.766
Reversal of unnecessary provisions	8, 15 (473)	(995)
Income accruals	(2.843)	110
Expense accruals	(2.674)	45.699
Group's share on net assets of investments in associates accounted by equity method	12 (6.873)	(2.394)
Changes in available for sale investments	(638)	8
Interest income	20 (48.241)	(46.176)
Interest expense	20 18.300	14.867
Dividend income	(4.881)	(967)
Allowance for taxation	43.753	46.209
Translation reserve (net)	(30.277)	91.430
Cash generated by operating activities before movements in working capital	262.533	425.374
Movements in working capital		
Changes in trade and other receivables	(140.368)	(348.704)
Changes in due from related parties	(2.781)	(3.784)
Changes in inventories	9 64.377	(156.659)
Changes in receivables from ongoing construction contracts	10 (37.170)	(328)
Changes in other current / non-current assets	11 (110.153)	(78.209)
Changes in trade and other payables	54.083	214.936
Changes in due to related parties	1.620	919
Changes in ongoing construction progress payments	10 4.394	48.818
Changes in provisions and other short term liabilities	32.717	88.970
	(133.281)	(234.041)
Interest received	47.700	45.220
Interest paid	(13.636)	(12.278)
Tax paid	(58.396)	(49.861)
Penalty of litigation paid	15 (621)	(7.147)
Retirement pay provision and premiums paid	17 (22.775)	(17.902)
Cash generated by operating activities	81.524	149.365

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2012**

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

	Notes	Unaudited 1 January - 30 September 2012	Unaudited 1 January - 30 September 2011
CASH FLOWS FROM INVESTING ACTIVITIES			
Effect of investments in associates valued by equity method		(2.378)	(43.946)
Acquisition of tangible and intangible assets	13	(71.206)	(48.765)
Proceeds from sale of tangible and intangible assets	13	1.955	932
Dividend income		4.881	967
Cash used in investing activities		(66.748)	(90.812)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	14	290.511	291.598
Repayments of borrowings	14	(294.777)	(341.900)
Finance lease paid	14	(27.451)	(10.645)
Dividends paid	5	(75.047)	(56.608)
Cash used in financing activities		(106.764)	(117.555)
CHANGE IN CASH AND CASH EQUIVALENTS		(91.988)	(59.002)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		786.323	758.554
Interest accrual on cash and cash equivalents		541	956
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		694.876	700.508

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2012

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

As of 30 September 2012, the Group has 18.273 employees (31 December 2011: 15.509) including the personnel of subcontractors. Registered address of the Company is Kültür Mahallesi, Aydınlık Sokak, Tekfen Sitesi A Blok, No: 7, Beşiktaş, İstanbul, Türkiye.

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

Changes in the subsidiaries of the Company as of 30 September 2012:

Tekfen Gayrimenkul Yatırım A.Ş. (Tekfen Gayrimenkul), whose capital is directly participated by 100% by the Company, was established on 22 March 2012 by publishing in trade registry gazette.

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

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

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

Approval of condensed consolidated financial statements:

The condensed consolidated financial statements are approved and is decided to be published by the Board of Directors as of 8 November 2012.

2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2012

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

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

CMB allows the publicly traded companies to present the financial statements in full set or condensed presentation in accordance with IAS 34 "Interim Financial Reporting" standard. The Group has preferred to disclose its interim consolidated financial statements as of 30 September 2012 in condensed format.

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

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

Exchange rates used in the consolidation process as of 30 September 2012 are; 1 USD= 1,7847 TL, 1 EUR= 2,3085 TL, 1 MAD= 0,20856 TL, 1 SAR= 0,47592 TL, 1 QAR= 0,48896 TL (Exchange rates as of 31 December 2011 are; 1 USD= 1,8889 TL, 1 EUR= 2,4438 TL, 1 MAD= 0,22088 TL, 1 SAR= 0,50371 TL, 1 QAR= 0,51751 TL).

3. ADOPTION OF NEW AND REVISED STANDARDS

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

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

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

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

- IFRS 7 (amendments), "Presentation - Financial Asset and Financial Liability Offsetting", will be effective for annual periods beginning on or after 1 January 2013.
- IFRS 9, "Financial Instruments", will be effective for annual periods beginning on or after 1 January 2015.
- IFRS 10, "Consolidated Financial Statements", will be effective for annual periods beginning on or after 1 January 2013.
- IFRS 11, "Joint Arrangements", will be effective for annual periods beginning on or after 1 January 2013. *Some of the joint arrangements included in the condensed consolidated financial statements using proportional consolidation method as of 30 September 2012, are concluded to be assessed as Joint Venture for reporting periods beginning on or after 1 January 2013. The condensed consolidated financial statements include total assets of 308.828 (31 December 2011: 146.660), total debt of 366.665 (31 December 2011: 195.006), resulting a net liability of 57.837 (31 December 2011: 48.346) attributable to these Joint Ventures as of 30 September 2012.*
- IFRS 12, "Disclosure of Interests in Other Entities", will be effective for annual periods beginning on or after 1 January 2013.
- IFRS 13, "Fair Value Measurement", will be effective for annual periods beginning on or after 1 January 2013.
- IAS 1 (amendments), "Presentation of Items of Other Comprehensive Income", will be effective for annual periods beginning on or after 1 July 2012.
- IAS 19 (amendments), "Employee Benefits", will be effective for annual periods beginning on or after 1 January 2013.
- IAS 27 (revised), "Separate Financial Statements", will be effective for annual periods beginning on or after 1 January 2013.
- IAS 28 (revised), "Investments in Associates", will be effective for annual periods beginning on or after 1 January 2013.
- IFRIC 20, "Stripping Costs in the Production Phase of a Surface Mine", will be effective for annual periods beginning on or after 1 January 2013.
- IAS 32 (amendments), "Financial Instruments: Presentation - Financial Asset and Liability Offsetting", will be effective for annual periods beginning on or after 1 January 2014.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2012

