

**TEKFEN HOLDİNG ANONİM ŐİRKETİ
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTH
INTERIM PERIOD
ENDED 30 JUNE 2021
TOGETHER WITH
REVIEW REPORT

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



KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

Independent Auditor's Report on Review of Interim Financial Information

To the Board of Directors of Tekfen Holding Anonim Şirketi

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Tekfen Holding Anonim Şirketi (the "Company") and its subsidiaries (the "Group") as at 30 June 2021, and the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standard 34 *Interim Financial Reporting* ("TAS 34") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34.

Emphasis of Matter

Due to the variable conditions encountered during the construction activities regarding the Gas Transmission Pipeline project ("Kharampur project") undertaken in Russia by OOO Rusfen, one of the subsidiaries of which the Group owns 100% shares, negotiations continue on the current proposal submitted by the Group to the employer for the re-determination of project costs and contract revenues.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Alper Güvenç, SMMM
Partner

12 August 2021
İstanbul, Türkiye

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2021**

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

ASSETS	Notes	Reviewed 30 June 2021	Audited 31 December 2020
Current Assets		10.440.011	9.013.197
Cash and cash equivalents	7	3.174.441	3.259.116
Financial investments		3.958	82.118
Trade receivables	8	2.513.546	2.038.851
- <i>Related party receivables</i>		49.745	106.715
- <i>Trade receivables</i>		2.463.801	1.932.136
Other receivables		87.326	81.642
- <i>Related party receivables</i>		3.240	1.925
- <i>Other receivables</i>		84.086	79.717
Contract assets arising from ongoing construction works	9	1.231.687	631.682
Derivative instruments	21	26.317	9.046
Inventories	10	2.433.310	2.033.545
Prepaid expenses		435.137	408.930
- <i>Prepaid expenses</i>		435.137	408.930
Assets related to current tax		168.587	154.823
Other current assets		288.010	245.921
- <i>Other current assets</i>		288.010	245.921
		10.362.319	8.945.674
Assets classified as held for sale		77.692	67.523
Non-Current Assets		5.535.695	4.903.836
Financial investments	23	1.877.230	1.414.920
Trade receivables	8	141.870	293.407
- <i>Trade receivables</i>		141.870	293.407
Other receivables		14.826	12.983
- <i>Other receivables</i>		14.826	12.983
Investments valued by equity method	11	163.437	115.818
Investment property	12	147.938	137.019
Property, plant and equipment	12	2.810.140	2.576.975
Right-of-use assets	12	63.970	62.741
Intangible assets	12	132.128	136.095
- <i>Goodwill</i>		86.062	91.838
- <i>Other intangible assets</i>		46.066	44.257
Prepaid expenses		17.062	18.968
- <i>Prepaid expenses</i>		17.062	18.968
Deferred tax assets		142.866	111.413
Other non-current assets		24.228	23.497
- <i>Other non-current assets</i>		24.228	23.497
TOTAL ASSETS		15.975.706	13.917.033

The accompanying notes form an integral part of these condensed consolidated financial statements.

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2021

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

	Notes	Reviewed 30 June 2021	Audited 31 December 2020
LIABILITIES			
Current Liabilities		8.251.577	7.474.512
Short-term borrowings	13	2.007.437	1.875.394
Short-term portion of long-term borrowings		233.602	210.267
Trade payables	8	4.048.244	3.418.087
- <i>Related party payables</i>		8.416	12.835
- <i>Trade payables</i>		4.039.828	3.405.252
Payables related to employee benefits		104.482	64.602
Other payables		81.210	117.733
- <i>Related party payables</i>		556	40.142
- <i>Other payables</i>		80.654	77.591
Contract liabilities arising from ongoing construction works	9	357.596	435.122
Deferred revenue		691.491	590.110
- <i>Deferred revenue</i>		691.491	590.110
Current tax liability		199.336	137.578
Short-term provisions	14	507.753	596.524
- <i>Short-term provisions attributable to employee benefits</i>		159.965	143.430
- <i>Other short-term provisions</i>		347.788	453.094
Other short-term liabilities		20.426	29.095
- <i>Other short-term liabilities</i>		20.426	29.095
Non-Current Liabilities		808.144	631.621
Long-term borrowings	13	288.443	272.613
Trade payables	8	91.413	67.228
- <i>Trade payables</i>		91.413	67.228
Other payables		62.541	69.427
- <i>Other payables</i>		62.541	69.427
Government incentives and grants		-	1.132
Deferred revenue		236	241
- <i>Deferred revenue</i>		236	241
Long-term provisions	14	208.932	119.606
- <i>Long-term provisions attributable to employee benefits</i>		208.857	119.534
- <i>Other long-term provisions</i>		75	72
Deferred tax liabilities		156.579	101.374
TOTAL LIABILITIES		9.059.721	8.106.133
EQUITY		6.915.985	5.810.900
Equity Attributable To Owners Of The Parent	5, 17	6.829.033	5.730.139
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 that will not be reclassified to profit or loss		208.825	292.529
- <i>Gain on investments in equity instruments</i>		202.248	292.516
- <i>Gain on revaluation and remeasurement</i>		6.577	13
Accumulated other comprehensive income that will be reclassified to profit or loss		1.509.168	1.063.183
- <i>Currency translation reserve</i>		1.489.434	1.055.947
- <i>Hedging reserve</i>		19.734	7.236
Legal reserves		397.605	382.727
Prior years' income		3.309.628	3.377.366
Net profit (loss) for the period		729.348	(60.125)
Non-controlling Interests		86.952	80.761
TOTAL LIABILITIES AND EQUITY		15.975.706	13.917.033

The accompanying notes form an integral part of these condensed consolidated financial statements.

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

	Notes	Reviewed 1 January- 30 June 2021	Unreviewed 1 April- 30 June 2021	Reviewed 1 January - 30 June 2020	Unreviewed 1 April- 30 June 2020
Revenue	6	7.421.542	3.630.951	5.680.347	2.658.407
Cost of revenue (-)		(6.324.843)	(3.184.604)	(5.080.846)	(2.302.884)
GROSS PROFIT		1.096.699	446.347	599.501	355.523
General administrative expenses (-)		(317.845)	(197.332)	(230.686)	(117.698)
Marketing expenses (-)		(169.966)	(78.904)	(165.281)	(65.712)
Research and development expenses (-)		(13.174)	(6.780)	(14.706)	(13.142)
Other operating income	19	240.928	105.500	362.406	204.456
Other operating expenses (-)	19	(403.690)	(147.901)	(503.846)	(263.310)
Share on profit of investments valued by equity method	11	40.938	46.379	20.800	353
OPERATING PROFIT		473.890	167.309	68.188	100.470
Investment income		259.928	259.250	33.044	14.788
Investment expense (-)		(21.578)	(21.561)	(183)	(65)
PROFIT BEFORE FINANCIAL INCOME (EXPENSE)		712.240	404.998	101.049	115.193
Financial income	20	544.183	179.913	333.800	156.174
Financial expenses (-)	20	(265.211)	(120.048)	(175.362)	(89.596)
PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION		991.212	464.863	259.487	181.771
Tax Expense from Continuing Operations (-)		(266.225)	(149.254)	(118.065)	(86.708)
Tax expense for the period (-)		(243.956)	(128.860)	(95.169)	(65.054)
Deferred tax expense (-)		(22.269)	(20.394)	(22.896)	(21.654)
PROFIT FROM CONTINUING OPERATIONS FOR THE PERIOD		724.987	315.609	141.422	95.063
Distribution of Profit for the Period					
Non-controlling interests		(4.361)	(1.578)	(3.826)	(3.126)
Owners of the parent	18	729.348	317.187	145.248	98.189
Earnings Per Share	18	1,971	0,857	0,393	0,265

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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 OTHER COMPREHENSIVE INCOME FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

	Reviewed 1 January- 30 June 2021	Unreviewed 1 April- 30 June 2021	Reviewed 1 January - 30 June 2020	Unreviewed 1 April- 30 June 2020
PROFIT FOR THE PERIOD	724.987	315.609	141.422	95.063
OTHER COMPREHENSIVE INCOME:				
<u>Items that will not be reclassified to profit or loss</u>	(83.704)	(52.519)	50.196	57.564
Gain (loss) on investments in equity instruments	(95.139)	(53.513)	50.305	60.032
Gain (loss) on revaluation of defined benefit plans	8.205	(1.789)	3.006	666
Taxes based on other comprehensive income that will not be reclassified to profit or loss	3.230	2.783	(3.115)	(3.134)
- <i>Deferred tax (expense) income</i>	<i>3.230</i>	<i>2.783</i>	<i>(3.115)</i>	<i>(3.134)</i>
<u>Items that will be reclassified to profit or loss</u>	456.537	143.646	447.494	155.072
Currency translation reserve differences	444.039	135.668	410.825	144.969
Other comprehensive income related to cash flow hedging	17.267	11.617	47.012	12.953
Taxes based on other comprehensive income that will be reclassified to profit or loss	(4.769)	(3.639)	(10.343)	(2.850)
- <i>Deferred tax expense (-)</i>	<i>(4.769)</i>	<i>(3.639)</i>	<i>(10.343)</i>	<i>(2.850)</i>
OTHER COMPREHENSIVE INCOME	372.833	91.127	497.690	212.636
TOTAL COMPREHENSIVE INCOME	1.097.820	406.736	639.112	307.699
Distribution of Total Comprehensive Income for the Period				
Non-controlling interests	6.191	1.458	10.783	6.884
Owners of the parent	1.091.629	405.278	628.329	300.815

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

				Items not to be reclassified to profit or loss	Items to be reclassified to profit or loss		Retained Earnings						
	Paid in capital	Capital structure adjustment	Premiums in capital stock	Gain (loss) on investments in equity instruments	Gain on revaluation and remeasurement	Currency translation reserve	Gains (loss) on hedging	Legal reserves	Prior years’ income	Net profit for the (loss) period	Equity attributable to owners of the parent	Non- controlling interests	Equity
Reviewed													
Opening balance as of 1 January 2020	370.000	3.475	300.984	87.717	2.305	488.224	(23.183)	278.423	2.499.985	1.420.750	5.428.680	68.190	5.496.870
Transfers	-	-	-	-	-	-	-	104.091	1.316.659	(1.420.750)	-	-	-
Total comprehensive income	-	-	-	47.791	2.405	396.216	36.669	-	-	145.248	628.329	10.783	639.112
- Profit (loss) for the period	-	-	-	-	-	-	-	-	-	145.248	145.248	(3.826)	141.422
- Other comprehensive income	-	-	-	47.791	2.405	396.216	36.669	-	-	-	483.081	14.609	497.690
Dividends	-	-	-	-	-	-	-	-	(456.320)	-	(456.320)	-	(456.320)
Other changes	-	-	-	-	-	-	-	-	8.936	-	8.936	-	8.936
Closing balance as of 30 June 2020	370.000	3.475	300.984	135.508	4.710	884.440	13.486	382.514	3.369.260	145.248	5.609.625	78.973	5.688.598
Reviewed													
Opening balance as of 1 January 2021	370.000	3.475	300.984	292.516	13	1.055.947	7.236	382.727	3.377.366	(60.125)	5.730.139	80.761	5.810.900
Transfers	-	-	-	-	-	-	-	14.878	(75.003)	60.125	-	-	-
Total comprehensive income	-	-	-	(90.268)	6.564	433.487	12.498	-	-	729.348	1.091.629	6.191	1.097.820
- Profit (loss) for the period	-	-	-	-	-	-	-	-	-	729.348	729.348	(4.361)	724.987
- Other comprehensive income (expense)	-	-	-	(90.268)	6.564	433.487	12.498	-	-	-	362.281	10.552	372.833
Other changes	-	-	-	-	-	-	-	-	7.265	-	7.265	-	7.265
Closing balance as of 30 June 2021	370.000	3.475	300.984	202.248	6.577	1.489.434	19.734	397.605	3.309.628	729.348	6.829.033	86.952	6.915.985

