

**TEKFEN HOLDİNG ANONİM ŐİRKETİ  
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE SIX MONTH  
INTERIM PERIOD  
ENDED 30 JUNE 2020  
TOGETHER WITH  
REVIEW REPORT

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



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## **Independent Auditor's Report on Review of Interim Financial Information**

To the General Assembly 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 2020, 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.

*Other Matter*

The consolidated financial statements of the Group as at and for the year ended 31 December 2019 were audited and the condensed consolidated financial statements of the Group as at and for the six-month interim period ended 30 June 2019 were reviewed by another auditor who expressed an unmodified opinion on 20 February 2020 and unmodified conclusion on 1 August 2019, respectively.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.  
A member firm of KPMG International Cooperative

Alper Güvenç, SMMM  
Partner

28 July 2020  
İstanbul, Türkiye

CONTENT	PAGE
CONDENSED CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS AT 30 JUNE 2020 .....	1-2
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020 .....	3
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020 .....	4
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020 .....	5
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020 .....	6
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020.....	7-40
NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP .....	7
NOTE 2 BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS .....	7-8
NOTE 3 ADOPTION OF NEW AND REVISED STANDARDS .....	8
NOTE 4 EVENTS AND TRANSACTIONS MATERIALLY AFFECTING THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS .....	9-10
NOTE 5 SIGNIFICANT CHANGES IN EQUITY .....	10
NOTE 6 SEGMENT REPORTING .....	11-18
NOTE 7 CASH AND CASH EQUIVALENTS .....	19
NOTE 8 TRADE RECEIVABLES AND PAYABLES .....	19-20
NOTE 9 CONTRACT ASSETS AND LIABILITIES ARISING FROM ONGOING CONSTRUCTION WORKS .....	20-21
NOTE 10 INVENTORIES .....	21
NOTE 11 INVESTMENTS VALUED BY EQUITY METHOD .....	22-25
NOTE 12 PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS, INVESTMENT PROPERTY AND RIGHT-OF-USE ASSETS .....	26-29
NOTE 13 SHORT AND LONG-TERM BORROWINGS.....	30
NOTE 14 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES .....	30-32
NOTE 15 COMMITMENTS .....	33
NOTE 16 SIGNIFICANT RELATED PARTY TRANSACTIONS .....	34
NOTE 17 EQUITY.....	34
NOTE 18 EARNINGS PER SHARE .....	34
NOTE 19 OTHER OPERATING INCOME AND EXPENSES .....	35
NOTE 20 FINANCIAL INCOME AND EXPENSES .....	35
NOTE 21 DERIVATIVE INSTRUMENTS .....	36
NOTE 22 FOREIGN CURRENCY POSITION .....	37-39
NOTE 23 FINANCIAL INSTRUMENTS .....	39
NOTE 24 SUBSEQUENT EVENTS .....	40

**TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2020**

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

<b>ASSETS</b>	<b>Notes</b>	<b>Reviewed 30 June 2020</b>	<b>Audited 31 December 2019</b>
<b>Current Assets</b>		<b>7.924.878</b>	<b>9.217.274</b>
Cash and cash equivalents	7	3.014.760	4.094.625
Financial investments		4.105	12.782
Trade receivables	8	1.238.316	1.953.336
- <i>Related party receivables</i>		25.731	22.402
- <i>Trade receivables</i>		1.212.585	1.930.934
Other receivables		72.764	62.273
- <i>Related party receivables</i>		6.200	14.256
- <i>Other receivables</i>		66.564	48.017
Contract assets arising from ongoing construction works	9	1.073.933	692.101
Derivative instruments	21	17.296	211
Inventories	10	1.797.382	1.448.934
Prepaid expenses		409.076	348.616
- <i>Prepaid expenses</i>		409.076	348.616
Assets related to current tax		32.538	157.615
Other current assets		234.207	420.465
- <i>Other current assets</i>		234.207	420.465
		<b>7.894.377</b>	<b>9.190.958</b>
Assets classified as held for sale		30.501	26.316
<b>Non-Current Assets</b>		<b>4.794.146</b>	<b>3.445.874</b>
Financial investments	4	1.207.358	393.868
Trade receivables	8	540.651	313.979
- <i>Trade receivables</i>		540.651	313.979
Other receivables		11.398	8.885
- <i>Other receivables</i>		11.398	8.885
Investments valued by equity method	11	125.139	103.597
Investment property	12	131.820	125.358
Property, plant and equipment	12	2.407.872	2.135.206
Right-of-use assets	12	49.582	55.182
Intangible assets	12	131.926	106.459
- <i>Goodwill</i>		88.941	61.424
- <i>Other intangible assets</i>		42.985	45.035
Prepaid expenses		25.218	25.561
- <i>Prepaid expenses</i>		25.218	25.561
Deferred tax assets		140.574	155.943
Other non-current assets		22.608	21.836
- <i>Other non-current assets</i>		22.608	21.836
<b>TOTAL ASSETS</b>		<b>12.719.024</b>	<b>12.663.148</b>

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

Translated into English from the report originally issued in Turkish.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2020

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

<b>LIABILITIES</b>	<b>Notes</b>	<b>Reviewed 30 June 2020</b>	<b>Audited 31 December 2019</b>
<b>Current Liabilities</b>		<b>6.357.436</b>	<b>6.645.129</b>
Short-term borrowings	13	756.547	407.897
Short-term portion of long-term borrowings		157.097	212.591
Trade payables	8	3.654.455	3.330.480
- <i>Related party payables</i>		5.308	24.883
- <i>Trade payables</i>		3.649.147	3.305.597
Payables related to employee benefits		79.535	77.995
Other payables	4,5	305.097	82.068
- <i>Related party payables</i>		94.200	108
- <i>Other payables</i>		210.897	81.960
Contract liabilities arising from ongoing construction works	9	616.209	1.006.076
Derivative instruments	21	3	29.939
Deferred revenue		394.632	690.709
- <i>Deferred revenue</i>		394.632	690.709
Current tax liability		60.828	447.074
Short-term provisions	14	324.452	357.635
- <i>Short-term provisions attributable to employee benefits</i>		115.599	160.971
- <i>Other short-term provisions</i>		208.853	196.664
Other short-term liabilities		8.581	2.665
- <i>Other short-term liabilities</i>		8.581	2.665
<b>Non-Current Liabilities</b>		<b>672.990</b>	<b>521.149</b>
Long-term borrowings	13	337.837	215.458
Trade payables	8	75.036	77.448
- <i>Trade payables</i>		75.036	77.448
Other payables		70.080	78.482
- <i>Other payables</i>		70.080	78.482
Government incentives and grants		1.132	1.132
Deferred revenue		241	332
- <i>Deferred revenue</i>		241	332
Long-term provisions	14	91.541	72.118
- <i>Long-term provisions attributable to employee benefits</i>		91.483	72.066
- <i>Other long-term provisions</i>		58	52
Deferred tax liabilities		97.123	76.179
<b>TOTAL LIABILITIES</b>		<b>7.030.426</b>	<b>7.166.278</b>
<b>EQUITY</b>		<b>5.688.598</b>	<b>5.496.870</b>
<b>Equity Attributable To Owners Of The Parent</b>	5, 17	<b>5.609.625</b>	<b>5.428.680</b>
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 (loss) that will not be reclassified to profit or loss		140.218	90.022
- <i>Gain on investments in equity instruments</i>		135.508	87.717
- <i>Gain on revaluation and remeasurement</i>		4.710	2.305
Accumulated other comprehensive income that will be reclassified to profit or loss		897.926	465.041
- <i>Currency translation reserve</i>		884.440	488.224
- <i>Hedging reserve</i>		13.486	(23.183)
Legal reserves		382.514	278.423
Prior years' income		3.369.260	2.499.985
Net profit for the period		145.248	1.420.750
<b>Non-controlling Interests</b>		<b>78.973</b>	<b>68.190</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>12.719.024</b>	<b>12.663.148</b>

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# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

		Reviewed 1 January- 30 June 2020	Unreviewed 1 April- 30 June 2020	Reviewed 1 January - 30 June 2019	Unreviewed 1 April- 30 June 2019
	Notes				
Revenue		5.680.347	2.658.407	8.305.883	3.718.405
Cost of revenue (-)		(5.080.846)	(2.302.884)	(6.672.886)	(3.149.100)
<b>GROSS PROFIT</b>		<b>599.501</b>	<b>355.523</b>	<b>1.632.997</b>	<b>569.305</b>
General administrative expenses (-)		(230.686)	(117.698)	(206.598)	(110.702)
Marketing expenses (-)		(165.281)	(65.712)	(176.985)	(85.024)
Research and development expenses (-)		(14.706)	(13.142)	(2.846)	(1.503)
Other operating income	19	362.406	204.456	309.357	196.871
Other operating expenses (-)	19	(503.846)	(263.310)	(279.690)	(140.390)
Share on profit of investments valued by equity method	11	20.800	353	7.254	3.548
<b>OPERATING PROFIT</b>		<b>68.188</b>	<b>100.470</b>	<b>1.283.489</b>	<b>432.105</b>
Investment income		33.044	14.788	14.009	3.761
Investment expense (-)		(183)	(65)	(4.954)	(4.723)
<b>PROFIT BEFORE FINANCIAL INCOME (EXPENSE)</b>		<b>101.049</b>	<b>115.193</b>	<b>1.292.544</b>	<b>431.143</b>
Financial income	20	333.800	156.174	417.973	246.499
Financial expenses (-)	20	(175.362)	(89.596)	(249.892)	(188.072)
<b>PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION</b>		<b>259.487</b>	<b>181.771</b>	<b>1.460.625</b>	<b>489.570</b>
<b>Tax Expense from Continuing Operations (-)</b>		<b>(118.065)</b>	<b>(86.708)</b>	<b>(281.264)</b>	<b>(91.114)</b>
Tax expense for the period (-)		(95.169)	(65.054)	(150.107)	(81.748)
Deferred tax expense (-)		(22.896)	(21.654)	(131.157)	(9.366)
<b>PROFIT FROM CONTINUING OPERATIONS FOR THE PERIOD</b>		<b>141.422</b>	<b>95.063</b>	<b>1.179.361</b>	<b>398.456</b>
<b>Distribution of Profit for the Period</b>					
Non-controlling interests		(3.826)	(3.126)	(2.525)	(1.163)
Owners of the parent	18	145.248	98.189	1.181.886	399.619
<b>Earnings Per Share</b>	18	0,393	0,265	3,194	1,080