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

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

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

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

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

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

(a) Developments in Libya

Tekfen-TML Partnership, a joint venture of which 67% is owned by the Group, had to suspend its operations and evacuate its sites in Libya for an uncertain period of time due to the civil unrest in the country. As of 30 September 2012, the negotiations are continuing to be held about the outlook of the operations and the accompanying condensed consolidated financial statements include total assets of 186.821 (104.679 thousand US Dollars), total debt of 43.321 (24.273 thousand US Dollars), resulting a net asset of 143.500 (80.406 thousand US Dollars) attributable to these operations. The net assets are as follows:

	30 September 2012	31 December 2011
ASSETS		
Current Assets	149.774	160.010
Cash and cash equivalents	2.281	844
Trade receivables	16.764	13.313
Due from related parties	1.297	4.048
Receivables from ongoing construction contracts	127.651	140.158
Other receivables	62	66
Other current assets	1.719	1.581
Non Current Assets	37.047	44.587
Trade receivables	3.025	2.748
Property, plant and equipment	34.022	41.667
Other non current assets	-	172
TOTAL ASSETS	186.821	204.597
	30 September 2012	31 December 2011
LIABILITIES		
Current Liabilities	42.520	46.678
Trade payables	6.577	7.803
Other payables	1.480	1.621
Employee benefits	109	128
Other current liabilities	34.354	37.126
Non Current Liabilities	801	848
Employee benefits	801	848
TOTAL LIABILITIES	43.321	47.526
NET ASSETS	143.500	157.071

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

Translated into English from the report originally issued in Turkish.

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(a) Developments in Libya (cont'd)

Additionally, letters of guarantees given related to such projects to various institutions amount to 31.072 (17.410 thousand US Dollars). In accordance with the Council of Ministers' decree no: 2011/2001 issued on 21 June 2011 and until a new resolution replaces resolutions no: 1970 and 1973 of the United Nations Security Council and their requirements, resolution no:1973 requires disregarding compensation claims of guarantees given to the contractor, hence the expired letter of guarantees do not bear any risk exposure for the Group.

b) Eurobank Tekfen A.Ş.

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

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

ii) The Company will be able to keep its position as a partner in the Bank by contracting a Shareholders' Agreement with the third party with which Eurobank Holding signs a sales agreement. Under the condition that a Shareholders' Agreement may not be contracted, in return for the shares of the Company to be transferred to the third party that Eurobank Holding may sale its shares, 337.574 (189.149.011 US Dollars) shall be paid to the Company as determined in Shareholders Agreement signed on 16 March 2007 with Eurobank Holding.

iii) Provided that a new Shareholders' Agreement is signed between the Company and the prospective buyer of the Bank shares owned by Eurobank Holding, enabling to maintain the partnership; the difference between 337.574 (189.149.011 US Dollars) and sales value of the Bank shares representing 29,26% as of closing date of the agreement, shall be paid to the Company.

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

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

(c) New construction projects

Tekfen İnşaat ve Tesisat A.Ş., the subsidiary of the Company, has signed a new contract with the BP Iraq N.V., Petrochina Company Limited and South Oil Company joint venture to carry out all Project Management Services for a period of two years. This contract is in addition to the Engineering and Project Management Services for Iraq's Basra Rumalia Petrol Production Area which Tekfen İnşaat ve Tesisat A.Ş. completed at the end of March 2012. The new job-order based contract has an original project value of 174.901 (98 million US Dollars).

Tekfen İnşaat ve Tesisat A.Ş. has received an awarding letter from Qatar Public Works Authority, Ashghal, for engineering and construction works related to the connecting roads of the North Road Highway. The original project size is approximately 1.056.382 (591.910 thousand US Dollars) with a duration of 30 months.

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

(c) New construction projects (cont'd)

Tekfen İnşaat ve Tesisat A.Ş. has received an award notice letter confirming it has won the project for the construction and electromechanical installation works of the Propylene Oxide Process Unit which will be built as part Sadara Chemical Company's (a joint venture formed by ARAMCO and Dow Chemical Company, each company having 50% share) petrochemical plant in Jubail, Saudi Arabia. The original project size is 218.626 (122.500 thousand US Dollars) with a duration of 29 months.

(d) Other

At the Board of Directors meeting of Toros Tarım Sanayi ve Ticaret A.Ş. ("Toros Tarım") dated 20 June 2012, it has been decided that an investment amounting to 414.050 (232 million US Dollars) will be made and 40% of this amount will be met by shareholders' equity.

Toros Tarım and Tekfen Gayrimenkul signed a "Shareholding Agreement" with Rönesans Gayrimenkul Yatırım A.Ş. (Rönesans A.Ş.) and Rönesans A.Ş.'s subsidiary Florya Gayrimenkul Yatırım İnşaat Tur. San. ve Tic. A.Ş. (Florya A.Ş.) on 27 March 2012 to establish a partnership to jointly manage Florya A.Ş..