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

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

Notes	Reviewed 1 January - 30 June 2021	Reviewed 1 January - 30 June 2020
A. CASH FLOWS FROM OPERATING ACTIVITIES	34.680	(569.903)
Profit for the Period	724.987	141.422
Adjustments to Reconcile Net Profit	160.291	229.724
- Depreciation and Amortization	12 189.900	139.246
- Impairment/Reversed Provision	10,12 24.449	-
- Provision Adjustments	8, 14 (35.494)	14.453
- Dividend Income and Expenses	(8.752)	(11.428)
- Interest Income and Expense Adjustments	20 9.252	11.621
- Gain/Loss on Fair Valuation	23 (248.080)	(18.766)
- Group's Share on Profit of Investments in Associates Accounted by Equity Method	11 (40.938)	(20.800)
- Allowance for Taxation	266.225	118.065
- Adjustments for Gain/Loss on Sale of Fixed Assets	12 3.729	(1.962)
- Adjustments for Gain/Loss on Sales of Joint Ventures	-	(705)
Movements in Working Capital	(599.222)	(484.783)
- Changes in Financial Investments	78.160	8.677
- Changes in Trade Receivables	8 (335.568)	479.300
- Changes in Other Assets	(49.033)	179.266
- Changes in Contract Assets Arising from Ongoing Construction Works	9 (600.005)	(381.832)
- Changes in Inventories	10 (409.919)	(349.387)
- Changes in Prepaid Expenses	(26.139)	(44.411)
- Changes in Trade Payables	8 654.426	289.485
- Changes in Payables Related to Employee Benefits	39.880	1.540
- Changes in Contract Liabilities Arising from Ongoing Construction Works	9 (77.526)	(389.867)
- Changes in Other Liabilities	25.126	18.614
- Changes in Deferred Revenue	101.376	(296.168)
Cash Generated by Operating Activities	286.056	(113.637)
Interest Paid	(64.296)	(61.525)
Interest Received	64.148	34.260
Payments Related to Employee Benefits	14 (55.026)	(72.373)
Other Provision Paid	14 (239)	(290)
Tax Paid/Return	(195.963)	(356.338)
B. CASH FLOWS FROM INVESTING ACTIVITIES	(304.876)	(987.425)
Cash Inflows from Sales of Shares or Capital Decrease of Associates or Joint Ventures	11 -	1.403
Cash Outflows for Payments due to Share Acquisition or Capital Increase of Associates or Joint Ventures	11 (444)	(400)
Cash Outflows for Acquisition of Shares in Other Entities or Shares in Funds or Borrowing Instruments	23 (87.922)	(736.221)
Proceeds from Sales of Tangible and Intangible Assets	12 7.180	21.276
Acquisition of Tangible and Intangible Assets	12 (232.966)	(284.642)
Proceeds from Sales of Investment Properties	12 -	5.000
Advances and Debts Given	1.838	882
Dividend Received	7.438	5.277
C. CASH FLOWS FROM FINANCING ACTIVITIES	(198.519)	107.676
Proceeds from Borrowings	564.147	877.733
Repayments of Borrowings	(668.925)	(505.977)
Payments of Lease Obligations	(22.659)	(21.006)
Dividend Paid	4 (71.082)	(243.074)
CHANGE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION RESERVE EFFECT	(468.715)	(1.449.652)
D. CURRENCY TRANSLATION RESERVE EFFECT ON CASH AND CASH EQUIVALENTS	384.040	369.787
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	(84.675)	(1.079.865)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3.259.116	4.094.625
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	3.174.441	3.014.760

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021

(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 Berker, Gökyiğit and Akçağlılar families. The Company and its subsidiaries are referred as "the Group" in the accompanying condensed consolidated financial statements.

As of 30 June 2021, the Group has 19.237 employees (31 December 2020: 18.444) including the personnel of subcontractors. Registered address of the Company is Kültür Mahallesi, Budak Sokak, Tekfen Sitesi A Blok, No: 7, Beşiktaş, İstanbul, Türkiye.

The Company shares are being publicly traded in Borsa İstanbul since 23 November 2007.

Changes in the Group's structure as of 30 June 2021:

During the period, a branch of Tekfen İnşaat ve Tesisat A.Ş. ("Tekfen İnşaat"), a subsidiary of the Group, was established in the Republic of Mozambique.

Tekfen İnşaat has decided to establish a company in the People's Democratic Republic of Algeria.

Approval of condensed consolidated financial statements:

The condensed consolidated financial statements are approved and published by the Board of Directors as of 12 August 2021.

2. BASIS OF PRESENTATION OF THE 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 local currencies and in accordance with the prevailing accounting principles in their registered countries.

The accompanying condensed 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 and Financial Reporting Standards ("TFRS") and additions and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority ("POA") are predicated on in accordance with article 5th of the Communiqué.

The condensed consolidated financial statements and notes are presented in accordance with the formats of Examples of Financial Statements and Usage Guide announced by CMB and "Announcement regarding to TFRS Taxonomy" which was published by POA on 15 April 2019.

The Group has preferred to disclose its interim consolidated financial statements as of 30 June 2021 in condensed format in accordance with TAS 34 "Interim Financial Reporting" standard. The descriptions and disclosures which are needed in the financial statements prepared annually complying with TFRS are summarized appropriately in accordance with TAS 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 2020 and the related disclosures. Interim periods' financial statements cannot be the sole indicator of the year-end results by themselves.

For the condensed consolidated financial statements, the Group continues to apply the same accounting policies and accounting estimate methods which are mentioned in the audited consolidated financial statements as of 31 December 2020.

Exchange rates used in the consolidation process as of 30 June 2021 are; 1 USD= 8,7052 TL, 1 EUR= 10,3645 TL, 1 AZN= 5,1207 TL, 1 SAR= 2,3214 TL, 1 QAR= 2,3850 TL, 1 RON= 2,0919 (Exchange rates as of 31 December 2020 are; 1 USD= 7,3405 TL, 1 EUR= 9,0079 TL, 1 AZN= 4,3179 TL, 1 SAR= 1,9575 TL, 1 QAR= 2,0111 TL, 1 RON= 1,8373).

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3. ADOPTION OF NEW AND REVISED STANDARDS

New and revised standards and interpretations are presented below:

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

- None.

(b) Standards, amendments and interpretations to existing standards that are effective as of the year 2021, but not affecting the condensed consolidated financial statements of the Group:

- TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 (amendments) – “The benchmark interest rate reform Phase 2” is effective for annual periods beginning after 1 January 2021.

(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 17 and TFRS 4 (amendments), postponement of the application of TFRS 9; effective for annual periods beginning after 1 January 2023.
- TFRS 17 “Insurance Contracts”, effective for annual periods beginning after 1 January 2023.
- TAS 1 (amendments), “Classification of Liabilities”, effective for annual periods beginning after 1 January 2022.
- Annual Improvements to TFRS 2018-2020 Cycle (TFRS 1, TFRS 9, TAS 41), effective for annual periods beginning after 1 January 2022.
- TFRS 3 (amendments), “Reference to the Conceptual Framework”, effective for annual periods beginning after 1 January 2022.
- TAS 16 (amendments), “Property, Plant and Equipment - Proceeds before Intended Use”, effective for annual periods beginning after 1 January 2022.
- TAS 37 (amendments), “Onerous Contracts - Cost of Fulfilling a Contract”, effective for annual periods beginning after 1 January 2022.

The Group evaluates the effects of the standards issued and the standards not yet effective as of 30 June 2021 on its consolidated financial position and performance.

4. EVENTS AND TRANSACTIONS MATERIALLY AFFECTING THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

COVID-19 Pandemic

Novel Coronavirus (COVID-19) outbreak that occurred in Wuhan city of People's Republic of China in December 2019 spread to the whole world and was declared Pandemic by the World Health Organization on 11 March 2020. This situation affects social life and economic activities negatively in the geography where the Group operates. The Group's management closely monitors the developments and takes measures to reduce the negative effects of the COVID-19 pandemic on the Group's consolidated financial position, consolidated financial performance and consolidated cash flows to an acceptable level. Within the scope of the measures taken, evaluations regarding the going concern of the Group have been reviewed in order to evaluate the going concern assumption of the business. The Group management believes that, despite the uncertain economic outlook, Group's business risks can be managed successfully. On the other hand, management has a reasonable expectation that the Group will have the resources to provide sufficient liquidity reserves in the twelve-month period to maintain its operational existence. In addition, possible effects of cash flow risk has been reevaluated by recalculating Group budget projections with various scenarios, estimations and assumptions used in expected credit losses, impairment of assets within the Group, performance obligations within the scope of recognizing revenue has been reevaluated, independent valuation has been performed for significant portion of the financial assets measured at fair value and condensed consolidated financial statements, that prepared on the basis of going concern, have been prepared by taking into consideration of these evaluations. As of the reporting date, there is no significant issue affecting the Group's activities and the condensed consolidated financial statements other than those disclosed in the condensed consolidated financial statements.

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4. EVENTS AND TRANSACTIONS MATERIALLY AFFECTING THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Construction Projects

The COVID-19 pandemic, which has been effective since the last months of the year 2019 and caused delays in personnel, material and equipment logistics, has caused serious disruptions in the countries where the Engineering and Contracting segment operates.

Factors such as the embargo imposed by the Gulf countries against Qatar, the sudden drop in oil prices simultaneously with the pandemic, restrictions on travel and visa processes caused difficulties in accessing to construction materials and so caused an increase in material prices. These factors made it impossible to perform the activities in various projects were both within the program and budgetary framework.

The sudden decline in oil revenues and the serious and unpredictable financial burdens brought on the country budgets by the pandemic caused delays in contracting new projects, as well as delays in the progress payments of ongoing projects, and therefore bank loans have been used to ensure cash flow.

Some countries of operation suddenly imposed unilateral restrictions on employee visas, thus making it impossible to continue the ongoing projects efficiently. While some employers demand extension of the duration of the projects, in another country, unlike statistical information and documents, there were extraordinary situations that could not be predicted in advance such as adverse weather conditions and severe fluctuations in exchange rates.

Necessary precautions have been taken and efforts have been made to minimize possible damages in order to overcome these adversities in the slightest possible way. In addition to these measures, the processes foreseen in the contracts were initiated to compensate for the losses caused by all these unforeseen negativities.

The compensation and claim files prepared by the contract department together with international expert consulting firms have been submitted to the employer administrations in 2021. The Engineering and Contracting segment, which continues to work within the framework of contractual obligations during the extraordinary period, by taking every possible and reasonable precautions, will continue to negotiate diligently in 2021 for these justified demands to be concluded positively.