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# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

	Reviewed 1 January- 30 June 2020	Unreviewed 1 April- 30 June 2020	Reviewed 1 January - 30 June 2019	Unreviewed 1 April- 30 June 2019
<b>PROFIT FOR THE PERIOD</b>	<b>141.422</b>	<b>95.063</b>	<b>1.179.361</b>	<b>398.456</b>
<b>OTHER COMPREHENSIVE INCOME:</b>				
<b><u>Items that will not be reclassified to profit or loss</u></b>	<b>50.196</b>	<b>57.564</b>	<b>12.185</b>	<b>1.493</b>
Gain on investments in equity instruments	50.306	60.032	12.366	6.008
Gain (loss) on revaluation of defined benefit plans	3.006	666	546	(5.269)
Taxes based on other comprehensive income that will not be reclassified to profit or loss	(3.116)	(3.134)	(727)	754
- <i>Deferred tax (expense) income</i>	(3.116)	(3.134)	(727)	754
<b><u>Items that will be reclassified to profit or loss</u></b>	<b>447.494</b>	<b>155.072</b>	<b>34.414</b>	<b>(81.858)</b>
Currency translation reserve differences (expense)	410.825	144.969	68.598	(51.567)
Other comprehensive income (expenses) related to cash flow hedging (-)	47.012	12.953	(43.826)	(38.835)
Taxes based on other comprehensive income that will be reclassified to profit or loss	(10.343)	(2.850)	9.642	8.544
- <i>Deferred tax (expense) income</i>	(10.343)	(2.850)	9.642	8.544
<b>OTHER COMPREHENSIVE INCOME (EXPENSE)</b>	<b>497.690</b>	<b>212.636</b>	<b>46.599</b>	<b>(80.365)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>639.112</b>	<b>307.699</b>	<b>1.225.960</b>	<b>318.091</b>
<b>Distribution of Total Comprehensive Income for The Period</b>				
Non-controlling interests	10.783	6.884	1.364	(150)
Owners of the parent	628.329	300.815	1.224.596	318.241

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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 2020

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

Reviewed				Items not to be reclassified to profit or loss	Items to be reclassified to profit or loss	Retained Earnings							Equity
	Paid in capital	Capital structure adjustment	Premiums in capital stock	Gain on investments in equity instruments	Gain (loss) on revaluation and remeasurement	Currency translation reserve	Gains (loss) on hedging	Legal reserves	Prior years' income	Net profit for the period	Equity attributable to owners of the parent	Non- controlling interests	
<b>Opening balance as of 1 January 2019</b>	370.000	3.475	300.984	92.931	(1.346)	352.708	29.353	231.271	1.585.150	1.403.061	4.367.587	56.808	4.424.395
Transfers	-	-	-	-	-	-	-	47.152	1.355.909	(1.403.061)	-	-	-
Total comprehensive income (loss)	-	-	-	11.748	437	64.709	(34.184)	-	-	1.181.886	1.224.596	1.364	1.225.960
- Profit (loss) for the period	-	-	-	-	-	-	-	-	-	1.181.886	1.181.886	(2.525)	1.179.361
- Other comprehensive income (expense)	-	-	-	11.748	437	64.709	(34.184)	-	-	-	42.710	3.889	46.599
Dividends	-	-	-	-	-	-	-	-	(450.972)	-	(450.972)	-	(450.972)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	4.459	-	4.459	(12.459)	(8.000)
Other changes	-	-	-	-	-	-	-	-	(20.357)	-	(20.357)	-	(20.357)
<b>Closing balance as of 30 June 2019</b>	<b>370.000</b>	<b>3.475</b>	<b>300.984</b>	<b>104.679</b>	<b>(909)</b>	<b>417.417</b>	<b>(4.831)</b>	<b>278.423</b>	<b>2.474.189</b>	<b>1.181.886</b>	<b>5.125.313</b>	<b>45.713</b>	<b>5.171.026</b>
<b>Reviewed</b>													
<b>Opening balance as of 1 January 2020</b>	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
<b>Closing balance as of 30 June 2020</b>	<b>370.000</b>	<b>3.475</b>	<b>300.984</b>	<b>135.508</b>	<b>4.710</b>	<b>884.440</b>	<b>13.486</b>	<b>382.514</b>	<b>3.369.260</b>	<b>145.248</b>	<b>5.609.625</b>	<b>78.973</b>	<b>5.688.598</b>

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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 2020

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

Notes	Reviewed 1 January - 30 June 2020	Reviewed 1 January - 30 June 2019
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(569.903)</b>	<b>712.573</b>
Profit for the Period	141.422	1.179.361
Adjustments to Reconcile Net Profit	229.724	400.375
- Depreciation and Amortization	12 139.246	143.536
- Impairment/Reversed Provision	12 -	4.693
- Provision Adjustments	8, 14 14.453	26.183
- Dividend Income and Expenses	(11.428)	(9.127)
- Interest Income and Expense Adjustments	20 11.621	(39.759)
- Gain/Loss on Fair Valuation	(18.766)	(1.973)
- Group's Share on Profit of Investments in Associates Accounted by Equity Method	11 (20.800)	(7.254)
- Allowance for Taxation	118.065	282.241
- Adjustments for Gain/Loss on Sale of Fixed Assets	12 (1.962)	(2.648)
- Adjustments for Gain/Loss on Sales of Joint Ventures	1,11 (705)	-
- Adjustments for Other Items Causing Cash Flows from Investment or Financing Activities	-	4.483
Movements in Working Capital	(484.783)	(685.138)
- Changes in Financial Investments	8.677	33.821
- Changes in Trade Receivables	8 479.300	(690.669)
- Changes in Other Assets	179.266	(60.147)
- Changes in Contract Assets Arising from Ongoing Construction Works	9 (381.832)	(129.764)
- Changes in Inventories	10 (349.387)	118.938
- Changes in Prepaid Expenses	(44.411)	135.795
- Changes in Trade Payables	8 289.485	(146.008)
- Changes in Payables Related to Employee Benefits	1.540	20.080
- Changes in Contract Liabilities Arising from Ongoing Construction Works	9 (389.867)	372.450
- Changes in Other Liabilities	18.614	(4.944)
- Changes in Deferred Revenue	(296.168)	(334.690)
Cash Generated by Operating Activities	(113.637)	894.598
Interest Paid	(61.525)	(50.627)
Interest Received	34.260	88.638
Payments Related to Employee Benefits	14 (72.373)	(74.015)
Other Provision Paid	14 (290)	(712)
Tax Paid/Return	(356.338)	(145.309)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(987.425)</b>	<b>(226.060)</b>
Acquisition of Non-controlling Interests' Shares	-	(8.000)
Cash Inflows from Sales of Shares or Capital Decrease of Associates or Joint Ventures	1,11 1.403	-
Cash Outflows for Payments due to Share Acquisition or Capital Increase of Associates or Joint Ventures	11 (400)	-
Cash Outflows for Acquisition of Shares in Other Entities or Shares in Funds or Borrowing Instruments	(736.221)	(78.273)
Proceeds from Sales of Tangible and Intangible Assets	12 21.276	4.783
Acquisition of Tangible and Intangible Assets	12 (284.642)	(114.506)
Proceeds from Sales of Investment Properties	12 5.000	-
Acquisition of Investment Properties	12 -	(1.025)
Advances and Debts Given	882	(33.493)
Dividend Received	5.277	4.454
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>107.676</b>	<b>(844.636)</b>
Proceeds from Borrowings	877.733	328.660
Repayments of Borrowings	(505.977)	(720.223)
Payments of Lease Obligations	(21.006)	(2.101)
Dividend Paid	5 (243.074)	(450.972)
<b>CHANGE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION RESERVE EFFECT</b>	<b>(1.449.652)</b>	<b>(358.123)</b>
<b>D. CURRENCY TRANSLATION RESERVE EFFECT ON CASH AND CASH EQUIVALENTS</b>	369.787	68.773
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>	<b>(1.079.865)</b>	<b>(289.350)</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	4.094.625	4.581.600
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	<b>3.014.760</b>	<b>4.292.250</b>

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

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

(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 2020, the Group has 16.209 employees (31 December 2019: 17.094) 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 subsidiaries and joint ventures as of 30 June 2020:

A share acquisition agreement was signed on 18 December 2019 between the shareholders of Toros Gönen Yenilenebilir Enerji Üretim A.Ş. (“Gönen Enerji”, previous title Gönen Yenilenebilir Enerji Üretim A.Ş.), a subsidiary of the Group and Toros Meram Yeşil Enerji Üretim A.Ş. (“Meram Enerji”, previous title Altaca Meram Yeşil Enerji Üretim A.Ş.), concerning acquisition of 99,9% of the paid in capital of Meram Enerji. (Note: 4).

Alanar Fidan Üretim ve Pazarlama Sanayi ve Ticaret A.Ş., a subsidiary of the Group, merged with Alanar Meyve ve Gıda Üretim Pazarlama Sanayi ve Tic. A.Ş., another subsidiary of the Group, by transferring all assets and liabilities on 18 March 2020.