5. SIGNIFICANT CHANGES IN SHAREHOLDERS' EQUITY

Fair Value Reserve of Financial Investments:

The positive change of 6.819 in the fair values of the financial investments of the Company which have been traded in the stock exchange market has been directly recognized in equity (30 September 2011: negative change of 35.291). Besides, a positive change of 2.873 from investments valued by equity method is directly recognized in equity (30 September 2011: negative change of 2.817).

Restricted Profit Reserves:

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

Dividend Distribution:

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

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6. SEGMENTAL REPORTING

a) Segmental results

	1 January - 30 September 2012					
	Contracting	Agriculture	Real Estate	Other	Eliminations	Total
Revenue	1.812.530	1.079.801	58.631	58.093	-	3.009.055
Intra-segment sales	96.073	12.868	15	143	(109.099)	-
Inter-segment sales	192	979	273	4.867	(6.311)	-
TOTAL REVENUE	1.908.795	1.093.648	58.919	63.103	(115.410)	3.009.055
Cost of revenue (-)	(1.674.919)	(894.410)	(55.074)	(37.442)	-	(2.661.845)
GROSS PROFIT	137.611	185.391	3.557	20.651	-	347.210
Marketing, selling and distribution expenses (-)	(567)	(75.461)	(146)	(7.087)	-	(83.261)
General administrative expenses (-)	(42.056)	(14.942)	(3.003)	(17.315)	-	(77.316)
Research and development expenses (-)	-	(101)	-	-	-	(101)
Other operating income	4.031	6.988	2.347	301	-	13.667
Other operating expenses (-)	(4.942)	(6.964)	(388)	(396)	-	(12.690)
OPERATING PROFIT / (LOSS)	94.077	94.911	2.367	(3.846)	-	187.509
Share on profit / (loss) of investments valued using equity method	-	-	-	6.873	-	6.873
Financial income	50.064	65.809	1.116	53.287	-	170.276
Financial expense (-)	(57.570)	(46.821)	(1.016)	(17.561)	-	(122.968)
PROFIT BEFORE TAX	86.571	113.899	2.467	38.753	-	241.690
Tax expense	(12.180)	(21.577)	(496)	(9.500)	-	(43.753)
NET PROFIT FOR THE PERIOD	74.391	92.322	1.971	29.253	-	197.937

The Group has 46.530 of revenue and 14.666 of operating income from terminal operations classified under agricultural operations for the period of 1 January - 30 September 2012.

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

6. SEGMENTAL REPORTING (cont'd)

a) Segmental results (cont'd)

	1 July - 30 September 2012					
	Contracting	Agriculture	Real Estate	Other	Eliminations	Total
Revenue	642.002	273.361	47.704	19.070	-	982.137
Intra-segment sales	18.671	4.323	7	48	(23.049)	-
Inter-segment sales	32	193	95	1.630	(1.950)	-
TOTAL REVENUE	660.705	277.877	47.806	20.748	(24.999)	982.137
Cost of revenue	(597.669)	(236.518)	(45.427)	(12.426)	-	(892.040)
GROSS PROFIT	44.333	36.843	2.277	6.644	-	90.097
Marketing, selling and distribution expenses (-)	(160)	(21.891)	(46)	(2.169)	-	(24.266)
General administrative expenses (-)	(13.757)	(4.452)	(1.000)	(5.438)	-	(24.647)
Research and development expenses (-)	-	(40)	-	-	-	(40)
Other operating income	1.018	2.755	599	241	-	4.613
Other operating expenses (-)	(22)	(4.400)	(24)	(230)	-	(4.676)
OPERATING PROFIT / (LOSS)	31.412	8.815	1.806	(952)	-	41.081
Share on profit / (loss) of investments valued using equity method	-	-	-	1.544	-	1.544
Financial income	8.243	9.844	145	14.297	-	32.529
Financial expenses (-)	(13.700)	(5.189)	(30)	(4.945)	-	(23.864)
PROFIT BEFORE TAX	25.955	13.470	1.921	9.944	-	51.290
Tax income / (expense)	1.996	(2.328)	(410)	(2.713)	-	(3.455)
NET PROFIT FOR THE PERIOD	27.951	11.142	1.511	7.231	-	47.835

The Group has 16.959 of revenue and 4.748 of operating income from terminal operations classified under agricultural operations for the period of 1 July - 30 September 2012.

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

6. SEGMENTAL REPORTING (cont'd)

a) Segmental results (cont'd)

	1 January - 30 September 2011					
	Contracting	Agriculture	Real Estate	Other	Eliminations	Total
Revenue	1.158.322	923.277	44.273	62.404	-	2.188.276
Intra-segment sales	105.259	11.931	5	113	(117.308)	-
Inter-segment sales	17	683	199	4.199	(5.098)	-
TOTAL REVENUE	1.263.598	935.891	44.477	66.716	(122.406)	2.188.276
Cost of revenue (-)	(1.057.418)	(671.408)	(40.733)	(45.209)	-	(1.814.768)
GROSS PROFIT	100.904	251.869	3.540	17.195	-	373.508
Marketing, selling and distribution expenses (-)	(370)	(69.431)	(297)	(6.576)	-	(76.674)
General administrative expenses (-)	(36.599)	(12.704)	(2.043)	(16.933)	-	(68.279)
Research and development expenses (-)	-	(198)	-	-	-	(198)
Other operating income	2.099	7.138	3.204	1.256	-	13.697
Other operating expenses (-)	(2.318)	(3.326)	(678)	(1.258)	-	(7.580)
OPERATING PROFIT / (LOSS)	63.716	173.348	3.726	(6.316)	-	234.474
Share on profit / (loss) of investments valued using equity method	-	-	-	2.394	-	2.394
Financial income	56.617	57.594	3.245	43.331	-	160.787
Financial expense (-)	(70.229)	(71.429)	(504)	(12.301)	-	(154.463)
PROFIT BEFORE TAX	50.104	159.513	6.467	27.108	-	243.192
Tax expense	(4.335)	(30.841)	(1.234)	(9.799)	-	(46.209)
NET PROFIT FOR THE PERIOD	45.769	128.672	5.233	17.309	-	196.983