Current information about related projects is as follows;

Kazakhstan - Kuyubaşı Pressure Management Project:

Pursuant to the contract signed between Gate İnşaat Taahhüt San. ve Tic. A.Ş. and Tengizchevroil on 24 July 2017, the construction, mechanical, electrical and instrument installation project in Kazakhstan's Tengiz oil and gas field was undertaken. The bid submitted to the pipeline tender in the same region was found successful by the Employer administration 19 January 2021 and the said pipeline works were added to the ongoing project with an Addendum.

The expected current end-of-project income of the project is 6.934.689 (796.614.504 USD) and the financial completion rate of the project is 51,5% as of the balance sheet date.

As of the balance sheet date, field work continues in a controlled manner in the project, in which the work was temporarily suspended by the employer administration within the scope of COVID-19 measures where mobilization resumed in September 2020. Negotiations about covering all additional costs incurred by the Employer administration have been concluded and mutually signed.

Qatar - Al-Thumama Stadium Project:

Pursuant to the contract signed between Tekfen-Al Jaber J.V., which Tekfen İnşaat holds 50% ownership, and employer administration Qatar Supreme Committee for Delivery and Legacy on 10 December 2017, the engineering and construction works of the stadium complex project, where the 2022 World Cup Quarter Finals will be held in Qatar, were undertaken. The expected current end-of-project income of the project is 1.610.943 (675.451.537 QAR) and the financial completion rate of the project is 87,5% as of the balance sheet date.

During the construction process, due to the changes, as requested by the Employer administration, made in the design of the project to comply with FIFA Standards, it is expected that a total increase of 955.785 (400.750.571 QAR) will occur in the end-of-project cost and Group share of this increase has been included in the condensed consolidated financial statements. Since an agreement could not be reached with the employer administration regarding the compensation of these additional costs, an application was made to the Debt Compensation Committee of the Ministry of Finance, which was established in accordance with the laws of Qatar, to resolve the dispute. Meetings, in which the reasons for the additional costs are explained, are in progress. Since the necessary approvals for the amount of compensation that the Group expect to earn as of the reporting date could not be obtained and an agreement could not be reached, no income was recognized in the condensed consolidated financial statements.

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4. EVENTS AND TRANSACTIONS MATERIALLY AFFECTING THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Construction Projects (cont'd)

Qatar - Al Khor Highway Project:

Pursuant to the contract signed between Tekfen İnşaat and Qatar Public Engineering Office (PEO) on 13 October 2016, the project, which consists of a 10-lane 34 km length highway and its infrastructure, various intersections, viaducts, under and overpasses, was undertaken. The expected current end-of-project income of the project is 21.895.342 (9.180.489.735 QAR) and the financial completion rate of the project is 96,6% as of the balance sheet date.

During the construction of the project, the revenues from the additional works performed with the instructions of the Employer administration are recognized in the condensed consolidated financial statements in accordance with "TFRS 15 Revenue from Customer Contracts" standard and the management estimations. As of the reporting date, negotiations with the Employer administration regarding the Group's additional requests, which have not been included in the condensed consolidated financial statements yet, are in progress.

Azerbaijan- Ministry of Taxes New Administration Building Project:

Pursuant to the contract signed between the Ministry of Taxes of the Republic of Azerbaijan and Tekfen İnşaat on 22 July 2016, the construction project of the New Administration Building of the Ministry of Tax of Azerbaijan with the scope of reinforced concrete, steel and exterior, architectural, mechanical, electrical, landscape, elevator and equipment works was undertaken. The expected current end-of-project income of the project is 1.421.835 (163.331.682 USD) where the financial completion rate of the project is 99,2% as of the balance sheet date.

Saudi Arabia - Jeddah Yanbu Pipeline Project:

Pursuant to the contract signed between Tekfen İnşaat and Saudi Arabian Oil Company on 15 November 2016, the pipeline project between Jeddah and Yanbu was undertaken. The expected current end-of-project income of the project is 2.584.063 (1.113.155.059 SAR) and the financial completion rate of the project is 92,7% as of the balance sheet date. Due to the additional work done and the additional cost increases, negotiations concerning additional income demand are in progress within the scope of the contract signed with the Employer administration.

Saudi Arabia - Haradh Satellite Compressor Stations Pipelines Project:

Pursuant to the contract signed between Tekfen İnşaat and Saudi Arabian Oil Company on 30 July 2018, the Haradh Field Gas Increase Program - Satellite Gas Compressor Stations Pipeline Construction Project was undertaken. The expected current end-of-project income of the project is 5.424.730 (2.336.848.980 SAR) and the financial completion rate of the project is 91,5% as of the balance sheet date.

Some negative situations take place due to the delay of the employer administration in supplying materials. Due to the additional work done and the additional cost increases, negotiations concerning additional income demand are in progress within the scope of the contract signed with the Employer administration.

Russia - Gas Transmission Pipeline between Kharampur Gas Field and Gazprom Main Pipeline:

Rusfen, one of the subsidiaries of the Group, signed a contract with Kharampurneftegaz LLC on 27 December 2019, for the construction and installation of 90 km length 48 "gas pipeline. The expected current end-of-project income of the project is 2.322.663 (19.341.294.957 Russian Rubles) and the financial completion rate of the project is 49,4% as of the balance sheet date.

While construction activities are in progress in Yamalo-Nenets autonomous region of Russia, various adverse events were experienced such as lack of cold weather conditions required for the implementation of the project in the first winter, the warmest winter of the last 25 years, the COVID-19 pandemic and the devaluation of the Russian Ruble against the US Dollar so that construction activity of the project could not be carried out temporarily. Due to the changing conditions, negotiations were initiated with the employer regarding the determination of the project completion period, project cost and contract income, Rusfen submitted an updated proposal to the Employer administration according to the changed conditions. On 30 December 2020, an amendment protocol was signed with the Employer administration, which includes the updated terms regarding project planning and project completion period, and the duration of the project was extended to May 2022. Although the necessary weather conditions were not fully established and the extreme cold weather conditions in the second winter of the project, the project activities are carried out within the framework of the work schedule. As of the reporting date, a total of 395.384 (3.292.442.776 Russian Rubles) loss is expected to occur at the end of the project and the entire expected loss has been included in the condensed consolidated financial statements. Negotiations with the Employer administration for the compensation of all of these losses are in progress.

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4. EVENTS AND TRANSACTIONS MATERIALLY AFFECTING THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Financial Investments

During the six month interim period ended 30 June 2021, the positive change of 248.080 in the fair value of the Group's fair value through profit or loss financial investments has been recognized in the condensed consolidated statement of profit or loss (30 June 2020: 18.766). Since one of the fair value through profit or loss financial investments has started to be traded in the local stock exchange in the current period, it has been transferred to Level 1 fair value hierarchy, which was Level 3 in the previous period. (Note: 23)

Other

Tekfen İnşaat has signed an agreement with Central Bank of Azerbaijan for the construction works of the engineering, equipment and material supply turnkey construction works of Azerbaijan Central Bank administration building. Value of the project contract is approximately 2.259.461 (218.000.000 EUR).

Istek Construction LLP which is 50% owned by Gate İnşaat Taahhüt San. ve Tic. A.Ş., a subsidiary of Group, and North Caspian Operating Company N.V. has signed a 5-year framework contract for the provision of renovation-construction services at existing facilities in Kazakhstan. On 12 July 2021, the work order number 1 with amounting 111.689 (5.488.618.364 KZT) was conveyed to the Group by the employer administration. During the contract period, the ongoing amount of work in progress within the framework of the work orders given by the employer administration will be shared in the quarterly reports of the Group.

The Consortium comprising of Tekfen İnşaat and Hallesche Mitteldeutsche Bau AG, both subsidiaries of the Group, has received a letter of award from Türkiye Petrol Rafinerileri A.Ş. (Tüpraş) as the owner of the project, for Engineering, Procurement and Construction of Tüpraş Kırıkkale Refinery Sulphur Recovery Unit Project. The scope of work consists of engineering, equipment and material procurement and construction of Sulphur Recovery Units with a total duration of 36 months. The contract within the scope of the project has been signed by the Group and the signature process of Tüpraş is in progress. Project value is 476.887 (54.781.856 USD) and 108.844 (10.501.600 EUR).

With the article 11 of the Law No. 7316 on the Procedure for the Collection of Public Claims and Amending Certain Laws, published in the Official Gazette No. 31462 dated 22 April 2021, provisional 13th article added to the Corporate Tax Law No. 5520, corporate tax rate will be applied as 25% for the corporate earnings for the 2021 taxation period and 23% for the corporate earnings for the 2022 taxation period. In the condensed consolidated financial statements as of 30 June 2021, 25% has been used as the tax rate in the period tax calculations. In the deferred tax calculations, the rates have been determined depending on the period in which the taxable/deductible temporary differences are expected to be realized.

Upon the resolution of Ordinary General Assembly held on 26 March 2020, it is decided to distribute 1,15 TL gross cash dividends per share attributable to the operations of the year of 2019. It is decided that the first portion of dividends of 426.492 and 29.828 in the aggregate 456.320 respectively to the owners of the parent and Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı which holds redeemed shares will be distributed on 27 April 2020 and second portion of dividend distribution will be held on 24 September 2020.

However pursuant to article 12 of Law Concerning the Reduction of the Effects of COVID-19 Pandemic on Economic and Social Life and the Amendment of Some Laws numbered 7244, which went into effect with its publication in issue 31102 of the official gazette on 17 April 2020 as well as to interim article 13 added to the Turkish Commercial Code numbered 6102, portions of dividends that exceed 25% of 2019 net profit must be paid after 30 September 2020. For this reason, the Board of Directors of the Company has decided that 456.320 of dividend will be paid in three installements. First installment amounting to 213.246 to the owners of the parent and 29.828 to Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı which holds redeemed shares which constitute 243.074 was paid in accordance with the decision taken in the Ordinary General Assembly on 27 April 2020, second installment amounting to 142.164 was paid on 24 September 2020. The last installment dividend payment amounting to 71.082, which was decided to be made on 1 October 2020, was paid on 7 January 2021 within the framework of the President's Decree dated 18 September 2020.

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5. SIGNIFICANT CHANGES IN EQUITY

Gain (Loss) on Investments in Equity Instruments:

The negative change of 90.268 in the fair values of the fair value through other comprehensive income financial investments of the Group has been directly recognized in equity (30 June 2020: positive change of 47.791).

Legal Reserves:

In accordance with the resolutions taken during the Ordinary General Assemblies of Group companies as of 30 June 2021, 14.878 of legal reserves were transferred from retained earnings in the condensed consolidated financial statements as of 30 June 2021 (30 June 2020: 104.091).

Hedging Reserve:

The positive change of 12.498 in the fair values of the effective derivative instruments which the Group uses for cash flow hedging has been recognized in equity (30 June 2020: positive change of 36.669).

Profit Distribution:

Upon the resolution of the Ordinary General Assembly held on 25 March 2021, it is decided not to distribute any dividend for the operations of the year 2020 due to the occurrence of loss for the year. (For the operations of the year 2019, profit shares of 426.492 and 29.828 in the aggregate 456.320 were distributed respectively to owners of the parent and Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı which holds redeemed share.)