Shares of Blacksea Gübre Ticaret A.Ş., one of the joint ventures of the Group with 30% direct participation rate, were sold on 12 June 2020 with a price of 1.403. Gain amounting to 705 has been recognized in the condensed consolidated financial statements.

#### Approval of condensed consolidated financial statements:

The condensed consolidated financial statements are approved and published by the Board of Directors as of 28 July 2020.

### 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 Standards/Turkish Financial Reporting Standards (“TAS”/“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 TAS 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 2020 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 TAS 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 2019 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 consolidated financial statements as of 31 December 2019.

Exchange rates used in the consolidation process as of 30 June 2020 are; 1 USD= 6,8422 TL, 1 EUR= 7,7082 TL, 1 AZN= 4,0248 TL, 1 SAR= 1,8246 TL, 1 QAR= 1,8746 TL, 1 RON= 1,5822 (Exchange rates as of 31 December 2019 are; 1 USD= 5,9402 TL, 1 EUR= 6,6506 TL, 1 AZN= 3,4942 TL, 1 SAR= 1,5840 TL, 1 QAR= 1,6274 TL, 1 RON= 1,3832).

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

#### 2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

##### Comparative Information and Reclassification of Prior Period Consolidated Financial Statements

Condensed consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. In order to maintain consistency with current period condensed consolidated financial statements, comparative information is reclassified and significant changes are disclosed if necessary. In the current period, the Group had made a reclassification in prior year consolidated financial statements in order to provide conformity with the current period’s presentation. The nature, reason and amount the reclassification is described below:

- In the consolidated financial statements dated 1 January 2019 and 31 December 2019, the fair value change concerning equity instruments amounting to 92.931 and 87.717 respectively, which are included in the “Gains on revaluation and reclassification” account in Accumulated Other Comprehensive Income that will be Reclassified to Profit or Loss under equity in the previous periods, are reclassified to the “Gain on investments in equity instruments” account in Accumulated Other Comprehensive Income that will not be Reclassified to Profit or Loss under equity. The related classification has no effect on the consolidated statement of profit and loss for the current period and prior period where its effects on the consolidated other comprehensive income statement are reflected.

#### 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:

- TFRS 3 (amendments), “Definition of a Business”, effective for annual periods beginning after 1 January 2020.
- TAS 1, TAS 8 (amendments), “Definition of Material”, effective for annual periods beginning after 1 January 2020.
- Conceptual Framework (amendments), effective for annual periods beginning after 1 January 2020.
- TFRS 16 (amendments), effective for annual periods beginning after 1 June 2020.

##### (b) Standards, amendments and interpretations to existing standards that are effective as of the year 2020, but not affecting the condensed consolidated financial statements of the Group:

- TFRS 9, TAS 39, TFRS 7 (amendments), “Interest Rate Benchmark Reform”, effective for annual periods beginning after 1 January 2020.

##### (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 “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, TFRS 16), effective for annual periods beginning after 1 January 2022.

The Group evaluates the effects of the standards issued as of 30 June 2020 and the standards not yet effective as of 30 June 2020 on its consolidated financial position and performance.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

### 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 and 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.

#### Construction Projects

Two projects carried out by the Group in Kazakhstan were temporarily suspended by employer administrations within the scope of COVID-19 measures and the evacuation of most of our employees has completed. Currently, works are underway to protect the works performed in a controlled manner with a limited number of employees. It is planned to start our activities in a controlled and gradual way again soon. The amount of work remaining from these projects is 1.484.943 (217.027.126 USD). Negotiations are in progress in line with our signed contracts with the employer administrations to cover our additional costs that may arise as a result of this situation.

While mobilization and construction activities of Gas Transport Pipeline project according to the contract signed between Rusfen, wholly owned subsidiary of Tekfen İnşaat ve Tesisat A.Ş., a subsidiary of the Group, and KharampurNefteGas (KNG) joint venture is in progress, various adverse events were experienced such as lack of cold weather conditions required for the implementation of the project, 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.

The effects of these negativities on the project's execution plan and budgeted project costs were shared with the employer during the interviews. It was discussed with the employer to eliminate the negative effects of additional costs that may occur in the profitability of the project, which continues its activities as of the reporting date, and to improve the current contract terms for the project's ending schedule.

Tekfen İnşaat ve Tesisat A.Ş., a subsidiary of the Group, has been awarded for Construction of Link Roads Adjacent to Al Khor Expressway. The duration of the Project shall be 24 months and the project size is 548.000.000 Qatari Riyal (150.000.000 USD).

#### Other

On 13 December 2019, an agreement signed by Techinvestments MMC, a subsidiary of the Group with 100% share participation rate, concerning the purchase of 10% shares of SOCAR Polymer Investments LLC which is operating in Azerbaijan for 684.220 (100.000.000 USD) negotiation based on price determined by valuation report. As of balance sheet date, share transfer transactions have been completed. As of 30 June 2020, the purchase price reflects the fair value.

A share acquisition agreement was signed on 18 December 2019 between the shareholders of Meram Enerji and Gönen Enerji, a subsidiary of the Group, concerning acquisition of 99,9% of the paid in capital of Meram Enerji. Share transfer transaction was completed on 14 February 2020. Temporary goodwill arising from business combination has been recognized in accordance with TFRS in the condensed consolidated financial statements as of 30 June 2020 (Note: 12).

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

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

Remaining 94.200 portion of the present value of dividend payable amounting to 456.320, which is detailed in Note 5, is recognized under other payables to related parties account where 114.022 is recognized under other payables account in the condensed consolidated financial statements as of 30 June 2020.

During the period, donation of 5.000 made to charity campaign titled “Biz Bize Yeteriz Türkiyem” within the scope of the ongoing struggle against COVID-19.

#### 5. SIGNIFICANT CHANGES IN EQUITY

##### Gain on Investments in Equity Instruments:

The positive change of 47.791 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 2019: positive change of 11.748).

##### Legal Reserves:

In accordance with the resolutions taken during the Ordinary General Assemblies of Group companies as of 30 June 2020, 104.091 of legal reserves were transferred from retained earnings in the condensed consolidated financial statements as of 30 June 2020 (30 June 2019: 47.152).

##### Hedging Reserve:

The positive change of 36.669 (30 June 2019: negative 34.184) in the fair values of the effective derivative instruments which the Group uses for cash flow hedging has been recognized in equity.

##### Profit Distribution:

Upon the resolution of Ordinary General Assembly held on 26 March 2020, it is decided to distribute 1,15 TL (2019: 1,14 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 (2019: 421.526) and 29.828 (2019: 29.446) in the aggregate 456.320 (2019: 450.972) 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 will be paid in accordance with the decision taken in the Ordinary General Assembly on 27 April 2020, second installment amounting to 142.164 will be paid on 24 September 2020 and remaining payment amounting to 71.082 will be made on 1 October 2020. Remaining 94.200 portion of the present value of dividend payable amounting to 456.320, after 243.074 payment was made on 27 April 2020, is recognized under other payables to related parties account where 114.022 is recognized under other payables account in the condensed consolidated financial statements as of 30 June 2020.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

#### 6. SEGMENT REPORTING

During the current period, Group’s management has decided to conduct its activities that it has managed in three business segments as Contracting, Agriculture and Other in the previous year on the basis of five business segments as Engineering and Contracting, Chemical Industry, Agricultural Production, Service and Investment. Due to the mentioned revision in the business segments, comparative information on segmental reporting has been revised on the basis of five segments. Nature of the activities of the business segments of the Group can be summarized as follows:

##### Engineering and Contracting Segment

Engineering and Contracting segment undertakes infrastructure and industrial construction projects in Turkey, Azerbaijan, Kazakhstan, Saudi Arabia, Qatar, Iraq and Russia. Petroleum, gas and petrochemical facilities, pipelines, land and marine terminals, off-shore platforms, tank farms, oil refineries, pumping stations, power plants, and highway, subway, bridge and tunnel construction, electrical and instrumentation projects, infrastructure projects, production facilities, commercial and technical building complexes and major sports complexes are included in Engineering and Contracting segment’s scope of activity. Income provided from the consolidation of Azfen by equity method is disclosed in this segment.

##### Chemical Industry Segment

Chemical Industry segment has operations in chemical, organic-organomineral fertilizer production, distribution and trade.

##### Agricultural Production Segment

Agricultural Production segment has operations in ground and vegetable grain, production, distribution and trade of seedling and sapling. In the field of agricultural production, plant tissue, banana sapling cultivation, high quality potato seed, sesame, certified wheat germ production and sale activities are carried out. Also production, packaging and export operations of cherry, apricot, pomegranate, plum, persimmon and figs are made. Income provided from the consolidation of H-T Fidecilik by equity method is disclosed in this group.

##### Service Segment

Service Segment has operations in terminal management, guidance, towage, agency business, free zone operations, insurance services, building and facility management services.

##### Investment Segment

Operations of Investment segment mainly comprise of Tekfen Ventures’ investments in innovation-creating initiatives and holding operations. Holding operations are executed by the Company and include coordinating the Group’s financial needs when needed. Dividend income and rent income provided constitute Holding’s revenue. Income provided from the consolidation of Florya Gayrimenkul by equity method is disclosed in this segment.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

#### 6. SEGMENT REPORTING (cont’d)

##### a) Segment results:

	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)
<b>GROSS PROFIT (LOSS)</b>	<b>75.924</b>	<b>423.328</b>	<b>10.083</b>	<b>79.148</b>	<b>11.018</b>	<b>599.501</b>
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
<b>OPERATING PROFIT (LOSS)</b>	<b>(39.226)</b>	<b>102.347</b>	<b>(9.627)</b>	<b>69.900</b>	<b>(55.206)</b>	<b>68.188</b>
Investment income	176	2.472	203	50	30.143	33.044
Investment expense (-)	(168)	(3)	(12)	-	-	(183)
<b>PROFIT BEFORE FINANCIAL INCOME (EXPENSES)</b>	<b>(39.218)</b>	<b>104.816</b>	<b>(9.436)</b>	<b>69.950</b>	<b>(25.063)</b>	<b>101.049</b>
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)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION</b>	<b>(30.246)</b>	<b>136.863</b>	<b>(20.813)</b>	<b>69.509</b>	<b>104.174</b>	<b>259.487</b>
Tax (expense) income from continuing operations	(77.496)	(2.269)	2.119	(14.853)	(25.566)	(118.065)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD</b>	<b>(107.742)</b>	<b>134.594</b>	<b>(18.694)</b>	<b>54.656</b>	<b>78.608</b>	<b>141.422</b>

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.