The Group has 42.622 of revenue and 16.867 of operating income from terminal operations classified under agricultural operations for the period of 1 January - 30 September 2011.

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

6. SEGMENTAL REPORTING (cont'd)

a) Segmental results (cont'd)

	1 July - 30 September 2011					
	Contracting	Agriculture	Real Estate	Other	Eliminations	Total
Revenue	456.469	295.278	20.502	22.780	-	795.029
Intra-segment sales	37.263	4.071	3	37	(41.374)	-
Inter-segment sales	1	267	60	1.579	(1.907)	-
TOTAL REVENUE	493.733	299.616	20.565	24.396	(43.281)	795.029
Cost of revenue	(415.791)	(228.180)	(18.875)	(16.598)	-	(679.444)
GROSS PROFIT	40.678	67.098	1.627	6.182	-	115.585
Marketing, selling and distribution expenses (-)	(92)	(20.397)	(14)	(2.310)	-	(22.813)
General administrative expenses (-)	(11.358)	(3.325)	(546)	(5.139)	-	(20.368)
Research and development expenses (-)	-	(96)	-	-	-	(96)
Other operating income	602	1.807	1.077	799	-	4.285
Other operating expenses (-)	(232)	(574)	3	(15)	-	(818)
OPERATING PROFIT / (LOSS)	29.598	44.513	2.147	(483)	-	75.775
Share on profit / (loss) of investments valued using equity method	-	-	-	758	-	758
Financial income	21.229	20.009	1.416	17.524	-	60.178
Financial expenses (-)	(32.107)	(40.600)	1	(4.341)	-	(77.047)
PROFIT BEFORE TAX	18.720	23.922	3.564	13.458	-	59.664
Tax income / (expense)	3.272	(3.829)	(661)	(4.651)	-	(5.869)
NET PROFIT FOR THE PERIOD	21.992	20.093	2.903	8.807	-	53.795

The Group has 14.564 of revenue and 5.381 of operating income from terminal operations classified under agricultural operations for the period of 1 July - 30 September 2011.

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6. SEGMENTAL REPORTING (cont'd)

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

	30 September 2012				
	Contracting	Agriculture	Real Estate	Other	Total
Balance sheet					
Total assets	1.979.739	997.566	28.300	952.042	3.957.647
Current and non-current liabilities	1.447.757	405.467	6.002	102.941	1.962.167
Equity attributable to owners of the Company	415.105	369.183	21.597	1.160.688	1.966.573
Non-controlling interests	25.139	3.651	3	114	28.907

	31 December 2011				
	Contracting	Agriculture	Real Estate	Other	Total
Balance sheet					
Total assets	1.829.214	975.890	51.197	891.429	3.747.730
Current and non-current liabilities	1.374.181	359.808	31.112	95.023	1.860.124
Equity attributable to owners of the Company	372.830	283.324	19.833	1.180.933	1.856.920
Non-controlling interests	26.975	3.631	3	77	30.686

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6. SEGMENTAL REPORTING (cont'd)

c) Segmental information related to property, plant and equipment, intangible assets and investment property for the nine month interim periods ended 30 September 2012 and 2011 is as follows:

	1 January - 30 September 2012				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures (*)	122.939	23.113	258	313	146.623
Depreciation and amortization expense for the period (**)	54.929	10.413	231	3.938	69.511
	1 July - 30 September 2012				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures (*)	21.101	12.247	-	9	33.357
Depreciation and amortization expense for the period	19.766	3.648	100	1.375	24.889
	1 January - 30 September 2011				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures (*)	45.961	5.620	198	4.379	56.158
Depreciation and amortization expense for the period (**)	39.164	10.414	188	3.742	53.508
	1 July - 30 September 2011				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures (*)	25.430	2.637	140	3.353	31.560
Depreciation and amortization expense for the period	15.373	3.658	69	1.312	20.412

(*) Fixed assets purchases through financial lease are also included (2012: 75.417, 2011: 7.393).

(**) Depreciation expense of 1.477 is capitalized within the cost of inventory (30 September 2011: 1.138).

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6. SEGMENTAL REPORTING (cont'd)

d) Geographical segmental information is as follows:

	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 30 September 2012)	1.907.048	622.587	230.826	348.696	15.308	(115.410)	3.009.055
Total assets (30 September 2012)	3.785.474	693.724	393.740	701.066	69.790	(1.686.147)	3.957.647
Capital expenditures (1 January - 30 September 2012) (*)	128.172	13.386	3.718	1.013	334	-	146.623
	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 July -30 September 2012)	566.874	189.554	142.921	103.016	4.771	(24.999)	982.137
Capital expenditures (1 July - 30 September 2012)(*)	30.506	1.879	127	845	-	-	33.357
	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 30 September 2011)	1.224.263	324.213	105.563	626.230	30.413	(122.406)	2.188.276
Total assets (31 December 2011)	4.048.423	1.111.717	366.917	764.143	135.829	(2.679.299)	3.747.730
Capital expenditures (1 January - 30 September 2011) (*)	35.999	7.641	3.564	8.954	-	-	56.158
	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 July - 30 September 2011)	426.334	143.264	40.410	221.285	7.017	(43.281)	795.029
Capital expenditures (1 July - 30 September 2011)(*)	21.571	4.902	2.793	2.294	-	-	31.560

(*) Fixed assets purchases through financial lease are also included (2012: 75.417, 2011: 7.393).