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6. SEGMENT REPORTING

a) Segment results:

	1 January - 30 June 2021					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	4.009.646	3.084.325	58.184	245.759	23.628	7.421.542
Cost of revenue (-)	(3.854.175)	(2.228.968)	(70.967)	(162.006)	(8.727)	(6.324.843)
GROSS PROFIT (LOSS)	155.471	855.357	(12.783)	83.753	14.901	1.096.699
General administrative expenses (-)	(152.859)	(37.461)	(5.716)	(10.293)	(111.516)	(317.845)
Marketing expenses (-)	(5.166)	(148.951)	(11.904)	(3.945)	-	(169.966)
Research and development expenses (-)	(3.703)	(6.147)	(3.324)	-	-	(13.174)
Other operating income	91.506	119.673	6.490	15.700	7.559	240.928
Other operating expenses (-)	(133.337)	(252.073)	(1.878)	(10.950)	(5.452)	(403.690)
Share on profit (loss) of investments valued by equity method	38.700	-	2.243	-	(5)	40.938
OPERATING PROFIT (LOSS)	(9.388)	530.398	(26.872)	74.265	(94.513)	473.890
Investment income	2.655	424	-	52	256.797	259.928
Investment expense (-)	-	(21.577)	-	-	(1)	(21.578)
PROFIT BEFORE FINANCIAL INCOME (EXPENSES)	(6.733)	509.245	(26.872)	74.317	162.283	712.240
Financial income	29.079	212.681	2.945	6.399	293.079	544.183
Financial expenses (-)	(29.478)	(86.278)	(29.842)	(6.120)	(113.493)	(265.211)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	(7.132)	635.648	(53.769)	74.596	341.869	991.212
Tax (expense) income from continuing operations	(43.551)	(101.216)	681	(20.868)	(101.271)	(266.225)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	(50.683)	534.432	(53.088)	53.728	240.598	724.987

For the six month interim period ended 30 June 2021, revenues amounting 882.754, 804.817 and 755.571 were obtained from three non-related client of Engineering and Contracting segment which constitute 11,9%, 10,8% and 10,2% of the Group’s revenue respectively.

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6. SEGMENT REPORTING (cont’d)

a) Segment results (cont’d):

	1 April - 30 June 2021					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	1.914.653	1.523.632	52.926	127.583	12.157	3.630.951
Cost of revenue (-)	(1.893.460)	(1.142.983)	(56.534)	(87.027)	(4.600)	(3.184.604)
GROSS PROFIT (LOSS)	21.193	380.649	(3.608)	40.556	7.557	446.347
General administrative expenses (-)	(80.453)	(19.463)	(3.417)	(4.939)	(89.060)	(197.332)
Marketing expenses (-)	(2.760)	(66.048)	(7.883)	(2.213)	-	(78.904)
Research and development expenses (-)	(2.402)	(2.954)	(1.424)	-	-	(6.780)
Other operating income	25.445	67.662	4.471	4.863	3.059	105.500
Other operating expenses (-)	(49.050)	(93.797)	(69)	(3.448)	(1.537)	(147.901)
Share on profit of investments valued by equity method	44.897	-	1.482	-	-	46.379
OPERATING PROFIT (LOSS)	(43.130)	266.049	(10.448)	34.819	(79.981)	167.309
Investment income	2.056	414	-	52	256.728	259.250
Investment expense (-)	-	(21.577)	-	-	16	(21.561)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)	(41.074)	244.886	(10.448)	34.871	176.763	404.998
Financial income	10.928	67.319	973	2.032	98.661	179.913
Financial expense (-)	(14.274)	(42.979)	(13.564)	(3.982)	(45.249)	(120.048)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	(44.420)	269.226	(23.039)	32.921	230.175	464.863
Tax (expense) income from continuing operations	(17.929)	(45.150)	275	(11.219)	(75.231)	(149.254)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	(62.349)	224.076	(22.764)	21.702	154.944	315.609

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6. SEGMENT REPORTING (cont’d)

a) Segment results (cont’d):

	1 January - 30 June 2020					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	3.608.260	1.776.453	58.662	213.544	23.428	5.680.347
Cost of revenue (-)	(3.532.336)	(1.353.125)	(48.579)	(134.396)	(12.410)	(5.080.846)
GROSS PROFIT	75.924	423.328	10.083	79.148	11.018	599.501
General administrative expenses (-)	(129.816)	(25.964)	(5.042)	(7.399)	(62.465)	(230.686)
Marketing expenses (-)	(5.394)	(144.493)	(12.089)	(3.305)	-	(165.281)
Research and development expenses (-)	(3.591)	(2.612)	(8.503)	-	-	(14.706)
Other operating income	256.498	89.353	4.983	8.380	3.192	362.406
Other operating expenses (-)	(251.042)	(237.161)	(1.768)	(6.924)	(6.951)	(503.846)
Share on profit (loss) of investments valued by equity method	18.195	(104)	2.709	-	-	20.800
OPERATING PROFIT (LOSS)	(39.226)	102.347	(9.627)	69.900	(55.206)	68.188
Investment income	176	2.472	203	50	30.143	33.044
Investment expense (-)	(168)	(3)	(12)	-	-	(183)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)	(39.218)	104.816	(9.436)	69.950	(25.063)	101.049
Financial income	21.730	99.666	1.208	4.014	207.182	333.800
Financial expenses (-)	(12.758)	(67.619)	(12.585)	(4.455)	(77.945)	(175.362)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	(30.246)	136.863	(20.813)	69.509	104.174	259.487
Tax (expense) income from continuing operations	(77.496)	(2.269)	2.119	(14.853)	(25.566)	(118.065)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	(107.742)	134.594	(18.694)	54.656	78.608	141.422

For the six month interim period ended 30 June 2020, revenue amounting 1.356.605 was obtained from a single non-related client of Engineering and Contracting segment which constitute 23,9% of the Group’s revenue.

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6. SEGMENT REPORTING (cont’d)

a) Segment results (cont’d):

	1 April - 30 June 2020					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	1.821.079	661.901	47.431	115.923	12.073	2.658.407
Cost of revenue (-)	(1.695.875)	(499.519)	(34.127)	(64.134)	(9.229)	(2.302.884)
GROSS PROFIT	125.204	162.382	13.304	51.789	2.844	355.523
General administrative expenses (-)	(70.882)	(12.627)	(648)	(3.733)	(29.808)	(117.698)
Marketing expenses (-)	(3.160)	(52.877)	(8.091)	(1.584)	-	(65.712)
Research and development expenses (-)	(3.212)	(1.436)	(8.503)	9	-	(13.142)
Other operating income	141.339	53.540	3.257	3.839	2.481	204.456
Other operating expenses (-)	(131.701)	(121.465)	(1.056)	(3.023)	(6.065)	(263.310)
Share on profit (loss) of investments valued by equity method	(1.506)	(30)	1.889	-	-	353
OPERATING PROFIT (LOSS)	56.082	27.487	152	47.297	(30.548)	100.470
Investment income	37	2.192	29	50	12.480	14.788
Investment expense (-)	(65)	-	-	-	-	(65)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)	56.054	29.679	181	47.347	(18.068)	115.193
Financial income	7.273	47.688	169	1.880	99.164	156.174
Financial expense (-)	(5.683)	(41.021)	(6.086)	(2.776)	(34.030)	(89.596)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	57.644	36.346	(5.736)	46.451	47.066	181.771
Tax (expense) income from continuing operations	(75.046)	8.921	1.922	(9.839)	(12.666)	(86.708)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	(17.402)	45.267	(3.814)	36.612	34.400	95.063

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6. SEGMENT REPORTING (cont’d)

b) Segment assets and liabilities:

Balance sheet	30 June 2021					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Total assets	7.188.930	4.532.878	428.032	515.681	3.310.185	15.975.706
Current and non-current liabilities	5.935.093	2.375.543	312.428	153.499	283.158	9.059.721
Equity attributable to owners of the parent	813.936	2.862.115	(122.991)	372.797	2.903.176	6.829.033
Non-controlling interests	6.194	19.042	-	57	61.659	86.952

Balance sheet	31 December 2020					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Total assets	6.553.439	3.588.933	383.638	564.705	2.826.318	13.917.033
Current and non-current liabilities	5.416.834	2.091.753	225.324	126.511	245.711	8.106.133
Equity attributable to owners of the parent	965.361	2.323.094	(68.220)	306.656	2.203.248	5.730.139
Non-controlling interests	5.693	22.288	-	47	52.733	80.761

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6. SEGMENT REPORTING (cont’d)

c) Segment information related to property, plant and equipment, intangible assets, investment property, right-of-use assets and revenue:

	1 January - 30 June 2021					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	124.127	82.829	10.290	14.810	910	232.966
Depreciation and amortization expense for the period (*)	124.206	41.009	11.259	6.832	6.594	189.900
Intra-segment revenue	170.835	44.417	1.324	116	4.944	221.636
Inter-segment revenue	36	523	-	8.175	10.234	18.968
	1 April - 30 June 2021					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	53.471	59.040	8.300	11.541	704	133.056
Depreciation and amortization expense for the period (*)	67.367	20.986	6.024	3.430	2.907	100.714
Intra-segment revenue	54.228	22.256	652	59	2.623	79.818
Inter-segment revenue	(67)	285	-	4.039	4.888	9.145
	1 January - 30 June 2020					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	112.376	128.167	27.936	13.293	2.870	284.642
Depreciation and amortization expense for the period (*)	89.409	30.737	6.767	6.416	5.917	139.246
Intra-segment revenue	115.778	31.617	2.329	97	7.301	157.122
Inter-segment revenue	949	644	-	6.006	8.896	16.495
	1 April - 30 June 2020					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	71.492	107.089	22.694	8.372	2.262	211.909
Depreciation and amortization expense for the period (*)	44.513	11.002	3.901	3.336	3.154	65.906
Intra-segment revenue	51.744	15.306	2.329	50	3.862	73.291
Inter-segment revenue	-	266	-	3.037	4.606	7.909

(*) Depreciation expense of 458 is deducted from the cost of inventory (30 June 2020: 2.466 added to the cost of inventory).

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6. SEGMENT REPORTING (cont’d)

d) Geographical segment information is as follows:

	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 30 June 2021)	3.944.869	1.759.325	1.844.191	113.761	(240.604)	7.421.542
Total Assets (30 June 2021)	17.746.552	6.318.041	4.464.429	2.624.413	(15.177.729)	15.975.706
Capital Expenditures (1 January - 30 June 2021)	121.704	109.449	1.555	258	-	232.966
	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 April - 30 June 2021)	1.972.617	857.628	853.718	35.951	(88.963)	3.630.951
Capital Expenditures (1 April - 30 June 2021)	82.632	49.734	638	52	-	133.056
	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 30 June 2020)	2.467.425	525.980	2.769.191	91.368	(173.617)	5.680.347
Total Assets (31 December 2020)	15.430.503	5.252.886	3.999.280	1.867.741	(12.633.377)	13.917.033
Capital Expenditures (1 January - 30 June 2020)	230.624	21.588	32.305	125	-	284.642
	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 April - 30 June 2020)	990.369	269.595	1.429.820	49.823	(81.200)	2.658.407
Capital Expenditures (1 April - 30 June 2020)	181.148	15.498	15.257	6	-	211.909

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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 2.401.380 (31 December 2020: 2.413.297). Demand deposits and other cash equivalents with maturity of six months or less constitute the rest of the cash and cash equivalents.

8. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

	30 June 2021	31 December 2020
<u>Short-term trade receivables</u>		
Receivables from Contracting & Engineering segment operations	1.422.240	1.272.636
Receivables from Chemical Industry segment operations	626.422	339.522
Receivables from Agricultural Production segment operations	43.657	21.820
Receivables from Service segment operations	28.643	8.958
Receivables from Investment segment operations	3.583	3.282
Provision for doubtful receivables (-)	(113.643)	(101.291)
Retention receivables (Note: 9)	435.303	367.890
Due from related parties	49.745	106.715
Other	17.596	19.319
	<u>2.513.546</u>	<u>2.038.851</u>
<u>Long-term trade receivables</u>		
Retention receivables (Note: 9)	138.736	290.195
Receivables from Contracting & Engineering segment operations	3.134	3.212
	<u>141.870</u>	<u>293.407</u>

Postdated cheques amounting to 389.626 (31 December 2020: 147.221), notes receivables amounting to 16.041 (31 December 2020: 20.003), positive foreign currency differences amounting to 2.171 (31 December 2020: positive foreign currency differences amounting to 5.104), date differences amounting to 1.513 (31 December 2020: None) are included in short and long-term trade receivables.

Average maturity date for trade receivables varies between the segments. Average maturity date for Engineering and Contracting segment, for projects in abroad is 89 days (31 December 2020: 100 days), for domestic projects is 112 days (31 December 2020: 159 days), for Chemical Industry segment is 40 days (31 December 2020: 41 days), for Agricultural Production segment is 50 days (31 December 2020: 63 days), for Service segment is 38 days (31 December 2020: 32 days), and for Investment segment is 30 days (31 December 2020: 30 days).

As of 30 June 2021, receivables amounting 581.605 was obtained from a single non-related client which constitute 22,3% of the Group’s receivables (31 December 2020: 490.286, 22%).

As of 30 June 2021, 113.643 of provision for doubtful receivables was determined based on past uncollectible receivable cases encountered and future expectations (30 June 2020: 89.671).

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

	2021	2020
Provision as of 1 January	(101.291)	(80.609)
Charge for the period	(998)	(1.435)
Collected	206	-
Write off of bad debt	7	-
Currency translation effect	(11.567)	(7.627)
Provision as of 30 June	<u>(113.643)</u>	<u>(89.671)</u>

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8. TRADE RECEIVABLES AND PAYABLES (cont'd)

a) Trade Receivables (cont'd):

706 and 292 of doubtful receivable expense has been charged to cost of revenue and general administrative expenses respectively (30 June 2020: All of doubtful receivable expense has been charged to general administrative expenses).

b) Trade Payables:

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

	30 June 2021	31 December 2020
Short-term trade payables		
Payables from Contracting & Engineering segment operations	1.796.008	1.650.578
Payables from Chemical Industry segment operations	1.389.639	985.773
Payables from Agricultural Production segment operations	30.342	15.777
Payables from Service segment operations	50.118	45.768
Payables from Investment segment operations	4.103	5.972
Due to related parties	8.416	12.835
Retention payables (Note: 9)	736.580	670.228
Other	33.038	31.156
	4.048.244	3.418.087
Long-term trade payables		
Retention payables (Note: 9)	88.026	64.246
Payables from Contracting & Engineering segment operations	3.387	2.982
	91.413	67.228

Foreign currency differences amounting to 193.515 (31 December 2020: 265.059) are included in short and long-term trade payables.

For Chemical Industry segment, payables attributable to inventory supplied through imports constitute 95% (31 December 2020: 93%) of trade payables as at balance sheet date and average payable period for these import purchases is 141 days (31 December 2020: 115 days) whereas average payable period for domestic purchases is 24 days (31 December 2020: 28 days). For Engineering and Contracting segment, average payable period for import purchases through letter of credit is 75 days (31 December 2020: 70 days) whereas the average payable period for other purchases is 153 days (31 December 2020: 141 days). The average payable period for Agricultural Production segment is 26 days (31 December 2020: 27 days), for Service segment is 46 days (31 December 2020: 44 days), and for Investment segment is 38 days (31 December 2020: 41 days).

9. CONTRACT ASSETS AND LIABILITIES ARISING FROM ONGOING CONSTRUCTION WORKS

	30 June 2021	31 December 2020
Cost incurred on ongoing contracts	46.643.499	40.178.260
Recognised gain less losses (net)	1.428.300	2.112.733
	48.071.799	42.290.993
Less: Billings to date (-)	(47.197.708)	(42.094.433)
	874.091	196.560

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9. CONTRACT ASSETS AND LIABILITIES ARISING FROM ONGOING CONSTRUCTION WORKS (cont’d)

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

	30 June 2021	31 December 2020
Contract assets arising from ongoing construction works	1.231.687	631.682
Contract liabilities arising from ongoing construction works	(357.596)	(435.122)
	<u>874.091</u>	<u>196.560</u>
	30 June 2021	31 December 2020
<u>Contract assets arising from ongoing construction works</u>		
Contracts undersigned abroad	1.138.385	522.268
Contracts undersigned in Turkey	93.302	109.414
	<u>1.231.687</u>	<u>631.682</u>
<u>Contract liabilities arising from ongoing construction works</u>		
Contracts undersigned abroad	(357.596)	(435.122)
	<u>(357.596)</u>	<u>(435.122)</u>
	<u>874.091</u>	<u>196.560</u>

The Group has 283.682 of advances given to subcontractors and other suppliers for construction projects classified in short-term prepaid expenses (31 December 2020: 267.203). Also, the Group has 406.877 of advances received for contracting projects classified in deferred revenue (31 December 2020: 472.264).

As of 30 June 2021, the Group has 824.606 of retention payables to subcontractors (31 December 2020: 734.474). Also, the amount of retention receivables is 574.039 (31 December 2020: 658.085) (Note: 8).

10. INVENTORIES

	30 June 2021	31 December 2020
Raw materials	343.692	193.018
Work in progress	238.991	263.237
Finished goods	53.690	53.546
Trading goods	135.195	195.402
Goods in transit	154.504	52.877
Inventory at construction sites	1.388.711	1.183.100
Other inventories	128.378	92.520
Allowance for impairment on inventory (-)	(9.851)	(155)
	<u>2.433.310</u>	<u>2.033.545</u>

As of 30 June 2021, there are no borrowing costs added to inventory (31 December 2020: None).

<u>Movement of allowance for impairment of inventory</u>	2021	2020
Provision as of 1 January	(155)	-
Charge for the period	(9.696)	-
Provision as of 30 June	<u>(9.851)</u>	<u>-</u>

All of impairment expense on inventory has been charged to cost of revenue (2020: None).

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2021**

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11. INVESTMENTS VALUED BY EQUITY METHOD

Joint Ventures	Location of foundation and operation	30 June 2021		31 December 2020		Power to appoint	Industry
		Participation Rate	Amount	Participation Rate	Amount		
H-T Fidecilik	Turkey	50%	15.615	50%	13.372	50%	Agriculture
Azfen	Azerbaijan	40%	56.368	40%	11.431	40%	Construction
Florya Gayrimenkul (*)	Turkey	50%	91.454	50%	91.015	50%	Real Estate
			<u>163.437</u>		<u>115.818</u>		

(*) After the balance sheet date, the shares of Florya Gayrimenkul were sold. (Note: 24)

Movements of Group’s joint ventures during the period is as follows:

	2021	2020
Opening balance as of 1 January	115.818	103.597
Group’s share on profit	40.938	20.800
Effect of the joint ventures sold	-	(698)
Capital increases	444	400
Currency translation effect	6.237	1.040
Closing balance as of 30 June	<u>163.437</u>	<u>125.139</u>

Group’s share on profit (loss) of joint ventures is as follows:

	1 January- 30 June 2021	1 January - 30 June 2020
H-T Fidecilik	2.243	2.709
Azfen	38.700	18.195
Black Sea Gübre (*)	-	(104)
Florya Gayrimenkul	(5)	-
Shares on profit of joint ventures valued by equity method	<u>40.938</u>	<u>20.800</u>

(*) Shares of Black Sea Gübre were sold on 12 June 2020.

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11. INVESTMENTS VALUED BY EQUITY METHOD (cont’d)

Information related to balance sheet:

30 June 2021	H-T	Azfen	Florya	Total
	Fidecilik		Gayrimenkul	
Cash and cash equivalents	5.009	506.960	17	511.986
Other current assets	79.868	1.245.402	60.023	1.385.293
Non-current assets	20.009	196.710	125.490	342.209
Total Assets	104.886	1.949.072	185.530	2.239.488
Short-term borrowings	40.604	-	-	40.604
Other short-term liabilities	22.384	1.808.152	122	1.830.658
Long-term borrowings	6.774	-	-	6.774
Other long-term liabilities	3.894	-	2.500	6.394
Total Liabilities	73.656	1.808.152	2.622	1.884.430
Net Assets	31.230	140.920	182.908	355.058
Group's Ownership Rate	50%	40%	50%	
Group's Share on Net Assets	15.615	56.368	91.454	163.437
31 December 2020	H-T	Azfen	Florya	Total
	Fidecilik		Gayrimenkul	
Cash and cash equivalents	370	202.391	38	202.799
Other current assets	64.752	829.169	59.708	953.629
Non-current assets	21.127	180.933	124.847	326.907
Total Assets	86.249	1.212.493	184.593	1.483.335
Short-term borrowings	23.688	-	-	23.688
Other short-term liabilities	22.008	1.183.915	73	1.205.996
Long-term borrowings	9.310	-	-	9.310
Other long-term liabilities	4.500	-	2.490	6.990
Total Liabilities	59.506	1.183.915	2.563	1.245.984
Net Assets	26.743	28.578	182.030	237.351
Group's Ownership Rate	50%	40%	50%	
Group's Share on Net Assets	13.372	11.431	91.015	115.818

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11. INVESTMENTS VALUED BY EQUITY METHOD (cont’d)

Information related to statement of profit or loss:

1 January - 30 June 2021	H-T Fidecilik	Azfen	Black Sea Gübre (*)	Florya Gayrimenkul	Total
Revenue	69.806	781.945	-	-	851.751
Depreciation and amortization expense (-)	(1.532)	(8.753)	-	-	(10.285)
Operating profit	8.156	124.039	-	-	132.195
Financial income	120	-	-	-	120
Financial expense (-)	(2.461)	-	-	-	(2.461)
Tax expense (-)	(1.329)	(27.288)	-	(10)	(28.627)
Profit (Loss) for the Period	4.486	96.751	-	(10)	101.227
Group's Ownership Rate	50%	40%	-	50%	
Group's Share on Profit (Loss) for the Period	2.243	38.700	-	(5)	40.938
1 April - 30 June 2021	H-T Fidecilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Total
Revenue	42.915	556.028	-	-	598.943
Depreciation and amortization expense (-)	(986)	(3.831)	-	-	(4.817)
Operating profit	4.982	143.904	-	-	148.886
Financial income	14	-	-	-	14
Financial expense (-)	(1.292)	-	-	-	(1.292)
Tax expense (-)	(741)	(31.659)	-	-	(32.400)
Profit for the Period	2.963	112.243	-	-	115.206
Group's Ownership Rate	50%	40%	-	50%	
Group's Share on Profit for the Period	1.482	44.897	-	-	46.379

(*) Shares of Black Sea Gübre'nin were sold on 12 June 2020 (Note: 1).