Translated into English from the report originally issued in Turkish.



## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

#### 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)
<b>GROSS PROFIT</b>	<b>125.204</b>	<b>162.382</b>	<b>13.304</b>	<b>51.789</b>	<b>2.844</b>	<b>355.523</b>
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
<b>OPERATING PROFIT (LOSS)</b>	<b>56.082</b>	<b>27.487</b>	<b>152</b>	<b>47.297</b>	<b>(30.548)</b>	<b>100.470</b>
Investment income	37	2.192	29	50	12.480	14.788
Investment expense (-)	(65)	-	-	-	-	(65)
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)</b>	<b>56.054</b>	<b>29.679</b>	<b>181</b>	<b>47.347</b>	<b>(18.068)</b>	<b>115.193</b>
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)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION</b>	<b>57.644</b>	<b>36.346</b>	<b>(5.736)</b>	<b>46.451</b>	<b>47.066</b>	<b>181.771</b>
Tax (expense) income from continuing operations	(75.046)	8.921	1.922	(9.839)	(12.666)	(86.708)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD</b>	<b>(17.402)</b>	<b>45.267</b>	<b>(3.814)</b>	<b>36.612</b>	<b>34.400</b>	<b>95.063</b>

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

#### 6. SEGMENT REPORTING (cont’d)

##### a) Segment results (cont’d):

	1 January - 30 June 2019					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	5.966.306	2.061.169	80.407	177.166	20.835	8.305.883
Cost of revenue (-)	(4.880.600)	(1.601.362)	(60.366)	(124.660)	(5.898)	(6.672.886)
<b>GROSS PROFIT</b>	<b>1.085.706</b>	<b>459.807</b>	<b>20.041</b>	<b>52.506</b>	<b>14.937</b>	<b>1.632.997</b>
General administrative expenses (-)	(100.499)	(22.801)	(4.489)	(8.662)	(70.147)	(206.598)
Marketing expenses (-)	(4.162)	(153.674)	(15.458)	(3.691)	-	(176.985)
Research and development expenses (-)	(312)	(2.534)	-	-	-	(2.846)
Other operating income	131.957	163.230	2.995	8.615	2.560	309.357
Other operating expenses (-)	(93.330)	(171.163)	(9.142)	(4.372)	(1.683)	(279.690)
Share on profit (loss) of investments valued by equity method	4.705	2.551	-	-	(2)	7.254
<b>OPERATING PROFIT (LOSS)</b>	<b>1.024.065</b>	<b>275.416</b>	<b>(6.053)</b>	<b>44.396</b>	<b>(54.335)</b>	<b>1.283.489</b>
Investment income	2.496	355	2	122	11.034	14.009
Investment expense (-)	(4.934)	-	-	-	(20)	(4.954)
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)</b>	<b>1.021.627</b>	<b>275.771</b>	<b>(6.051)</b>	<b>44.518</b>	<b>(43.321)</b>	<b>1.292.544</b>
Financial income	77.728	71.855	5.881	3.828	258.681	417.973
Financial expenses (-)	(35.747)	(65.349)	(2.103)	(1.701)	(144.992)	(249.892)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION</b>	<b>1.063.608</b>	<b>282.277</b>	<b>(2.273)</b>	<b>46.645</b>	<b>70.368</b>	<b>1.460.625</b>
Tax expense from continuing operations (-)	(201.704)	(46.384)	(451)	(8.974)	(23.751)	(281.264)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD</b>	<b>861.904</b>	<b>235.893</b>	<b>(2.724)</b>	<b>37.671</b>	<b>46.617</b>	<b>1.179.361</b>

For the six month interim period ended 30 June 2019, revenue amounting 3.373.793 was obtained from a non-related client of construction segment which constitute 40,6% of the Group’s revenue.

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

#### 6. SEGMENT REPORTING (cont’d)

##### a) Segment results (cont’d):

	1 April - 30 June 2019					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	2.641.419	889.780	76.100	100.662	10.444	3.718.405
Cost of revenue (-)	(2.365.479)	(659.006)	(55.685)	(66.105)	(2.825)	(3.149.100)
<b>GROSS PROFIT</b>	<b>275.940</b>	<b>230.774</b>	<b>20.415</b>	<b>34.557</b>	<b>7.619</b>	<b>569.305</b>
General administrative expenses (-)	(59.300)	(11.092)	(2.936)	(3.803)	(33.571)	(110.702)
Marketing expenses (-)	(1.482)	(69.452)	(12.095)	(1.995)	-	(85.024)
Research and development expenses (-)	(155)	(1.348)	-	-	-	(1.503)
Other operating income	101.844	88.237	1.554	3.823	1.413	196.871
Other operating expenses (-)	(52.930)	(77.150)	(7.441)	(2.169)	(700)	(140.390)
Share on profit of investments valued by equity method	1.290	2.258	-	-	-	3.548
<b>OPERATING PROFIT (LOSS)</b>	<b>265.207</b>	<b>162.227</b>	<b>(503)</b>	<b>30.413</b>	<b>(25.239)</b>	<b>432.105</b>
Investment income	1.425	51	2	107	2.176	3.761
Investment expense (-)	(4.703)	-	-	-	(20)	(4.723)
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)</b>	<b>261.929</b>	<b>162.278</b>	<b>(501)</b>	<b>30.520</b>	<b>(23.083)</b>	<b>431.143</b>
Financial income	36.022	27.148	2.697	1.432	179.200	246.499
Financial expense (-)	(20.171)	(34.600)	(794)	(1.098)	(131.409)	(188.072)
<b>PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION</b>	<b>277.780</b>	<b>154.826</b>	<b>1.402</b>	<b>30.854</b>	<b>24.708</b>	<b>489.570</b>
Tax expense from continuing operations (-)	(49.345)	(24.631)	(1.867)	(6.009)	(9.262)	(91.114)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD</b>	<b>228.435</b>	<b>130.195</b>	<b>(465)</b>	<b>24.845</b>	<b>15.446</b>	<b>398.456</b>

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

#### 6. SEGMENT REPORTING (cont’d)

##### b) Segment assets and liabilities:

	30 June 2020					
<u>Balance sheet</u>	<u>Engineering &amp; Contracting</u>	<u>Chemical Industry</u>	<u>Agricultural Production</u>	<u>Service</u>	<u>Investment</u>	<u>Total</u>
Total assets	5.875.200	3.198.414	409.422	543.622	2.692.366	12.719.024
Current and non-current liabilities	4.278.728	1.794.707	202.548	392.533	361.910	7.030.426
Equity attributable to owners of the parent	1.549.239	2.015.431	(20.988)	229.718	1.836.225	5.609.625
Non-controlling interests	1.870	26.523	-	33	50.547	78.973

  

	31 December 2019					
<u>Balance sheet</u>	<u>Engineering &amp; Contracting</u>	<u>Chemical Industry</u>	<u>Agricultural Production</u>	<u>Service</u>	<u>Investment</u>	<u>Total</u>
Total assets	6.881.355	3.174.427	300.967	350.742	1.955.657	12.663.148
Current and non-current liabilities	4.992.700	1.798.949	102.299	97.931	174.399	7.166.278
Equity attributable to owners of the parent	1.582.294	1.860.916	(1.775)	164.396	1.822.849	5.428.680
Non-controlling interests	4.581	18.344	-	14	45.251	68.190

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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 2020

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

#### 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 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	(543)	68.886
Inter-segment revenue	-	266	-	3.037	(1.269)	2.034
	1 January - 30 June 2019					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	51.907	27.023	16.001	11.326	9.274	115.531
Depreciation and amortization expense for the period (*)	97.794	31.523	5.422	5.277	3.520	143.536
Intra-segment revenue	62.741	30.991	1.355	41	4.052	99.180
Inter-segment revenue	-	1.492	-	2.920	9.573	13.985
	1 April - 30 June 2019					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	19.375	22.152	-	7.545	7.869	56.941
Depreciation and amortization expense for the period (*)	58.364	13.347	2.929	2.914	1.544	79.098
Intra-segment revenue	31.717	13.763	544	-	2.330	48.354
Inter-segment revenue	-	418	-	438	5.735	6.591

(\*) Depreciation expense of 2.466 is added to the cost of inventory (30 June 2019: 2.464 deducted from the cost of inventory).