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7. CASH AND CASH EQUIVALENTS

Time deposits with maturity of three months or less constitute the part of the cash and cash equivalents amounting to 560.027 (31 December 2011: 666.058). Demand deposits and other cash equivalents with maturity of three months or less constitute the rest of the cash and cash equivalents.

8. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

	30 September 2012	31 December 2011
<u>Short term trade receivables</u>		
Contract receivables	379.088	404.275
Receivables from Agriculture group operations	215.296	77.574
Other trade receivables	36.903	27.001
Provision for doubtful receivables	(11.748)	(12.038)
Retention receivables (Note: 10)	-	32.706
Due from related parties	16.685	13.904
Other	2.257	220
	<u>638.481</u>	<u>543.642</u>
<u>Long term trade receivables</u>		
Retention receivables (Note: 10)	155.266	101.066
Contract receivables	-	2.749
	<u>155.266</u>	<u>103.815</u>

Average maturity date for trade receivables varies between the segments. Average maturity date for Contracting segment, for projects in abroad is 61 days (31 December 2011: 75 days), for domestic projects is 37 days (31 December 2011: 41 days), for Agriculture segment is 34 days (31 December 2011: 31 days) and for other segments is 79 days (31 December 2011: 55 days).

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

	2012	2011
Provision as at 1 January	(12.038)	(11.329)
Charge for the year	(707)	(866)
Collected	894	301
Write off of bad debt	6	42
Currency translation effect	97	11
Provision as at 30 September	<u>(11.748)</u>	<u>(11.841)</u>

707 of doubtful receivable charge for the period (2011: 373) has been charged to general administration expenses. Any doubtful receivable provision is not charged to other operating expenses in the current period (2011: 493).

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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:

	30 September 2012	31 December 2011
Short term trade payables		
Contract payables	471.234	439.608
Trade payables from Agriculture group operations	337.280	322.995
Due to related parties	3.137	1.517
Retention payables	16.166	19.196
Other trade payables	17.978	23.441
	<u>845.795</u>	<u>806.757</u>
Long term trade payables		
Retention payables	3.638	2.960
Contract payables	94	115
	<u>3.732</u>	<u>3.075</u>

For Agriculture Group, payables attributable to inventory supplied through imports constitute 92% (31 December 2011: 94%) of trade payables as at balance sheet date and average payable period for these import purchases is 143 days (31 December 2011: 117 days) whereas average payable period for domestic purchases is 30 days (31 December 2011: 30 days).

For Contracting segment, import purchases through letter of credit constitute 28% (31 December 2011: 12%) of trade payables as at balance sheet date. The average payable period for these import purchases is 157 days (31 December 2011: 187 days) whereas the average payable period for other purchases is 110 days (31 December 2011: 180 days).

For the other operations of the Group, the average payable period is 38 days (31 December 2011: 32 days).

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9. INVENTORIES

	30 September 2012	31 December 2011
Raw materials	52.637	48.583
Work in progress	77.737	106.919
Finished goods	95.623	72.050
Trading goods	45.647	65.443
Goods in transit	32.420	58.895
Inventory from real estate projects	8.097	15.652
Inventory at construction sites	92.576	102.738
Other inventories (*)	30.268	27.625
Allowance for impairment on inventory (-)	(1.024)	(1.034)
	<u>433.981</u>	<u>496.871</u>

<u>Movement of allowance for impairment of inventory</u>	<u>2012</u>	<u>2011</u>
Provision as of 1 January	(1.034)	(845)
Charge for the period	(46)	(47)
Currency translation effect	56	(168)
Provision as of 30 September	<u>(1.024)</u>	<u>(1.060)</u>

(*) As of 30 September 2012, other inventories consist of operating supplies amounting to 15.459, spare parts amounting to 13.679 and other inventories amounting to 1.130 (31 December 2011: 13.516 operating supplies, 13.919 spare parts and 190 other inventories).

Impairment of inventory is included in cost of revenue.

Group has identified some inventories whose net realizable value is less than its current cost. Accordingly, the amount of 1.024 (30 September 2011: 1.060) has been determined as provision for allowance for impairment on inventory. As of 30 September 2012, total amount of the inventory shown at net realizable value is 4.672 (30 September 2011: 3.898).

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10. CONSTRUCTION CONTRACTS

	30 September 2012	31 December 2011
Cost incurred on uncompleted contracts	5.551.905	4.791.915
Recognised gain less losses (net)	575.918	582.451
	<u>6.127.823</u>	<u>5.374.366</u>
Less: Billings to date (-)	(5.710.194)	(4.989.513)
	<u>417.629</u>	<u>384.853</u>

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

	30 September 2012	31 December 2011
From customers under construction contracts	618.980	581.810
To customers under construction contracts	<u>(201.351)</u>	<u>(196.957)</u>
	<u>417.629</u>	<u>384.853</u>

As of 30 September 2012, total retention receivables amount to 155.266 (31 December 2011: 133.772).