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11. INVESTMENTS VALUED BY EQUITY METHOD (cont’d)

Information related to statement of profit or loss:

1 January - 30 June 2020	H-T Fidecilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Total
Revenue	61.208	604.835	-	-	666.043
Depreciation and amortization expense (-)	(1.309)	(14.127)	-	-	(15.436)
Operating profit (loss)	8.844	56.853	(579)	-	65.118
Financial income	20	-	268	-	288
Financial expense (-)	(1.941)	-	(36)	-	(1.977)
Tax (expense) income	(1.505)	(11.366)	1	-	(12.870)
Profit (Loss) for the Period	5.418	45.487	(346)	-	50.559
Group's Ownership Rate	50%	40%	30%	50%	
Group's Share on Profit (Loss) for the Period	2.709	18.195	(104)	-	20.800
1 April - 30 June 2020	H-T Fidecilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Total
Revenue	34.684	362.305	-	-	396.989
Depreciation and amortization expense (-)	(679)	(8.827)	-	-	(9.506)
Operating profit (loss)	5.717	7.600	(176)	-	13.141
Financial income	4	-	113	-	117
Financial expense (-)	(879)	-	(36)	-	(915)
Tax expense (-)	(1.064)	(11.366)	-	-	(12.430)
Profit (Loss) for the Period	3.778	(3.766)	(99)	-	(87)
Group's Ownership Rate	50%	40%	30%	50%	
Group's Share on Profit (Loss) for the Period	1.889	(1.506)	(30)	-	353

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12. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS, INVESTMENT PROPERTY AND RIGHT-OF-USE ASSETS

(a) Property, Plant and Equipment, Other Intangible Assets, Investment Property and Right-of-use Assets

	Property, Plant and Equipment	Other Intangible Assets	Investment Property	Right-of-use assets
Cost Value				
Opening balance as of 1 January 2021	6.319.659	127.888	175.747	95.044
Currency translation effect	698.697	18.187	12.295	6.478
Additions	230.959	2.007	-	14.733
Disposals	(50.857)	(842)	(45)	(9.909)
Allowance for impairment	(5.954)	-	-	-
Transfers	(24.077)	24.077	-	-
Closing balance as of 30 June 2021	<u>7.168.427</u>	<u>171.317</u>	<u>187.997</u>	<u>106.346</u>
Accumulated Depreciation and Amortization				
Opening balance as of 1 January 2021	(3.742.684)	(83.631)	(38.728)	(32.303)
Currency translation effect	(511.968)	(15.146)	(25)	(2.740)
Charge for the period	(164.749)	(6.151)	(1.351)	(17.191)
Disposals	40.305	486	45	9.858
Transfers	20.809	(20.809)	-	-
Closing balance as of 30 June 2021	<u>(4.358.287)</u>	<u>(125.251)</u>	<u>(40.059)</u>	<u>(42.376)</u>
Carrying value as of 30 June 2021	<u>2.810.140</u>	<u>46.066</u>	<u>147.938</u>	<u>63.970</u>
Cost Value				
Opening balance as of 1 January 2020	5.118.716	108.650	161.229	103.618
Currency translation effect	439.137	10.512	7.811	7.298
Additions	282.257	2.385	-	14.157
Acquired through business combination	10.877	1.907	-	-
Disposals	(23.873)	(6.975)	(3.600)	(49.265)
Transfers from inventory	-	-	3.405	-
Closing balance as of 30 June 2020	<u>5.827.114</u>	<u>116.479</u>	<u>168.845</u>	<u>75.808</u>
Accumulated Depreciation and Amortization				
Opening balance as of 1 January 2020	(2.983.510)	(63.615)	(35.871)	(48.436)
Currency translation effect	(318.780)	(7.990)	(7)	(4.490)
Charge for the period	(124.139)	(4.818)	(1.165)	(11.590)
Disposals	7.187	2.929	18	38.290
Closing balance as of 30 June 2020	<u>(3.419.242)</u>	<u>(73.494)</u>	<u>(37.025)</u>	<u>(26.226)</u>
Carrying value as of 30 June 2020	<u>2.407.872</u>	<u>42.985</u>	<u>131.820</u>	<u>49.582</u>

The Group management has reviewed the fair values of investment properties presented for disclosure purposes. As a result of the latest valuation studies to determine the fair value of the Group's investment properties, as of 30 June 2021, the fair value of the investment properties have been determined as 630.871 (31 December 2020: 618.866) in total. There are not any restrictions on the realizability of investment properties or any remittances of income and proceeds of disposal.

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12. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS, INVESTMENT PROPERTY AND RIGHT-OF-USE ASSETS (cont’d)

(b) Goodwill

Subsidiaries Acquired	Nature of Business	Date of Acquisition	Ratio of Shares Acquired	Acquisition Price	Goodwill
CFS Petrokimya Sanayi A.Ş.	Chemical Industry	31 May 2019	100%	8.518	-
Denkmal in Dahlem Otto-Hahn-Platz GmbH	Engineering & Contracting	30 July 2019	80%	54.228	23.102
Toros Gönen Yenilenebilir Enerji Üretim A.Ş.	Chemical Industry	31 July 2019	70%	42.946	41.608
Toros Meram Yenilenebilir Enerji Üretim A.Ş.	Chemical Industry	14 February 2020	99,9%	24.814	21.352
				130.506	86.062

Breakdown of the acquisition price is as follows:

	CFS	Denkmal Dahlem	Gönen Enerji	Meram Enerji	Total
Paid in cash	8.518	54.228	42.946	24.814	130.506
Acquisition price	8.518	54.228	42.946	24.814	130.506

The main items related to assets acquired and liabilities undertaken at the acquisition dates are as follows:

	CFS	Denkmal Dahlem	Gönen Enerji	Meram Enerji	Total
Current assets	113	285.490	19.361	20.264	325.228
Cash and cash equivalents	13	1.223	12.132	3.043	16.411
Other current assets	100	284.267	7.229	17.221	308.817
Non-current assets	538	3.389	42.252	12.898	59.077
Tangible and intangible assets	538	3.389	40.268	12.784	56.979
Other non-current assets	-	-	1.984	114	2.098
Current liabilities	932	104.060	27.746	29.697	162.435
Non-current liabilities	-	145.911	31.956	-	177.867
Net assets	(281)	38.908	1.911	3.465	44.003

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12. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS, INVESTMENT PROPERTY AND RIGHT-OF-USE ASSETS (cont’d)

(b) Goodwill (cont’d)

As a result of the acquisitions, the Group obtained control of the companies so that goodwill arisen. The goodwill arising from the acquisitions is as follows:

	<u>CFS</u>	<u>Denkmal Dahlem</u>	<u>Gönen Enerji</u>	<u>Meram Enerji</u>	<u>Total</u>
Acquisition price	8.518	54.228	42.946	24.814	130.506
Non-controlling interest	-	7.782	573	3	8.358
Less: Fair value of net assets of the acquired company	281	(38.908)	(1.911)	(3.465)	(44.003)
Impairment (-)	(8.799)	-	-	-	(8.799)
Goodwill	-	23.102	41.608	21.352	86.062

The Group has calculated the recoverable amount of the goodwill and a provision for impairment has been recognized for the portion of the recoverable value of the goodwill arising from CFS exceeding the carrying amount for the period ended 30 June 2021.

Net cash outflow concerning the acquisitions is as follows:

	<u>CFS</u>	<u>Denkmal Dahlem</u>	<u>Gönen Enerji</u>	<u>Meram Enerji</u>	<u>Total</u>
Paid in cash	8.518	54.228	42.946	24.814	130.506
Less: Cash and cash equivalents of the acquired company	(13)	(1.223)	(12.132)	(3.043)	(16.411)
Net cash outflow	8.505	53.005	30.814	21.771	114.095

Movement of Goodwill is as follows:

	<u>CFS</u>	<u>Dahlem</u>	<u>Gönen Enerji</u>	<u>Meram Enerji</u>	<u>Total</u>
Opening balance as of 1 January 2021	8.799	20.079	41.608	21.352	91.838
Impairment (-)	(8.799)	-	-	-	(8.799)
Currency translation effect	-	3.023	-	-	3.023
Closing balance as of 30 June 2021	-	23.102	41.608	21.352	86.062
Opening balance as of 1 January 2020	4.992	14.824	41.608	-	61.424
Additions	3.807	-	-	21.352	25.159
Currency translation effect	-	2.358	-	-	2.358
Closing balance as of 30 June 2020	8.799	17.182	41.608	21.352	88.941

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13. SHORT AND LONG-TERM BORROWINGS

The Company's bank loans are reclassified as long-term whose maturities passed 30 June 2022 according to their opening dates. Annual weighted average interest rate of the existing short-term loans is 3,70% for USD, 1,11% for EUR, 12,75% for TL and 4,50% for QAR (31 December 2020: 3,51% for USD, 1,10% for EUR and 10,87% for TL and 4,50% QAR). There is not any long-term loan in terms of USD, weighted average interest rate of the existing long-term loans is 2,65% for EUR and 11,18% for TL (31 December 2020: USD None, EUR 2,65%, TL 11,25%).

Within the scope of TFRS 16 Leases standard implementation, lease liabilities of 32.619 and 30.250 in the aggregate 62.869 included in short-term and long-term borrowings respectively (31 December 2020: 31.255 short-term, 31.958 long-term in the aggregate 63.213).

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	30 June 2021	31 December 2020
Short-term provisions	507.753	596.524
Long-term provisions	208.932	119.606
Total provisions	<u>716.685</u>	<u>716.130</u>
Employment termination benefits provision	200.286	170.019
Unused vacation pay liability provision	91.446	66.325
Premium provision	77.090	26.620
Total provisions attributable to employee benefits	<u>368.822</u>	<u>262.964</u>
Provision for litigation	15.861	14.651
Other liability provisions	332.002	438.515
Other provisions	<u>347.863</u>	<u>453.166</u>
Total provisions	<u>716.685</u>	<u>716.130</u>

	Employment Termination Benefits Provision	Unused Vacation Pay Liability Provision	Premium Provision	Total Provisions Attributable to Employee Benefits
Opening balance as of 1 January 2021	170.019	66.325	26.620	262.964
Currency translation effect	20.630	9.444	5.594	35.668
Charge for the period	42.041	29.894	74.157	146.092
Interest expense	1.749	-	-	1.749
Provision paid during the period	(25.269)	(13.429)	(16.328)	(55.026)
Provision released	(451)	(788)	(12.953)	(14.192)
Actuarial gain	(8.433)	-	-	(8.433)
Closing balance as of 30 June 2021	<u>200.286</u>	<u>91.446</u>	<u>77.090</u>	<u>368.822</u>
Opening balance as of 1 January 2020	117.115	52.218	63.704	233.037
Currency translation effect	11.022	5.237	5.494	21.753
Charge for the period	30.227	20.846	20.336	71.409
Interest expense	1.558	-	-	1.558
Provision paid during the period	(28.392)	(11.730)	(32.251)	(72.373)
Provision released	(24)	(608)	(44.543)	(45.175)
Actuarial gain	(3.127)	-	-	(3.127)
Closing balance as of 30 June 2020	<u>128.379</u>	<u>65.963</u>	<u>12.740</u>	<u>207.082</u>

Termination benefit pay calculated as of 30 June 2021 is subject to upper limit of 8.284,51 Turkish Lira (31 December 2020: 7.638,96 Turkish Lira).