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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 2020

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

#### 6. SEGMENT REPORTING (cont’d)

d) Geographical segment information is as follows:

	Turkey	CIS	Northern Africa	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 (30 June 2020)	14.006.168	4.307.516	1.136	4.156.019	1.641.820	(11.393.635)	12.719.024
Capital Expenditures (1 January - 30 June 2020)	230.624	21.588	-	32.305	125	-	284.642

	Turkey	CIS	Northern Africa	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

	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 30 June 2019)	3.749.202	524.177	-	4.132.548	13.121	(113.165)	8.305.883
Total Assets (31 December 2019)	13.772.912	3.686.668	915	4.179.455	1.334.273	(10.311.075)	12.663.148
Capital Expenditures (1 January - 30 June 2019)	80.375	18.809	-	16.268	79	-	115.531

	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 April - 30 June 2019)	1.528.723	252.274	-	1.985.668	6.685	(54.945)	3.718.405
Capital Expenditures (1 April - 30 June 2019)	44.459	6.474	-	5.955	53	-	56.941

Translated into English from the report originally issued in Turkish.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

### 7. CASH AND CASH EQUIVALENTS

Time deposits with maturity of three months or less constitute the part of the cash and cash equivalents amounting to 2.467.818 (31 December 2019: 3.456.260). Demand deposits and other cash equivalents with maturity of three months or less constitute the rest of the cash and cash equivalents.

### 8. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

	30 June 2020	31 December 2019
<u>Short-term trade receivables</u>		
Receivables from Contracting & Engineering segment operations	871.757	1.323.562
Receivables from Chemical Industry segment operations	327.516	308.964
Receivables from Agricultural Production segment operations	50.076	22.450
Receivables from Service segment operations	19.409	8.414
Receivables from Investment segment operations	3.551	3.298
Provision for doubtful receivables (-)	(89.671)	(80.609)
Retention receivables (Note: 9)	13.410	331.684
Due from related parties	25.731	22.402
Other	16.537	13.171
	<u>1.238.316</u>	<u>1.953.336</u>
<u>Long-term trade receivables</u>		
Retention receivables (Note: 9)	534.564	302.749
Contract receivables	6.087	11.230
	<u>540.651</u>	<u>313.979</u>

Postdated cheques amounting to 188.071 (31 December 2019: 154.827), notes receivables amounting to 29.031 (31 December 2019: 32.864), positive foreign currency differences amounting to 3.424 (31 December 2019: positive foreign currency differences amounting to 1.004), date differences amounting to 995 (31 December 2019: 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 79 days (31 December 2019: 59 days), for domestic projects is 180 days (31 December 2019: 52 days), for Chemical Industry segment is 42 days (31 December 2019: 42 days), for Agricultural Production segment is 47 days (31 December 2019: 66 days), for Service segment is 38 days (31 December 2019: 31 days), and for Investment segment is 30 days (31 December 2019: 30 days).

As of 30 June 2020, receivables amounting 472.941 was obtained from a single non-related client which constitute 27% of the Group’s receivables (31 December 2019: 596.467, 26,6%).

As of 30 June 2020, 89.671 of provision for doubtful receivables was determined based on past uncollectible receivable cases encountered and future expectations (30 June 2019: 41.021).

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

	2020	2019
Provision as of 1 January	(80.609)	(39.568)
Charge for the period	(661)	(1.485)
Collected	(774)	1.350
Provision released	-	601
Currency translation effect	(7.627)	(1.919)
Provision as of 30 June	<u>(89.671)</u>	<u>(41.021)</u>

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

#### 8. TRADE RECEIVABLES AND PAYABLES (cont'd)

##### a) Trade Receivables (cont'd):

All of doubtful receivable expense has been charged to general administrative expenses (2019: 824 of doubtful receivable expense has been charged to general administrative expenses where 661 has been deducted from long-term deferred revenue).

##### b) Trade Payables:

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

	30 June 2020	31 December 2019
<b>Short-term trade payables</b>		
Payables from Contracting & Engineering segment operations	1.655.408	1.502.397
Payables from Chemical Industry segment operations	1.203.362	1.156.986
Payables from Agricultural Production segment operations	46.464	12.709
Payables from Service segment operations	42.387	49.044
Payables from Investment segment operations	3.662	7.018
Due to related parties	5.308	24.883
Retention payables (Note: 9)	671.343	553.795
Other	26.521	23.648
	<u>3.654.455</u>	<u>3.330.480</u>
<b>Long-term trade payables</b>		
Retention payables (Note: 9)	70.680	71.303
Payables from Contracting & Engineering segment operations	4.356	6.145
	<u>75.036</u>	<u>77.448</u>

Notes payables amounting to 501 (31 December 2019: 432), and foreign currency differences amounting to 179.795 (31 December 2019: 200.129) are included in short and long-term trade payables. There are not any postdated cheques in the current period (31 December 2019: None).

For Chemical Industry segment, payables attributable to inventory supplied through imports constitute 95% (31 December 2019: 90%) of trade payables as at balance sheet date and average payable period for these import purchases is 109 days (31 December 2019: 150 days) whereas average payable period for domestic purchases is 26 days (31 December 2019: 27 days). For Engineering and Contracting segment, average payable period for import purchases through letter of credit is 64 days (31 December 2019: 56 days) whereas the average payable period for other purchases is 146 days (31 December 2019: 91 days). The average payable period for Agricultural Production segment is 27 days (31 December 2019: 30 days), for Service segment is 45 days (31 December 2019: 41 days), and for Investment segment is 34 days (31 December 2019: 42 days).

#### 9. CONTRACT ASSETS AND LIABILITIES ARISING FROM ONGOING CONSTRUCTION WORKS

	30 June 2020	31 December 2019
Cost incurred on ongoing contracts	41.818.927	33.981.934
Recognised gain less losses (net)	4.181.291	4.468.406
	<u>46.000.218</u>	<u>38.450.340</u>
Less: Billings to date (-)	(45.542.494)	(38.764.315)
	<u>457.724</u>	<u>(313.975)</u>



## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

#### 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 2020	31 December 2019
Contract assets arising from ongoing construction works	1.073.933	692.101
Contract liabilities arising from ongoing construction works	(616.209)	(1.006.076)
	<u>457.724</u>	<u>(313.975)</u>
	30 June 2020	31 December 2019
<u>Contract assets arising from ongoing construction works</u>		
Contracts undersigned abroad	951.172	573.933
Contracts undersigned in Turkey	122.761	118.168
	<u>1.073.933</u>	<u>692.101</u>
<u>Contract liabilities arising from ongoing construction works</u>		
Contracts undersigned abroad	(571.988)	(871.608)
Contracts undersigned in Turkey	(44.221)	(134.468)
	<u>(616.209)</u>	<u>(1.006.076)</u>
	<u>457.724</u>	<u>(313.975)</u>

The Group has 262.945 of advances given to subcontractors and other suppliers for construction projects classified in short-term prepaid expenses (31 December 2019: 225.123). Also, the Group has 320.764 of advances received for contracting projects classified in deferred revenue (31 December 2019: 561.083).

As of 30 June 2020, the Group has 742.023 of retention payables to subcontractors (31 December 2019: 625.098). Also, the amount of retention receivables is 547.974 (31 December 2019: 634.433) (Note: 8).

#### 10. INVENTORIES

	30 June 2020	31 December 2019
Raw materials	228.853	138.434
Work in progress	385.067	323.835
Finished goods	81.772	44.135
Trading goods	71.578	191.753
Goods in transit	37.737	39.717
Inventory at construction sites	907.036	642.494
Other inventories	85.339	68.566
	<u>1.797.382</u>	<u>1.448.934</u>

For the six month interim period ended 30 June 2020, there are no borrowing costs added to inventory (31 December 2019: None).

The Group does not have any inventories whose net realizable value is less than its current cost. Accordingly, there is not any provision for allowance for impairment on inventory (30 June 2019: None).

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

#### 11. INVESTMENTS VALUED BY EQUITY METHOD

Joint Ventures	Location of foundation and operation	30 June 2020		31 December 2019		Power to appoint	Industry
		Participation Rate	Amount	Participation Rate	Amount		
H-T Fidecilik	Turkey	50%	15.336	50%	12.627	50%	Agriculture
Azfen	Azerbaijan	40%	19.238	40%	3	40%	Construction
Black Sea Gübre (*)	Turkey	30%	-	30%	802	30%	Fertilizer Trade
Florya Gayrimenkul	Turkey	50%	90.565	50%	90.165	50%	Investment
			<u>125.139</u>		<u>103.597</u>		

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

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

	2020	2019
Opening balance as of 1 January	103.597	144.640
Group's share on profit	20.800	7.254
Group's share on other comprehensive income	-	210
Effect of the joint ventures sold	(698)	-
Capital increases	400	-
Currency translation effect	1.040	4.159
Profit eliminations	-	(27)
Closing balance as of 30 June	<u>125.139</u>	<u>156.236</u>

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

	1 January - 30 June 2020	1 January - 30 June 2019
H-T Fidecilik	2.709	2.652
Azfen	18.195	5.394
Black Sea Gübre (*)	(104)	(101)
Florya Gayrimenkul	-	(2)
Denkmal Dahlem (**)	-	(689)
Shares on profit of joint ventures valued by equity method	<u>20.800</u>	<u>7.254</u>

(\*\*) Classified to subsidiaries on 30 July 2019.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

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

Information related to balance sheet:

	H-T		Black Sea	Florya	
30 June 2020	Fidecilik	Azfen	Gübre	Gayrimenkul	Total
Cash and cash equivalents	164	216.467	-	43	216.674
Other current assets	64.898	377.504	-	60.129	502.531
Non-current assets	20.766	127.991	-	124.237	272.994
<b>Total Assets</b>	<b>85.828</b>	<b>721.962</b>	<b>-</b>	<b>184.409</b>	<b>992.199</b>
Short-term borrowings	29.317	-	-	-	29.317
Other short-term liabilities	22.492	673.868	-	790	697.150
Long-term borrowings	-	-	-	-	-
Other long-term liabilities	3.347	-	-	2.490	5.837
<b>Total Liabilities</b>	<b>55.156</b>	<b>673.868</b>	<b>-</b>	<b>3.280</b>	<b>732.304</b>
Net Assets	30.672	48.094	-	181.129	259.895
Group's Ownership Rate	50%	40%	-	50%	
<b>Group's Share on Net Assets</b>	<b>15.336</b>	<b>19.238</b>	<b>-</b>	<b>90.565</b>	<b>125.139</b>
	H-T		Black Sea	Florya	
31 December 2019	Fidecilik	Azfen	Gübre	Gayrimenkul	Total
Cash and cash equivalents	69	155.672	1.821	87	157.649
Other current assets	63.996	195.547	946	59.124	319.613
Non-current assets	19.604	87.199	5	123.649	230.457
<b>Total Assets</b>	<b>83.669</b>	<b>438.418</b>	<b>2.772</b>	<b>182.860</b>	<b>707.719</b>
Short-term borrowings	28.907	-	-	-	28.907
Other short-term liabilities	22.071	438.411	83	40	460.605
Long-term borrowings	5.000	-	-	-	5.000
Other long-term liabilities	2.437	-	16	2.490	4.943
<b>Total Liabilities</b>	<b>58.415</b>	<b>438.411</b>	<b>99</b>	<b>2.530</b>	<b>499.455</b>
Net Assets	25.254	7	2.673	180.330	208.264
Group's Ownership Rate	50%	40%	30%	50%	
<b>Group's Share on Net Assets</b>	<b>12.627</b>	<b>3</b>	<b>802</b>	<b>90.165</b>	<b>103.597</b>

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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 2020

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

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

##### Information related to statement of profit or loss:

1 January - 30 June 2020	H-T Fidencilik	Azfen	Black Sea Gübre (*)	Florya Gayrimenkul	Denkmal Dahlem	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 Fidencilik	Azfen	Black Sea Gübre (*)	Florya Gayrimenkul	Denkmal Dahlem	Total
Revenue	34.684	362.305	-	-	-	396.989
Depreciation and amortization expense (-)	(773)	(8.827)	-	-	-	(9.600)
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

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

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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 2020

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

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

#### Information related to statement of profit or loss:

1 January - 30 June 2019	H-T Fidecilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Denkmal Dahlem (*)	Total
Revenue	49.151	134.896	-	-	-	184.047
Depreciation and amortization expense (-)	(1.271)	(18.228)	(1)	-	(76)	(19.576)
Operating profit (loss)	10.368	16.859	(634)	-	(1.054)	25.539
Financial income	23	-	451	-	-	474
Financial expense (-)	(3.628)	-	(154)	-	(476)	(4.258)
Tax expense (-)	(1.518)	(3.375)	-	(4)	-	(4.897)
Profit (Loss) for the Period	5.303	13.484	(337)	(4)	(1.530)	16.916
Group's Ownership Rate	50%	40%	30%	50%	45%	
Group's Share on Profit (Loss) for the Period	2.652	5.394	(101)	(2)	(689)	7.254

1 April - 30 June 2019	H-T Fidecilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Denkmal Dahlem (*)	Total
Revenue	28.568	80.787	-	-	-	109.355
Depreciation and amortization expense (-)	(632)	(9.013)	(1)	-	(39)	(9.685)
Operating profit (loss)	7.758	2.357	(280)	-	305	10.140
Financial income	22	-	209	-	-	231
Financial expense (-)	(1.907)	-	(122)	-	895	(1.134)
Tax expense (-)	(1.307)	(473)	-	-	-	(1.780)
Profit (Loss) for the Period	4.625	1.874	(182)	-	1.200	7.517
Group's Ownership Rate	50%	40%	30%	50%	45%	
Group's Share on Profit (Loss) for the Period	2.313	750	(55)	-	540	3.548

(\*) Classified to subsidiaries on 30 July 2019.

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

#### 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
<b>Cost Value</b>				
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>
<b>Accumulated Depreciation and Amortization</b>				
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>
<b>Cost Value</b>				
Opening balance as of 1 January 2019	4.691.268	84.622	142.130	86.702
Currency translation effect	237.918	5.227	3.526	-
Additions	107.957	6.549	1.025	6.432
Acquired through business combination	8.282	-	-	-
Disposals	(146.332)	(276)	-	-
Transfers from assets classified as held for sale	-	-	7.575	-
Transfers from inventory	-	-	247	-
Closing balance as of 30 June 2019	<u>4.899.093</u>	<u>96.122</u>	<u>154.503</u>	<u>93.134</u>
<b>Accumulated Depreciation and Amortization</b>				
Opening balance as of 1 January 2019	(2.702.042)	(49.506)	(33.781)	-
Currency translation effect	(172.068)	(3.795)	-	-
Charge for the period	(112.777)	(4.162)	(986)	(23.147)
Allowance for impairment	(4.693)	-	-	-
Disposals	144.405	68	-	-
Closing balance as of 30 June 2019	<u>(2.847.175)</u>	<u>(57.395)</u>	<u>(34.767)</u>	<u>(23.147)</u>
Carrying value as of 30 June 2019	<u>2.051.918</u>	<u>38.727</u>	<u>119.736</u>	<u>69.987</u>

The fair value of the Group's investment property has been determined based on a valuation carried out by independent expertise which has no connection with the Group and is one of the independent valuers accredited by Capital Markets Board. Valuation work has been concluded based on fair value of similar properties. The fair value of the investment properties as of 30 June 2020 is 556.512 (30 June 2019: 501.526) according to the valuation carried out by independent expert.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

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

##### (b) Goodwill

<b>Subsidiaries Acquired</b>	<b>Nature of Business</b>	<b>Date of Acquisition</b>	<b>Ratio of Shares Acquired</b>	<b>Acquisition Price</b>	<b>Goodwill</b>
Gate İnşaat Taahhüt San. ve Tic. A.Ş.	Engineering & Contracting	25 July 2018	50%	147.429	-
CFS Petrokimya Sanayi A.Ş.	Chemical Industry	31 May 2019	100%	8.518	8.799
Denkmal in Dahlem Otto-Hahn-Platz GmbH	Engineering & Contracting	30 July 2019	80%	40.331	17.182
Toros Gönen Yenilenebilir Enerji Üretim A.Ş.	Chemical Industry	31 July 2019	70%	42.946	41.608
Toros Meram Yeşil Enerji Üretim A.Ş.	Chemical Industry	14 February 2020	99,9%	24.814	21.352
				<b>264.038</b>	<b>88.941</b>

Breakdown of the acquisition price is as follows:

	<b>Gate</b>	<b>CFS</b>	<b>Denkmal Dahlem</b>	<b>Gönen Enerji</b>	<b>Meram Enerji</b>	<b>Total</b>
Paid in cash	147.429	8.518	40.331	42.946	24.814	264.038
<b>Acquisition price</b>	<b>147.429</b>	<b>8.518</b>	<b>40.331</b>	<b>42.946</b>	<b>24.814</b>	<b>264.038</b>

The identifiable assets and liabilities of Denkmal Dahlem, Gönen Enerji and Meram Enerji detailed below are temporarily reported under TFRS provisions. During the measurement period allowed by the standard, the assets and liabilities will be reevaluated. The main items related to assets acquired and liabilities undertaken at the acquisition dates are as follows:

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

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

##### (b) Goodwill (cont’d)

	<u>Gate</u>	<u>CFS</u>	<u>Denkmal Dahlem</u>	<u>Gönen Enerji</u>	<u>Meram Enerji</u>	<u>Total</u>
<b>Current assets</b>	<b>280.127</b>	<b>113</b>	<b>212.322</b>	<b>19.361</b>	<b>20.264</b>	<b>532.187</b>
Cash and cash equivalents	14.950	13	910	12.132	3.043	31.048
Other current assets	265.177	100	211.412	7.229	17.221	501.139
<b>Non-current assets</b>	<b>191.130</b>	<b>538</b>	<b>2.521</b>	<b>42.252</b>	<b>12.898</b>	<b>249.339</b>
Tangible and intangible assets	95.182	538	2.521	40.268	12.784	151.293
Other non-current assets	95.948	-	-	1.984	114	98.046
<b>Current liabilities</b>	<b>372.332</b>	<b>932</b>	<b>77.390</b>	<b>27.746</b>	<b>29.697</b>	<b>508.097</b>
<b>Non-current liabilities</b>	<b>4.461</b>	<b>-</b>	<b>108.516</b>	<b>31.956</b>	<b>-</b>	<b>144.933</b>
<b>Net assets</b>	<b>94.464</b>	<b>(281)</b>	<b>28.937</b>	<b>1.911</b>	<b>3.465</b>	<b>128.496</b>

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>Gate</u>	<u>CFS</u>	<u>Denkmal Dahlem</u>	<u>Gönen Enerji</u>	<u>Meram Enerji</u>	<u>Total</u>
Acquisition price	147.429	8.518	40.331	42.946	24.814	264.038
Non-controlling interest	-	-	5.788	573	3	6.364
Fair value of previously-held interest in the acquired company	47.232	-	-	-	-	47.232
Less: Fair value of net assets of the acquired company	(94.464)	281	(28.937)	(1.911)	(3.465)	(128.496)
Impairment (-)	(100.197)	-	-	-	-	(100.197)
<b>Goodwill</b>	<b>-</b>	<b>8.799</b>	<b>17.182</b>	<b>41.608</b>	<b>21.352</b>	<b>88.941</b>

As a result of the impairment test carried out during the year ended on 31 December 2019, a provision for impairment has been recognized for the portion of the recoverable value of the goodwill arising from Gate exceeding the carrying amount. 3.807 additional payment was made to former shareholders of CFS in the current period.



## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

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

##### (b) Goodwill (cont’d)

Net cash outflow concerning the acquisitions is as follows:

	<b>Gate</b>	<b>CFS</b>	<b>Denkmal Dahlem</b>	<b>Gönen Enerji</b>	<b>Meram Enerji</b>	<b>Total</b>
Paid in cash	147.429	8.518	40.331	42.946	24.814	264.038
Less: Cash and cash equivalents of the acquired company	(7.475)	(13)	(910)	(12.132)	(3.043)	(23.573)
<b>Net cash outflow</b>	<b>139.954</b>	<b>8.505</b>	<b>39.421</b>	<b>30.814</b>	<b>21.771</b>	<b>240.465</b>

Movement of Goodwill is as follows:

	<b>Gate</b>	<b>CFS</b>	<b>Denkmal Dahlem</b>	<b>Gönen Enerji</b>	<b>Meram Enerji</b>	<b>Total</b>
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
<b>Closing balance as of 30 June 2020</b>	<b>-</b>	<b>8.799</b>	<b>17.182</b>	<b>41.608</b>	<b>21.352</b>	<b>88.941</b>
Opening balance as of 1 January 2019	79.896	-	-	-	-	79.896
Additions	-	4.131	-	-	-	4.131
Remeasurement difference	(3.125)	-	-	-	-	(3.125)
Currency translation effect	7.506	-	-	-	-	7.506
<b>Closing balance as of 30 June 2019</b>	<b>84.277</b>	<b>4.131</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88.408</b>

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

#### 13. SHORT AND LONG-TERM BORROWINGS

The Company's bank loans are reclassified as long-term whose maturities passed 30 June 2021 according to their opening dates. Annual weighted average interest rate of the existing short-term loans is 3,26% for USD, 2,60% for EUR and 10,31% for TL (31 December 2019: 5,88% for USD, 2,62% for EUR and 17,54% for TL). There is not any long-term loan in terms of USD, weighted average interest rate of the existing long-term loans is 2,81% for EUR and 11,40% for TL (31 December 2019: USD None, EUR 5,54%, TL 11,94%).

Within the scope of TFRS 16 Leases standard implementation, lease liabilities of 19.728 and 30.345 in the aggregate 50.073 included in short-term and long-term borrowings respectively (31 December 2019: 25.109 short-term, 31.669 long-term in the aggregate 56.778).

The subsidiary of the Company, Toros Tarım, has borrowed ECA (SACE) and ECA (Hermes) bank loans from Unicredit Bank Austria AG in August 2013 and Deutsche Bank AG in January 2014 for sulfuric acid facility in Samsun factory. The duration of repayments for Unicredit Bank Austria AG loan lasts 7 years, including no principal payment within the first 2 years and 10 equal payments in 5 years where duration of repayments for Deutsche Bank AG loan lasts 6,5 years with 10 equal payments, including no principal payment within first 1,5 years. The interest rates for Unicredit Bank Austria AG and Deutsche Bank AG loans are 6 months Euribor plus 2% and 6 months Euribor plus 0,9% respectively. Toros Tarım fulfilled the financial performance criterias obliged due to the agreement as of 30 June 2020. As of 30 June 2020, remaining balance of the loans used from Unicredit Bank Austria AG and Deutsche Bank AG after principle payments is 42.873 (5.562 Thousand EUR) and 48.508 (6.293 Thousand EUR) respectively. Principle payments made to the loans from Unicredit Bank Austria AG an Deutsche Bank AG for the period ended 30 June 2020 is 42.873 (5.562 Thousand EUR) and 48.508 (6.293 Thousand EUR) respectively.

#### 14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	30 June 2020	31 December 2019
Short-term provisions	324.452	357.635
Long-term provisions	91.541	72.118
Total provisions	<u>415.993</u>	<u>429.753</u>
Employment termination benefits provision	128.379	117.115
Unused vacation pay liability provision	65.963	52.218
Premium provision	12.740	63.704
Total provisions attributable to employee benefits	<u>207.082</u>	<u>233.037</u>
Provision for litigation	14.311	13.382
Other liability provisions	194.600	183.334
Other provisions	<u>208.911</u>	<u>196.716</u>
Total provisions	<u>415.993</u>	<u>429.753</u>

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

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

	Employment Termination Benefits Provision	Unused Vacation Pay Liability Provision	Premium Provision	Total Provisions Attributable to Employee Benefits
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>
Opening balance as of 1 January 2019	106.638	40.841	37.332	184.811
Currency translation effect	4.783	2.221	477	7.481
Charge for the period	25.539	11.904	29.727	67.170
Interest expense	1.847	-	-	1.847
Provision paid during the period	(23.039)	(9.665)	(41.311)	(74.015)
Provision released	(511)	(442)	(1.778)	(2.731)
Actuarial gain	(359)	-	-	(359)
Closing balance as of 30 June 2019	<u>114.898</u>	<u>44.859</u>	<u>24.447</u>	<u>184.204</u>

Termination benefit pay calculated as of 30 June 2020 is subject to upper limit of 7.117,17 Turkish Lira (31 December 2019: 6.730,15 Turkish Lira).

	Provision for Litigation	Other Liability Provisions	Total Other Provisions
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>
Opening balance as of 1 January 2019	12.803	184.155	196.958
Currency translation effect	393	14.208	14.601
Charge for the period	2.344	44.689	47.033
Provision paid during the period	(680)	(32)	(712)
Provision released	(987)	(86.284)	(87.271)
Closing balance as of 30 June 2019	<u>13.873</u>	<u>156.736</u>	<u>170.609</u>

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

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

##### Litigations:

As of 30 June 2020, lawsuit filed against the Group is totally 105.508 (31 December 2019: 203.760) and it has been decided to accrue 14.311 (31 December 2019: 13.382) 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.

The decision of the ICC is final. Since Tekfen TML J.V. claims the Libyan State is also responsible for the loss, it filed a lawsuit with the Swiss Federal Court, which is the legal arbitration place, for annulment of the decision of the ICC concerning contrary situation. The lawsuit filed at the Swiss Federal Court has been rejected on the grounds that the arbitration agreement could not be extended to the Libyan State. In accordance with the decision of the Arbitral Tribunal, the parties continue conciliation negotiations for the remainder of the proceedings.

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.

The arbitration case detailed above is the judicial remedy of Tekfen TML J.V.’s contract with MMRA. At an additional arbitration case filed against Libyan State that is based on the AMPPI between Turkey and Libyan State, the Arbitration Tribunal has ruled that the case falls within its jurisdiction, and contrary to Tekfen TML J.V.’s claim, ruled that Libya did not violate its obligation to protect and act equally under AMPPI and international customary law. As part of this decision, the Arbitration Tribunal has ruled that Tekfen TML J.V. is responsible for an amount of 2.700 Thousand GBP to Libya for trial costs. Tekfen TML J.V. has started initiatives to offset this amount from the amount of compensation awarded in its favor which is announced on 5 November 2018.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

#### 15. COMMITMENTS

The guarantee, pledge and mortgage ("GPM") position tables of the Group as of 30 June 2020 and 31 December 2019 are as follows:

30 June 2020	Equivalent of Thousands TL	<i>Thousands of US Dollars</i>	<i>Thousands of EUR</i>	<i>Other (Equivalent of Thousands TL)</i>
A. GPM given on behalf of its own legal entity	-	-	-	-
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPM given on behalf of subsidiaries that are included in full consolidation	12.701.504	1.102.156	67.944	4.636.613
-Guarantee	12.617.004	1.102.156	67.944	4.552.113
-Pledge	-	-	-	-
-Mortgage	84.500	-	-	84.500
C. GPM given in order to guarantee third parties' debts for the routine trade operations	13.229	-	-	13.229
-Guarantee	13.229	-	-	13.229
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total amounts of other GPM given	-	-	-	-
i. Total amount of GPM given on behalf of parent company	-	-	-	-
ii. Total amount of GPM given on behalf of other group companies that are not included group B and C	-	-	-	-
iii. Total amount of GPM given on behalf of third parties that are not included group C	-	-	-	-
<b>Total as of 30 June 2020</b>	<b>12.714.733</b>	<b>1.102.156</b>	<b>67.944</b>	<b>4.649.842</b>
31 December 2019				
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	13.214.745	1.415.905	99.405	4.142.886
-Guarantee	12.888.163	1.415.905	63.005	4.058.386
-Pledge	-	-	-	-
-Mortgage	326.582	-	36.400	84.500
C. GPM given in order to guarantee third parties' debts for the routine trade operations	30.765	-	-	30.765
-Guarantee	30.765	-	-	30.765
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total amounts of other GPM given	-	-	-	-
i. Total amount of GPM given on behalf of parent company	-	-	-	-
ii. Total amount of GPM given on behalf of other group companies that are not included group B and C	-	-	-	-
iii. Total amount of GPM given on behalf of third parties that are not included group C	-	-	-	-
<b>Total as of 31 December 2019</b>	<b>13.245.510</b>	<b>1.415.905</b>	<b>99.405</b>	<b>4.173.651</b>

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

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

#### 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 2020 consist of sales of goods and services amounting 10.667, purchase of goods and services amounting 9.166, dividend income amounting 11.428 and other income amounting 250. The remuneration of key management during the period is 11.873.