	30 September 2012	31 December 2011
<u>Receivables from uncompleted contracts</u>		
Contracts undersigned abroad	579.168	570.189
Contracts undersigned in Turkey	<u>39.812</u>	<u>11.621</u>
	<u>618.980</u>	<u>581.810</u>
<u>Payables to uncompleted contracts</u>		
Contracts undersigned abroad	(68.276)	(58.578)
Contracts undersigned in Turkey	<u>(133.075)</u>	<u>(138.379)</u>
	<u>(201.351)</u>	<u>(196.957)</u>
	<u>417.629</u>	<u>384.853</u>

The Group has 246.690 of advances received for contracting projects included in other short term liabilities (31 December 2011: 213.738).

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11. OTHER CURRENT AND NON CURRENT ASSETS

	30 September 2012	31 December 2011
Other Current Assets		
VAT receivables	81.761	48.353
Advances paid for construction projects	67.551	25.111
Order advances given	10.772	6.877
Business advances given	9.722	2.685
Prepaid expenses	9.718	5.689
Withholding tax of ongoing construction contracts	8.911	-
Prepaid taxes and funds	8.302	11.781
Other current assets	961	1.043
	<u>197.698</u>	<u>101.539</u>
	30 September 2012	31 December 2011
Other Non Current Assets		
Advances given for fixed assets	13.990	133
Withholding tax of ongoing construction contracts	11.091	10.681
VAT receivables	1.781	1.778
Prepaid expenses	197	473
	<u>27.059</u>	<u>13.065</u>

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12. INVESTMENTS VALUED BY EQUITY METHOD

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

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

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

Financial Position	30 September 2012		
	Eurobank Tekfen	Tekfen Oz	Total
Total assets	4.494.763	93.545	4.588.308
Total liabilities	3.781.382	4.562	3.785.944
Net assets	713.381	88.983	802.364
Group's share in net assets of subsidiaries	208.723	14.593	223.316

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

	1 January - 30 September 2012		
	Eurobank Tekfen	Tekfen Oz	Total
Revenue	437.480	93.588	531.068
Profit / (loss) for the period	23.616	(226)	23.390
Group's share on subsidiaries' profit/loss for the period	6.910	(37)	6.873

	1 July - 30 September 2012		
	Eurobank Tekfen	Tekfen Oz	Total
Revenue	127.024	1.687	128.711
Profit / (loss) for the period	5.321	(82)	5.239
Group's share on subsidiaries' profit/loss for the period	1.557	(13)	1.544

	1 January - 30 September 2011		
	Eurobank Tekfen	Tekfen Oz	Total
Revenue	367.113	2.564	369.677
Profit / (loss) for the period	8.977	(1.420)	7.557
Group's share on subsidiaries' profit/loss for the period	2.627	(233)	2.394

	1 July - 30 September 2011		
	Eurobank Tekfen	Tekfen Oz	Total
Revenue	137.606	2.030	139.636
Profit / (loss) for the period	2.768	(315)	2.453
Group's share on subsidiaries' profit/loss for the period	810	(52)	758

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13. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND INVESTMENT PROPERTY

	Property, plant and equipment	Intangible assets	Investment property
Cost Value			
Opening balance as of 1 January 2012	1.961.577	15.801	118.553
Currency translation effect	(54.808)	(548)	(204)
Additions	145.359	1.264	-
Disposals	(22.787)	(23)	-
Transfers	(1.262)	-	-
Closing balance as of 30 September 2012	2.028.079	16.494	118.349
Accumulated Depreciation and Amortization			
Opening balance as of 1 January 2012	(1.271.615)	(13.856)	(23.485)
Currency translation effect	30.002	531	-
Charge for the period	(68.157)	(609)	(2.222)
Allowance for impairment	(731)	-	-
Disposals	21.852	23	-
Transfers	602	-	-
Closing balance as of 30 September 2012	(1.288.047)	(13.911)	(25.707)
Carrying value as of 30 September 2012	740.032	2.583	92.642

	Property, plant and equipment	Intangible assets	Investment property
Cost Value			
Opening balance as of 1 January 2011	1.731.013	13.104	114.939
Currency translation effect	149.179	1.587	536
Additions	55.375	701	82
Disposals	(23.873)	(42)	-
Transfers	(3.040)	-	3.040
Closing balance as of 30 September 2011	1.908.654	15.350	118.597
Accumulated Depreciation and Amortization			
Opening balance as of 1 January 2011	(1.128.954)	(10.369)	(20.564)
Currency translation effect	(91.171)	(1.326)	-
Charge for the period	(51.742)	(666)	(2.238)
Disposals	21.946	42	-
Closing balance as of 30 September 2011	(1.249.921)	(12.319)	(22.802)
Carrying value as of 30 September 2011	658.733	3.031	95.795

Property, plant and equipment includes fixed assets with carrying value of 136.722 purchased through financial lease (30 September 2011: 77.156). These property, plant and equipment purchased through financial lease consists of various prefabricated buildings, machinery, equipment and vehicles employed in construction sites. During the current period, property, plant and equipment purchases through financial lease amount to 75.417 (30 September 2011: 7.393).

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

The fair value of the Group's investment property has been arrived based on a valuation carried out by independent expertise not connected with the Group which is one of the accredited independent valuers by Capital Market Board of Turkey. The fair value of the investment properties as of 30 September 2012 is 387.499 (31 December 2011: 376.221) according to the valuation carried out by independent expert.