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14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont’d)

	Provision for Litigation	Other Liability Provisions	Total Other Provisions
Opening balance as of 1 January 2021	14.651	438.515	453.166
Currency translation effect	1.079	63.785	64.864
Charge for the period	704	11	715
Provision paid during the period	(239)	-	(239)
Provision released	(334)	(170.309)	(170.643)
Closing balance as of 30 June 2021	<u>15.861</u>	<u>332.002</u>	<u>347.863</u>
Opening balance as of 1 January 2020	13.382	183.334	196.716
Currency translation effect	714	26.545	27.259
Charge for the period	982	54.787	55.769
Provision paid during the period	(290)	-	(290)
Provision released	(477)	(70.066)	(70.543)
Closing balance as of 30 June 2020	<u>14.311</u>	<u>194.600</u>	<u>208.911</u>

Litigations:

As of 30 June 2021, lawsuit filed against the Group is totally 97.390 (31 December 2020: 112.844) and it has been decided to accrue 15.861 (31 December 2020: 14.651) 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, there is no risk of outflow of resources for cases which no provision is made for.

Libya Arbitration Claim

Within the context of the Group’s decision taken on 30 January 2015 to apply for International Arbitration with the aim of claiming all of its rights, receivables and assets connected with The Great Man-Made River Project, which was undertaken in Libya by Tekfen-TML Joint Venture (Tekfen TML J.V.), a joint venture of the Group with 67% participation rate, – that having been halted on 21 February 2011 owing to events taking place in the aforesaid country and the instability thus caused – the Group applied to the International Court of Arbitration of the International Chamber of Commerce (ICC) for commercial arbitration against the Great ManMade River Authority (MMRA) as the ‘employer’, and against the State of Libya. A statement on this subject was duly made in our Announcement of 18 June 2015. In our subsequent announcement of 12 October 2015, we have further reported that a second arbitration case has been filed at the ICC against the Libyan State on the basis of the Agreement on the Mutual Promotion and Protection of Investments (“AMPPI”) signed between the Libyan and Turkish States. The partial award handed down in relation to the contractual arbitration case filed with the ICC on the basis of this Agreement has been notified to the Tekfen TML J.V.

In this partial award, the Arbitration Tribunal has ruled that the MMRA falls within its jurisdiction, but that the State of Libya does not; that the MMRA should pay the Tekfen TML J.V. the sum of 40.499 Thousand USD (of which the Group’s share is 27.134 Thousand USD) as compensation; that the MMRA should pay the Tekfen TML J.V. the sum of 5.000 Thousand USD (of which the Group’s share is 3.350 Thousand USD) in respect of the Tekfen TML J.V.’s legal expenses; that the parties should be asked to submit additional petitions for the determination of the rates of interest to be charged with respect to the aforementioned figures; that all counter-claims of the defendant (the MMRA) should be dismissed with the exception of a minor one for 365 Thousand USD and that only this amount should be deducted from the sum awarded to the Tekfen TML J.V.; that it was necessary for the agreement between the Tekfen TML J.V. and the MMRA to be readjusted in accordance with the changed conditions now in force; and that provision for matters such as the mechanical equipment needed in order for the Tekfen TML J.V. to continue its work should be evaluated within the framework of the revisions to be requested.

In accordance with the decision of the Arbitral Tribunal, the parties continue their efforts to start conciliation negotiations for the remainder of the proceedings.

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

Litigations (cont'd):

Libya Arbitration Claim (cont'd)

On 13 August 2020, a Memorandum of Understanding ("MoU") was signed between the Republic of Turkey and Libyan Government of National Accord for the settlement of arising issues of the signed contracts of Turkish companies with employer administrations in Libya. The MoU was approved by both governments on 24 September 2020. According to the MoU, it is foreseen that the contractors shall apply to the Administrations by letter within a period of 90 days and start negotiations for the future of the projects. In this context, letters regarding the issue were sent to the MMRA. However, no positive response has been received from the MMRA, the counterparty to the contract.

According to the MoU, it is necessary to discuss the terms of continuation or termination of work with the Administrations in the second 90 days. Termination was agreed with MMRA in principle and mutual meetings were tried to be held. However, it has not been possible to come together due to travel restrictions. MMRA has established a four-person commission to discuss termination conditions and Tekfen TML J.V.'s demands. The commission examines Tekfen TML J.V.'s additional demands regarding machine losses. As of the latest situation, the work for reconciliation on the final amount and payment terms continues in order to mutually terminate the contract and start the liquidation process.

The enforcement of the above mentioned partial award may only be done following an enforcement decision of a domestic court. This can only be acquired as a result of a recognition and enforcement lawsuit that can be filed in various countries in connection with the partial award handed down. Furthermore, as the collection of this award is also dependent on the determination of the defendant's (that is, the MMRA's) material assets, and on the actual execution of the award with regard to these assets, at this stage none of the above-mentioned legal processes will have any effect whatsoever on the consolidated financial statements of the Group.

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15. COMMITMENTS

The guarantee, pledge and mortgage (“GPM”) position tables of the Group as of 30 June 2021 and 31 December 2020 are as follows:

	Equivalent of Thousands TL	<i>Thousands of US Dollars</i>	<i>Thousands of EUR</i>	<i>Other (Equivalent of Thousands TL)</i>
30 June 2021				
A. GPM given on behalf of its own legal entity	615	-	-	615
-Guarantee	615	-	-	615
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPM given on behalf of subsidiaries that are included in full consolidation	16.335.410	1.315.559	75.337	4.102.375
-Guarantee	16.330.910	1.315.559	75.337	4.097.875
-Pledge	-	-	-	-
-Mortgage	4.500	-	-	4.500
C. GPM given in order to guarantee third parties' debts for the routine trade operations	10.139	-	-	10.139
-Guarantee	10.139	-	-	10.139
-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 June 2021	16.346.164	1.315.559	75.337	4.113.129
31 December 2020				
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	14.047.645	1.167.886	56.389	4.966.832
-Guarantee	14.043.145	1.167.886	56.389	4.962.332
-Pledge	-	-	-	-
-Mortgage	4.500	-	-	4.500
C. GPM given in order to guarantee third parties' debts for the routine trade operations	10.905	-	-	10.905
-Guarantee	10.905	-	-	10.905
-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 2020	14.058.550	1.167.886	56.389	4.977.737

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

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16. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Transactions with related parties are distinct and measurable. Transactions with related parties during the six month interim period ended 30 June 2021 consist of sales of goods and services amounting 20.524 (30 June 2020: 10.667), purchases of goods and services 7.102 (30 June 2020: 9.166), dividend income amounting 8.752 (30 June 2020: 11.428) and other net expenses amounting 408 (30 June 2020: 250 other income). The remuneration of key management during the period is 17.677 (30 June 2020: 11.873) .

17. EQUITY

Capital / Capital Structure Adjustment

The capital structure as of 30 June 2021 and 31 December 2020 is as follows:

Shareholders	(%)	30 June 2021	(%)	31 December 2020
Berker family	22,55%	83.422	22,55%	83.422
Gökyiğit family	22,18%	82.060	22,18%	82.060
Akçağlılar family	6,65%	24.611	6,65%	24.611
Other (*)	0,78%	2.898	0,78%	2.898
Publicly traded	47,84%	177.009	47,84%	177.009
Paid in capital	100%	370.000	100%	370.000
Capital structure adjustment		3.475		3.475
Restated capital		<u>373.475</u>		<u>373.475</u>

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

18. EARNINGS PER SHARE

	1 January- 30 June 2021	1 April- 30 June 2021	1 January - 30 June 2020	1 April- 30 June 2020
Average number of ordinary shares outstanding during the period (in full)	370.000.000	370.000.000	370.000.000	370.000.000
Net profit for the period attributable to owners of the parent (Thousands TL)	729.348	317.187	145.248	98.189
Earnings per share from continuing operations (TL)	1,971	0,857	0,393	0,265

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19. OTHER OPERATING INCOME AND EXPENSES

	1 January- 30 June 2021	1 April- 30 June 2021	1 January - 30 June 2020	1 April- 30 June 2020
Other operating income				
Foreign exchange income from operations	157.744	68.259	304.830	183.143
Due date difference income	42.472	17.275	22.387	1.388
Hedging income (Note: 21)	5.571	-	8.417	7.262
Discount income	5.234	4.513	6.697	2.933
Government grants and incentives income	3.179	1.560	1.772	1.045
Social security premium refund income	2.710	1.600	2.259	1.264
Rental income	2.075	1.029	1.709	300
Scrap sales income	1.410	738	754	348
Indemnity income	891	607	461	103
Reversal of litigation provision (Note: 14)	334	130	477	407
Other income	19.308	9.789	12.643	6.263
	240.928	105.500	362.406	204.456
	1 January- 30 June 2021	1 April- 30 June 2021	1 January - 30 June 2020	1 April- 30 June 2020
Other operating expenses (-)				
Foreign exchange losses from operations	(372.775)	(125.576)	(446.844)	(228.765)
Discount expenses	(7.399)	(2.771)	(11.041)	(3.007)
Grants and contributions	(7.336)	(7.119)	(5.585)	(5.161)
Written off VAT receivables	(4.071)	(4.071)	-	-
Penalty and damages expenses	(1.985)	(1.951)	(56)	(35)
Hedging expenses (Note: 21)	(721)	-	(16.324)	(4.614)
Litigation provision (Note: 14)	(704)	(507)	(982)	(332)
Due date difference expenses	(167)	(50)	(151)	(68)
Damages subject to litigation	(102)	(23)	(102)	(88)
Other expenses	(8.430)	(5.833)	(22.761)	(21.240)
	(403.690)	(147.901)	(503.846)	(263.310)

20. FINANCIAL INCOME AND EXPENSES

	1 January- 30 June 2021	1 April- 30 June 2021	1 January - 30 June 2020	1 April- 30 June 2020
Financial income				
Foreign exchange gains	460.929	146.466	279.611	129.370
Interest income	66.050	32.145	35.369	17.649
Currency translation reserve gains	16.733	1.300	13.628	4.071
Other financial income	471	2	5.192	5.084
	544.183	179.913	333.800	156.174
	1 January- 30 June 2021	1 April- 30 June 2021	1 January - 30 June 2020	1 April- 30 June 2020
Financial expenses (-)				
Foreign exchange losses	(185.374)	(87.509)	(121.446)	(61.673)
Interest expenses	(72.142)	(30.767)	(45.706)	(26.247)
Currency translation reserve losses	(3.943)	(602)	(618)	(618)
Other financial expenses	(3.752)	(1.170)	(7.592)	(1.058)
	(265.211)	(120.048)	(175.362)	(89.596)

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21. DERIVATIVE INSTRUMENTS

	30 June 2021		31 December 2020	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	26.317	-	9.046	-
Current	26.317	-	9.046	-
Non-current	-	-	-	-
	<u>26.317</u>	<u>-</u>	<u>9.046</u>	<u>-</u>

Currency derivatives:

The subsidiary of the Group, Toros Tarım utilizes currency derivatives to hedge significant future transactions and cash flows. Toros Tarım is party to a variety of foreign currency forward contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Toros Tarım’s principal markets.