#### 17. EQUITY

##### Capital / Capital Structure Adjustment

The capital structure as of 30 June 2020 and 31 December 2019 is as follows:

Shareholders	(%)	30 June 2020	(%)	31 December 2019
Berker family	22,55%	83.422	22,55%	83.422
Gökyiğit family	22,18%	82.060	22,13%	81.865
Akçağlılar family	6,65%	24.611	6,65%	24.611
Other (*)	0,78%	2.898	1,54%	5.683
Publicly traded	47,84%	177.009	47,13%	174.419
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 2020	1 April- 30 June 2020	1 January - 30 June 2019	1 April- 30 June 2019
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)	145.248	98.189	1.181.886	399.619
Earnings per share from continuing operations (TL)	0,393	0,265	3,194	1,080

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

#### 19. OTHER OPERATING INCOME AND EXPENSES

	1 January- 30 June 2020	1 April- 30 June 2020	1 January - 30 June 2019	1 April- 30 June 2019
<b>Other operating income</b>				
Foreign exchange income from operations	304.830	183.143	173.904	136.763
Due date difference income	22.387	1.388	50.691	22.671
Hedging income (Note: 21)	8.417	7.262	52.456	23.291
Discount income	6.697	2.933	13.328	4.070
Social security premium refund income	2.259	1.264	1.578	1.077
Government grants and incentives income	1.772	1.045	2.081	1.052
Rental income	1.709	300	859	447
Scrap sales income	754	348	571	171
Reversal of litigation provision (Note: 14)	477	407	987	355
Indemnity income	461	103	-	-
Other income	12.643	6.263	12.902	6.974
	<b>362.406</b>	<b>204.456</b>	<b>309.357</b>	<b>196.871</b>
	1 January- 30 June 2020	1 April- 30 June 2020	1 January - 30 June 2019	1 April- 30 June 2019
<b>Other operating expenses (-)</b>				
Foreign exchange losses from operations	(446.844)	(228.765)	(213.297)	(100.402)
Hedging expenses (Note: 21)	(16.324)	(4.614)	(646)	(31)
Discount expenses	(11.041)	(3.007)	(13.674)	(4.748)
Grants and contributions	(5.585)	(5.161)	(176)	(77)
Litigation provision (Note: 14)	(982)	(332)	(2.344)	(118)
Due date difference expenses	(151)	(68)	(20.894)	(12.089)
Damages subject to litigation	(102)	(88)	(80)	-
Other provision expenses (Note: 14)	-	-	(11.370)	(11.339)
Other expenses	(22.817)	(21.275)	(17.209)	(11.586)
	<b>(503.846)</b>	<b>(263.310)</b>	<b>(279.690)</b>	<b>(140.390)</b>

#### 20. FINANCIAL INCOME AND EXPENSES

	1 January- 30 June 2020	1 April- 30 June 2020	1 January - 30 June 2019	1 April- 30 June 2019
<b>Financial income</b>				
Foreign exchange gains	279.611	129.370	312.296	198.259
Interest income	35.369	17.649	97.498	44.573
Currency translation reserve gains	13.628	4.071	8.063	3.709
Other financial income	5.192	5.084	116	(42)
	<b>333.800</b>	<b>156.174</b>	<b>417.973</b>	<b>246.499</b>
	1 January- 30 June 2020	1 April- 30 June 2020	1 January - 30 June 2019	1 April- 30 June 2019
<b>Financial expenses (-)</b>				
Foreign exchange losses	(121.446)	(61.673)	(194.296)	(159.402)
Interest expenses	(45.706)	(26.247)	(47.330)	(23.371)
Other financial expenses	(7.592)	(1.058)	(7.522)	(4.436)
Currency translation reserve losses	(618)	(618)	(744)	(744)
Less: Financial expenses included in costs of inventories	-	-	-	(119)
	<b>(175.362)</b>	<b>(89.596)</b>	<b>(249.892)</b>	<b>(188.072)</b>

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

#### 21. DERIVATIVE INSTRUMENTS

	30 June 2020		31 December 2019	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	17.296	3	211	29.939
Current	17.296	3	211	29.939
Non-current	-	-	-	-
	<u>17.296</u>	<u>3</u>	<u>211</u>	<u>29.939</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 2020	31 December 2019
Forward foreign exchange contracts	357.210	609.791
	<u>357.210</u>	<u>609.791</u>

As of 30 June 2020, the fair value of the Toros Tarım’s currency derivatives is estimated to be 17.296 assets and 3 liabilities which is positive 17.293 (31 December 2019: assets 211, liabilities 29.939, negative 29.728). 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 2019: 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 13.486 has been deferred in equity (31 December 2019: negative 23.183). There are no ineffective cash flow hedges for the period (30 June 2019: None). 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 (30 June 2019: Gains amounting to 52.456 and expenses amounting to 646 concerning matured derivative contracts during the period have been recognized in profit or loss).



## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

#### 22. FOREIGN CURRENCY POSITION

30 June 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	286.417	12.162	9.745	4	128.052
2. Monetary Financial Assets	2.224.974	257.091	55.207	8	40.292
3. Other	94.295	6.002	1.869	133	37.701
4. CURRENT ASSETS	2.605.686	275.255	66.821	145	206.045
5. Trade Receivables	108.467	17	116	-	107.457
6. Monetary Financial Assets	575	-	-	-	575
7. Other	22.436	2.543	648	-	41
8. NON-CURRENT ASSETS	131.478	2.560	764	-	108.073
9. TOTAL ASSETS	2.737.164	277.815	67.585	145	314.118
10. Trade Payables	1.453.397	170.454	16.352	104	160.196
11. Financial Liabilities	233.722	2	23.710	-	50.947
12. Monetary Other Liabilities	126.886	850	8.905	127	51.358
12b. Non-Monetary Other Liabilities	15.838	2.085	204	-	-
13. CURRENT LIABILITIES	1.829.843	173.391	49.171	231	262.501
14. Trade Payables	25.962	28	27	-	25.562
15. Financial Liabilities	70.823	-	9.188	-	-
16. Monetary Other Liabilities	28.734	550	4	-	24.940
17. NON-CURRENT LIABILITIES	125.519	578	9.219	-	50.502
18. TOTAL LIABILITIES	1.955.362	173.969	58.390	231	313.003
19. Net Position of Off-balance Sheet Derivative Instruments (19a-19b)	365.155	53.368	-	-	-
19a. Derivative Assets	365.155	53.368	-	-	-
19b. Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Assets / Liabilities Position	1.146.957	157.214	9.195	(86)	1.115
21. Monetary Items Net Foreign Currency Assets / Liabilities position (1+2+5+6-10-11-12-14-15-16)	680.909	97.386	6.882	(219)	(36.627)
22. Fair Value of Derivative Instruments Held for Hedging	17.293	2.527	-	-	-

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

#### 22. FOREIGN CURRENCY POSITION (cont'd)

31 December 2019	Equivalent of Thousands of TL	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalent of Thousands of TL)
1. Trade Receivables	499.376	8.309	52.376	191	100.202
2. Monetary Financial Assets	1.749.575	181.557	88.977	15	79.223
3. Other	70.561	5.916	1.345	12	26.380
4. CURRENT ASSETS	2.319.512	195.782	142.698	218	205.805
5. Trade Receivables	15	-	-	-	15
6. Monetary Financial Assets	594	2	-	-	582
7. Other	24.831	12	3.723	-	-
8. NON-CURRENT ASSETS	25.440	14	3.723	-	597
9. TOTAL ASSETS	2.344.952	195.796	146.421	218	206.402
10. Trade Payables	1.217.676	172.076	11.825	27	116.657
11. Financial Liabilities	232.456	2	34.775	-	1.170
12. Monetary Other Liabilities	186.055	120	5.308	-	150.041
12b. Non-Monetary Other Liabilities	4.805	716	83	-	-
13. CURRENT LIABILITIES	1.640.992	172.914	51.991	27	267.868
14. Trade Payables	2.089	-	55	-	1.723
15. Financial Liabilities	28.292	-	4.254	-	-
16. Monetary Other Liabilities	22.109	353	4	-	19.986
17. NON-CURRENT LIABILITIES	52.490	353	4.313	-	21.709
18. TOTAL LIABILITIES	1.693.482	173.267	56.304	27	289.577
19. Net Position of Off-balance Sheet Derivative Instruments (19a-19b)	562.240	94.650	-	-	-
19a. Derivative Assets	562.240	94.650	-	-	-
19b. Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Assets / Liabilities Position	1.213.710	117.179	90.117	191	(83.175)
21. Monetary Items Net Foreign Currency Assets / Liabilities position (1+2+5+6-10-11-12-14-15-16)	560.883	17.317	85.132	179	(109.555)
22. Fair Value of Derivative Instruments Held for Hedging	(29.728)	(5.005)	-	-	-

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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 2020

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

#### 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 2020	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars changes 5% against TL	
US Dollars net assets / liabilities	53.784	(53.784)
	If Euro changes 5% against TL	
Euro net assets / liabilities	3.544	(3.544)
	If other foreign currencies changes 5% against TL	
Other foreign currency assets / liabilities	20	(20)
TOTAL	57.348	(57.348)
	31 December 2019	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars change 5% against TL	
US Dollars net assets / liabilities	34.803	(34.803)
	If Euro changes 5% against TL	
Euro net assets / liabilities	29.967	(29.967)
	If other foreign currencies change 5% against TL	
Other foreign currency net assets / liabilities	(4.084)	4.084
TOTAL	60.686	(60.686)

#### 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.

Equity 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.

## TEKFEN HOLDİNG ANONİM ŐİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2020

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

#### 24. SUBSEQUENT EVENTS

As detailed in Note 4, subsequent to reporting date, as a result of the negotiations with the employer, different scope scenarios were presented to the employer upon the written invitation of KNG to ensure a healthy completion of the project. Negotiations are still in progress.

Azfen JV, a 40% joint venture of Tekfen İnŐaat ve Tesisat A.Ő., a subsidiary of the Group, has undertaken the construction and installation works of the Haydar Aliyev Refinery Modernization and Reconstruction Project - Package B as the Subcontractor to Tecnicas Reunidas with a contract value of approx. 1.621.601 (237.000.000 USD).

A contract for sale of one of the assets held for sale of HMB Hallesche Mitteldeutsche Bau-Aktiengesellschaft, a subsidiary of the Group, with price of 5.555.000 EUR has been signed. The transfer transactions have not been completed as of the reporting date.

As of reporting date, there is positive change of 11.336 in the fair value of Akmerkez GYO, which is a fair value through other comprehensive income financial investment of the Group.