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14. FINANCIAL DEBTS

The Company's short term financial debts, utilized to finance its working capital flow are reclassified as long term whose maturities passed 30 September 2013 according to their opening dates. Annual weighted average interest rate of the existing short term loans in term of US Dollars is 5,63% (31 December 2011: short term: 3,20%, long term: 6,34%).

The Group has purchased various prefabricated buildings, machinery, equipment and vehicles employed in construction sites through financial lease amounting to 75.417 (30 September 2011: 7.393) during the period. Besides, financial lease payment amounting to 27.451 (30 September 2011: 10.645) has been paid during the current period.

15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions	30 September 2012	31 December 2011
Provision for litigation	7.652	8.345
Other provisions	1.131	646
	<u>8.783</u>	<u>8.991</u>

Movement of provision for litigation is as follows:

	2012	2011
Provision as of 1 January	8.345	15.875
Provision paid (-)	(621)	(7.147)
Charge for the period	561	342
Provision released	(467)	(953)
Currency translation effect	(166)	4
Provision as of 30 September	<u>7.652</u>	<u>8.121</u>

Litigations:

As of 30 September 2012, lawsuit filed against the Group is totally 40.807 (31 December 2011: 38.025) and the management has decided to accrue 7.652 (31 December 2011: 8.345) of provision for lawsuits that might have high probability of potential outflow from the Group upon the consultation of legal advisors. Based on the legal advice of lawyers, the Group foresees no significant risks regarding of lawsuit filed against the Group.

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

Tax Inspection

During the period, developments have been occurred in the process of the lawsuit attributable to tax inspection of Saudi Arabistan Branch explained in the notes of the audited consolidated financial statements as of 31 December 2011. The Department of Zakat and Income Tax of Saudi Arabia ("DZIT") has issued its final tax assessment and based on this assessment, Tekfen İnşaat Saudi Arabia Branch has an additional tax liability amounting to 9.502 (5.324 thousand US Dollars). According to the partial result of the objection on this assessment with the Appeal Committee, tax payment amounting to 5.158 (2.890 thousand US Dollars) has been made during the period and the part of the tax liability amounting to 4.344 (2.434 thousand US Dollars), which has not been resulted yet, is concluded not to be paid.

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16. COMMITMENTS AND OBLIGATIONS

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

30 September 2012	Equivalent of Thousands TL	<i>Thousands of US Dollars</i>	<i>Thousands of EUR</i>	<i>Other (Equivalent of Thousands TL)</i>
A. GPM given on behalf of its own legal entity	-	-	-	-
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPM given on behalf of subsidiaries that are included in full consolidation	1.875.109	676.161	94.356	450.544
-Guarantee	1.874.359	676.161	94.356	449.794
-Pledge	-	-	-	-
-Mortgage	750	-	-	750
C. GPM given in order to guarantee third parties' debts for the routine trade operations	3.666	-	-	3.666
-Guarantee	3.666	-	-	3.666
-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 30 September 2012	1.878.775	676.161	94.356	454.210
31 December 2011	Equivalent of Thousands TL	<i>Thousands of US Dollars</i>	<i>Thousands of EUR</i>	<i>Other (Equivalent of Thousands TL)</i>
A. GPM given on behalf of its own legal entity	56.414	-	-	56.414
-Guarantee	-	-	-	-
-Pledge	56.414	-	-	56.414
-Mortgage	-	-	-	-
B. GPM given on behalf of subsidiaries that are included in full consolidation	1.620.864	598.126	92.090	266.014
-Guarantee	1.620.114	598.126	92.090	265.264
-Pledge	-	-	-	-
-Mortgage	750	-	-	750
C. GPM given in order to guarantee third parties' debts for the routine trade operations	4.132	-	-	4.132
-Guarantee	4.132	-	-	4.132
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total amounts of other GPM given				
i. Total amount of GPM given on behalf of parent company	-	-	-	-
ii. Total amount of GPM given on behalf of other group companies that are not included group B and C	-	-	-	-
iii. Total amount of GPM given on behalf of third parties that are not included group C	-	-	-	-
Total as of 31 December 2011	1.681.410	598.126	92.090	326.560

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

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17. EMPLOYEE BENEFITS

	30 September 2012	31 December 2011
Short Term Employee Benefits:		
Retirement pay provision	811	255
Unused vacation pay liability provision	12.427	9.131
Premium provision	8.408	11.422
Wages and other employee benefits	24.456	21.041
	<u>46.102</u>	<u>41.849</u>
Long Term Employee Benefits:		
Retirement pay provision	39.943	39.827
	30 September 2012	31 December 2011
Short term retirement pay provision	811	255
Long term retirement pay provision	39.943	39.827
	<u>40.754</u>	<u>40.082</u>
	Retirement Pay Provision	Premium Provision
Opening balance as of 1 January 2012	40.082	11.422
Currency translation effect	(1.115)	(7)
Service expense	12.390	8.513
Interest expense	652	-
Provision paid	(11.255)	(11.520)
Closing balance as of 30 September 2012	<u>40.754</u>	<u>8.408</u>
Opening balance as of 1 January 2011	36.011	9.294
Currency translation effect	3.742	401
Service expense	10.126	6.109
Interest expense	841	-
Closing balance as of 30 September 2011	<u>50.720</u>	<u>15.804</u>

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

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18. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Group has a total deposit of 175.677 in Eurobank Tekfen A.Ş. as of 30 September 2012 (31 December 2011: 452.752) classified in cash and cash equivalents. Average interest rate of bank deposits in term of TL is 11,62% and in terms of US Dollars is 4,85%, and 18.069 of interest income is earned within the nine month interim period ended 30 September 2012 (30 September 2011: interest rates: 9,50% for TL, 4,00% for US Dollars, and interest income: 16.303).