As of balance sheet date, the total notional amount of outstanding forward foreign exchange contracts to which Toros Tarım is committed are as follows:

	30 June 2021	31 December 2020
Forward foreign exchange contracts	562.170	178.022
	<u>562.170</u>	<u>178.022</u>

As of 30 June 2021, the fair value of the Toros Tarım’s currency derivatives is estimated to be 26.317 assets which is positive 26.317 (31 December 2020: assets 9.046, positive 9.046). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date and fair value hierarchy classification of derivative instruments is Level 2 (31 December 2020: Level 2). There have been no changes in the purpose or use of derivative instruments.

The fair value of currency derivatives that are designated and effective as cash flow hedges amounting to positive 19.734 has been deferred in equity (31 December 2020: positive 7.236). There are no ineffective cash flow hedges for the period (30 June 2020: None). Gains amounting to 5.571 and expenses amounting to 721 concerning matured derivative contracts during the period have been recognized in profit or loss (30 June 2020: Gains amounting to 8.417 and expenses amounting to 16.324 concerning matured derivative contracts during the period have been recognized in profit or loss).

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22. FOREIGN CURRENCY POSITION

30 June 2021	Equivalent of Thousands of TL	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalent of Thousands of TL)
1. Trade Receivables	605.133	19.696	4.477	4	387.225
2. Monetary Financial Assets	1.777.815	188.507	7.924	16	54.503
3. Other	224.873	351	2.345	42	197.007
4. CURRENT ASSETS	2.607.821	208.554	14.746	62	638.735
5. Trade Receivables	36.684	-	-	-	36.684
6. Monetary Financial Assets	4.779	-	-	-	4.779
7. Other	10.461	810	329	-	-
8. NON-CURRENT ASSETS	51.924	810	329	-	41.463
9. TOTAL ASSETS	2.659.745	209.364	15.075	62	680.198
10. Trade Payables	1.866.661	149.129	11.090	54	452.871
11. Financial Liabilities	218.669	6.002	10.678	-	55.748
12. Monetary Other Liabilities	328.346	1.674	3.905	-	273.300
12b. Non-Monetary Other Liabilities	10.716	944	241	-	-
13. CURRENT LIABILITIES	2.424.392	157.749	25.914	54	781.919
14. Trade Payables	845	84	6	-	52
15. Financial Liabilities	208.814	-	20.147	-	-
16. Monetary Other Liabilities	84.730	503	70	-	79.626
17. NON-CURRENT LIABILITIES	294.389	587	20.223	-	79.678
18. TOTAL LIABILITIES	2.718.781	158.336	46.137	54	861.597
19. Net Position of Off-balance Sheet Derivative Instruments (19a-19b)	559.509	64.273	-	-	-
19a. Derivative Assets	559.509	64.273	-	-	-
19b. Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Assets / Liabilities Position	500.473	115.301	(31.062)	8	(181.399)
21. Monetary Items Net Foreign Currency Assets / Liabilities position (1+2+5+6-10-11-12-14-15-16)	(283.654)	50.811	(33.495)	(34)	(378.406)
22. Fair Value of Derivative Instruments Held for Hedging	26.317	3.023	-	-	-

Translated into English from the report originally issued in Turkish.

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

22. FOREIGN CURRENCY POSITION (cont’d)

31 December 2020	Equivalent of Thousands of TL	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalent of Thousands of TL)
1. Trade Receivables	275.194	15.872	2.316	8	137.744
2. Monetary Financial Assets	1.885.130	227.816	11.619	11	108.074
3. Other	32.549	1.215	712	17	17.048
4. CURRENT ASSETS	2.192.873	244.903	14.647	36	262.866
5. Trade Receivables	109.829	-	-	-	109.829
6. Monetary Financial Assets	1.094	-	-	-	1.094
7. Other	11.699	876	580	-	44
8. NON-CURRENT ASSETS	122.622	876	580	-	110.967
9. TOTAL ASSETS	2.315.495	245.779	15.227	36	373.833
10. Trade Payables	1.333.828	139.718	15.751	64	165.708
11. Financial Liabilities	158.814	2	9.114	-	76.701
12. Monetary Other Liabilities	100.563	488	4.661	-	54.995
12b. Non-Monetary Other Liabilities	3.895	468	51	-	-
13. CURRENT LIABILITIES	1.597.100	140.676	29.577	64	297.404
14. Trade Payables	11.873	416	6	-	8.765
15. Financial Liabilities	180.158	-	20.000	-	-
16. Monetary Other Liabilities	38.294	506	74	-	33.913
17. NON-CURRENT LIABILITIES	230.325	922	20.080	-	42.678
18. TOTAL LIABILITIES	1.827.425	141.598	49.657	64	340.082
19. Net Position of Off-balance Sheet Derivative Instruments (19a-19b)	184.606	25.149	-	-	-
19a. Derivative Assets	184.606	25.149	-	-	-
19b. Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Assets / Liabilities Position	672.676	129.330	(34.430)	(28)	33.751
21. Monetary Items Net Foreign Currency Assets / Liabilities position (1+2+5+6-10-11-12-14-15-16)	447.717	102.558	(35.671)	(45)	16.659
22. Fair Value of Derivative Instruments Held for Hedging	9.046	1.232	-	-	-

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22. FOREIGN CURRENCY POSITION (cont'd)

Foreign currency sensitivity

The Group is exposed to foreign exchange risk primarily with respect to US Dollars and Euro.

The following table details the Group's sensitivity to a 5% increase and decrease in foreign currency rates. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated items and adjusts their translation at the six month interim period end for a 5% change in foreign currency rates. Positive number indicates an increase in profit or loss.

	30 June 2021	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars changes 5% against TL	
US Dollars net assets / liabilities	50.186	(50.186)
	If Euro changes 5% against TL	
Euro net assets / liabilities	(16.097)	16.097
	If other foreign currencies changes 5% against TL	
Other foreign currency assets / liabilities	(9.065)	9.065
TOTAL	25.024	(25.024)
	31 December 2020	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars change 5% against TL	
US Dollars net assets / liabilities	47.467	(47.467)
	If Euro changes 5% against TL	
Euro net assets / liabilities	(15.507)	15.507
	If other foreign currencies change 5% against TL	
Other foreign currency net assets / liabilities	1.674	(1.674)
TOTAL	33.634	(33.634)

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

23. 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.

Long-term financial investments and derivative instruments of the Group are measured at their fair values. Book values of other financial assets and liabilities approximate their fair values.

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

Financial instruments	30 June 2021	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
Fair value through other comprehensive income financial investments	1.218.703	161.655	-	1.057.048
Fair value through profit or loss financial investments	658.527	85.765	-	572.762
Derivative instruments	26.317	-	26.317	-
Total	1.903.547	247.420	26.317	1.629.810

Financial instruments	31 December 2020	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
Fair value through other comprehensive income financial investments	1.165.172	255.256	-	909.916
Fair value through profit or loss financial investments	249.748	-	-	249.748
Derivative instruments	9.046	-	9.046	-
Total	1.423.966	255.256	9.046	1.159.664

Changes of financial investments measured at their fair values during the period are as follows:

	Fair value through profit or loss financial investments		Fair value through other comprehensive income financial investments		Total
	Level 1	Level 3	Level 1	Level 3	
Opening balance as at 1 January 2021	-	249.748	255.256	909.916	1.414.920
Transfers	24.598	(24.598)	-	-	-
Additions	-	87.922	-	-	87.922
Fair value increase (decrease)	51.162	196.918	(93.601)	(1.538)	152.941
Currency translation effect	10.005	62.772	-	148.670	221.447
Closing balance as at 30 June 2021	85.765	572.762	161.655	1.057.048	1.877.230

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23. FINANCIAL INSTRUMENTS (cont’d)

	Fair value through profit or loss financial investments		Fair value through other comprehensive income financial investments		Total
	Level 1	Level 3	Level 1	Level 3	
Opening balance as at 1 January 2020	-	162.906	97.451	133.511	393.868
Additions	-	28.737	-	684.220	712.957
Fair value increase	-	18.766	50.305	-	69.071
Transfer to subsidiaries	-	-	-	(2.314)	(2.314)
Currency translation effect	-	25.808	-	7.968	33.776
Closing balance as at 30 June 2020	-	236.217	147.756	823.385	1.207.358

As of 30 June 2021, the Group management has reviewed the valuation of financial investments with significant amounts, whose fair value level is determined to be Level 3, and as of the reporting date, there has been no change identified that would require any adjustment in the fair value measurement. The following methods have been used in the latest valuation studies to determine the fair value of the Group's financial investments, whose significant fair value level is determined to be Level 3:

Non-traded fair value through other comprehensive income financial investments

Toren Doğalgaz Depolama ve Madencilik A.Ş.

<i>Valuation Method</i>	<i>30 June 2021 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
Income Approach, Discounted Cash Flow	36.968	Weighted average cost of capital ratio: 14,4%	If the weighted average cost of capital ratio is increased to 15,4%, the estimated fair value decreases by 5.387; If it is decreased to 13,4%, the estimated fair value increases by 6.513.

Gaz Depo ve Madencilik A.Ş.

<i>Valuation Method</i>	<i>30 June 2021 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
Income Approach, Discounted Cash Flow	17.268	Weighted average cost of capital ratio: 14,4%	If the weighted average cost of capital ratio is increased to 15,4%, the estimated fair value decreases by 2.693; If it is decreased to 13,4%, the estimated fair value increases by 3.171.

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

23. FINANCIAL INSTRUMENTS (cont'd)

Non-traded fair value through other comprehensive income financial investments (cont'd)

SOCAR Polymer Investments LLC

<i>Valuation Method</i>	<i>30 June 2021 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
Income Approach, Discounted Cash Flow	906.196	Weighted average cost of capital ratio: 10,2%	If the weighted average cost of capital ratio is increased to 10,3%, the estimated fair value decreases by 15.669; If it is decreased to 10,1%, the estimated fair value increases by 16.540.

Non-traded fair value through profit or loss financial investments

<i>Valuation Method</i>	<i>30 June 2021 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
Those whose cost value approaches their fair value	233.701	Valuation multiplier : 1,00	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 57.276, in case of a 10% decrease, the estimated fair value decreases by 57.276.
Those whose fair value is determined using the equivalent value method	339.061	Valuation multiplier : 1,1 - 2,2	

24. SUBSEQUENT EVENTS

The agreement regarding the sale of shares of Florya Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş., one of the joint ventures of the Group with 50% direct participation rate, on 24 June 2021 for a price of 219.806 (25.250.000 USD) and the approval of the Competition Board regarding the sale took place on 8 July 2021. Since the approval of the Competition Board took place after the balance sheet date, the sales profit amounting to 124.594 was not included in the condensed consolidated financial statements as of 30 June 2021.

After the balance sheet date, the Group's shares of one of the financial investments at fair value through profit or loss were sold.