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

19. EARNINGS PER SHARE

	1 January- 30 September 2012	1 July- 30 September 2012	1 January- 30 September 2011	1 July- 30 September 2011
Average number of ordinary shares outstanding during the period (in full)	370.000.000	370.000.000	370.000.000	370.000.000
Net profit for the period attributable to owners of the Company (thousands TL)	197.841	48.624	197.207	53.867
Earnings per share from operations (TL)	0,535	0,131	0,533	0,146

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20. FINANCIAL INCOME AND FINANCIAL EXPENSE

Financial Income:

	1 January- 30 September 2012	1 July- 30 September 2012	1 January- 30 September 2011	1 July- 30 September 2011
Foreign exchange gains	104.930	15.992	106.085	42.643
Interest income	48.241	14.342	46.176	16.182
Dividend income	6.546	98	2.049	122
Due date difference income	8.189	1.602	5.288	1.388
Discount income	2.370	495	1.189	(157)
	<u>170.276</u>	<u>32.529</u>	<u>160.787</u>	<u>60.178</u>

Financial Expense:

	1 January- 30 September 2012	1 July- 30 September 2012	1 January- 30 September 2011	1 July- 30 September 2011
Foreign exchange losses	(94.996)	(16.878)	(129.746)	(68.848)
Finance expenses	(18.300)	(5.417)	(14.867)	(5.218)
Discount expense	(2.270)	1.734	(2.207)	208
Due date difference expenses	(4.099)	(1.455)	(3.011)	(1.587)
Other financial expenses	(3.303)	(1.848)	(4.632)	(1.602)
	<u>(122.968)</u>	<u>(23.864)</u>	<u>(154.463)</u>	<u>(77.047)</u>

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21. FOREIGN CURRENCY POSITION

30 September 2012	Equivalent of Thousands of TL	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalent of Thousands of TL)
1. Trade Receivables	101.622	26.389	13.843	6	22.552
2. Monetary Financial Assets	205.235	73.012	2.243	120	69.414
3. Other	66.038	17.174	2.479	71	29.464
4. CURRENT ASSETS	372.895	116.575	18.565	197	121.430
5. Trade Receivables	19.283	-	6.374	-	4.569
6. Monetary Financial Assets	4.020	-	-	-	4.020
7. Other	18.662	61	8.037	-	-
8. NON CURRENT ASSETS	41.965	61	14.411	-	8.589
9. TOTAL ASSETS	414.860	116.636	32.976	197	130.019
10. Trade Payables	586.046	185.997	50.449	341	136.674
11. Financial Liabilities	14.684	4.039	2.595	-	1.485
12. Monetary Other Liabilities	129.696	380	24.722	-	71.947
12b. Non Monetary Other Liabilities	1.376	767	3	-	-
13. CURRENT LIABILITIES	731.802	191.183	77.769	341	210.106
14. Trade Payables	2.227	-	14	-	2.195
15. Financial Liabilities	27.377	619	10.830	-	1.271
16. Monetary Other Liabilities	12.164	478	257	-	10.718
17. NON CURRENT LIABILITIES	41.768	1.097	11.101	-	14.184
18. TOTAL LIABILITIES	773.570	192.280	88.870	341	224.290
19. Net foreign currency assets / liabilities position	(358.710)	(75.644)	(55.894)	(144)	(94.271)
20. Monetary items net foreign currency assets / liabilities position (1+2+5+6-10-11-12-14-15-16)	(442.034)	(92.112)	(66.407)	(215)	(123.735)
21. Export	91.325	50.933	17	-	-
22. Import	883.833	406.008	63.082	1.296	44

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21. FOREIGN CURRENCY POSITION (cont’d)

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

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21. FOREIGN CURRENCY POSITION (cont'd)

Foreign currency sensitivity

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

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

	30 September 2012	
	Profit / Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars 5% changed vs TL	
US Dollars net assets / liabilities	(6.750)	6.750
	If Euro 5% changed vs TL	
Euro net assets / liabilities	(6.452)	6.452
	If Other foreign currencies 5% changed vs TL	
Other foreign currency net assets / liabilities	(4.734)	4.734
TOTAL	(17.936)	17.936
	31 December 2011	
	Profit / Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars 5% changed vs TL	
US Dollars net assets / liabilities	(9.222)	9.222
	If Euro 5% changed vs TL	
Euro net assets / liabilities	(3.070)	3.070
	If Other foreign currencies 5% changed vs TL	
Other foreign currency net assets / liabilities	(3.604)	3.604
TOTAL	(15.896)	15.896

22. EVENTS AFTER BALANCE SHEET DATE

The merger of TST Investment Holding S.A., a subsidiary of the Company, within Tekfen International Finance and Investments S.A., the subsidiary of the Company, is registered on 13 October 2012.

As of 8 November 2012, there is a positive change of 11.256 in the fair value of Akmerkez Gayrimenkul Yatırım Ortaklığı, whose shares are publicly traded and presented in the financial investments in the condensed consolidated balance sheet.