

**TEKFEN HOLDİNG ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE SIX MONTH  
INTERIM PERIOD  
ENDED 30 JUNE 2019  
TOGETHER WITH  
REVIEW REPORT

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



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**CONVENIENCE TRANSLATION INTO ENGLISH OF  
REVIEW REPORT ORIGINALLY ISSUED IN TURKISH**

**REPORT ON REVIEW OF CONDENSED CONSOLIDATED  
INTERIM FINANCIAL INFORMATION**

**To the General Assembly of  
Tekfen Holding Anonim Şirketi**

***Introduction***

We have reviewed the accompanying condensed consolidated balance sheet of Tekfen Holding Anonim Şirketi (the “Company”) and its subsidiaries (altogether referred as the “Group”) as of 30 June 2019 and the related condensed consolidated statements of profit or loss, condensed consolidated other comprehensive income, condensed consolidated changes in equity, and condensed consolidated cash flows for the six-month period then ended. The Group Management is responsible for the preparation and fair presentation of the interim condensed consolidated financial information in accordance with the Turkish Accounting Standards 34 Interim Financial Reporting (“TAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial information based on our review.

***Scope of Review***

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of 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 independent audit conducted in accordance with International Standards on Auditing and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been 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 conclude that the accompanying interim condensed consolidated financial information has not been prepared, in all material respects, in accordance with the TAS 34.

İstanbul,  
1 August 2019

**BDO Denet Bağımsız Denetim  
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# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2019

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

ASSETS	Notes	Reviewed 30 June 2019	Audited 31 December 2018
<b>Current Assets</b>		<b>8.944.033</b>	<b>8.922.623</b>
Cash and cash equivalents	7	4.292.250	4.581.600
Financial investments		98.280	132.101
Trade receivables	8	2.086.794	1.444.284
- Related party receivables		16.871	57.836
- Trade receivables		2.069.923	1.386.448
Other receivables		107.268	80.137
- Related party receivables		60.198	58.797
- Other receivables		47.070	21.340
Contract assets arising from ongoing construction works	9	477.778	348.014
Derivative instruments	21	7.055	37.639
Inventories	10	1.225.769	1.370.565
Prepaid expenses		360.278	506.939
- Prepaid expenses		360.278	506.939
Assets related with current tax		74.070	197.854
Other current assets		185.098	189.351
- Other current assets		185.098	189.351
		<u>8.914.640</u>	<u>8.888.484</u>
Assets classified as held for sale		29.393	34.139
<b>Non-Current Assets</b>		<b>3.516.637</b>	<b>3.112.897</b>
Financial investments		363.991	268.519
Trade receivables	8	240.649	194.565
- Trade receivables		240.649	194.565
Other receivables		7.701	6.551
- Other receivables		7.701	6.551
Investments valued by equity method	11	156.236	144.640
Investment property	12	119.736	108.349
Property, plant and equipment	12	2.051.918	1.989.226
Right-of-use assets	3(d)	69.987	-
Intangible assets	12	127.135	115.012
- Goodwill		88.408	79.896
- Other intangible assets		38.727	35.116
Prepaid expenses		41.634	680
- Prepaid expenses		41.634	680
Deferred tax assets		138.635	127.232
Other non-current assets		199.015	158.123
- Other non-current assets		199.015	158.123
<b>TOTAL ASSETS</b>		<b><u>12.460.670</u></b>	<b><u>12.035.520</u></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 2019**

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

<b>LIABILITIES</b>	<b>Notes</b>	<b>Reviewed 30 June 2019</b>	<b>Audited 31 December 2018</b>
<b>Current Liabilities</b>		<b>6.585.863</b>	<b>6.762.257</b>
Short-term borrowings	13	542.341	740.233
Short-term portion of long-term borrowings		203.866	155.621
Trade payables	8	2.922.511	2.863.769
- <i>Related party payables</i>		1.456	29.518
- <i>Trade payables</i>		2.921.055	2.834.251
Payables related to employee benefits		109.457	89.288
Other payables		82.482	81.672
- <i>Related party payables</i>		-	539
- <i>Other payables</i>		82.482	81.133
Contract liabilities arising from ongoing construction works	9	1.376.308	1.003.858
Derivative instruments	21	13.250	-
Deferred revenue		938.435	1.273.216
- <i>Deferred revenue</i>		938.435	1.273.216
Current tax liability		117.776	236.761
Short-term provisions	14	273.743	307.941
- <i>Short-term provisions attributable to employee benefits</i>		103.189	111.070
- <i>Other short-term provisions</i>		170.554	196.871
Other short-term liabilities		5.694	9.898
- <i>Other short-term liabilities</i>		5.694	9.898
<b>Non-Current Liabilities</b>		<b>703.781</b>	<b>848.868</b>
Long-term borrowings	13	111.151	222.327
Trade payables	8	124.082	327.477
- <i>Trade payables</i>		124.082	327.477
Other payables		104.861	86.566
- <i>Other payables</i>		104.861	86.566
Government incentives and grants		1.132	1.132
Deferred revenue		91	-
- <i>Deferred revenue</i>		91	-
Long-term provisions	14	81.070	73.828
- <i>Long-term provisions attributable to employee benefits</i>		81.015	73.741
- <i>Other long-term provisions</i>		55	87
Deferred tax liabilities		281.394	137.538
<b>TOTAL LIABILITIES</b>		<b>7.289.644</b>	<b>7.611.125</b>
<b>EQUITY</b>		<b>5.171.026</b>	<b>4.424.395</b>
<b>Equity Attributable To Owners Of The Parent</b>	5, 17	<b>5.125.313</b>	<b>4.367.587</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		(909)	(1.346)
- <i>Gain (loss) on revaluation and remeasurement</i>		(909)	(1.346)
Accumulated other comprehensive income that will be reclassified to profit or loss		517.265	474.992
- <i>Currency translation reserve</i>		417.417	352.708
- <i>Hedging reserve</i>		(4.831)	29.353
- <i>Gain on revaluation and reclassification</i>		104.679	92.931
Legal reserves		278.423	231.271
Prior years' income		2.474.189	1.585.150
Net profit for the period		1.181.886	1.403.061
<b>Non-controlling Interests</b>		<b>45.713</b>	<b>56.808</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>12.460.670</b>	<b>12.035.520</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 2019

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

		Reviewed 1 January- 30 June 2019	Unreviewed 1 April- 30 June 2019	Reviewed 1 January - 30 June 2018	Unreviewed 1 April- 30 June 2018
	<b>Notes</b>				
Revenue		8.305.883	3.718.405	5.102.508	2.836.579
Cost of revenue (-)		(6.672.886)	(3.149.100)	(4.368.761)	(2.443.714)
<b>GROSS PROFIT</b>		<b>1.632.997</b>	<b>569.305</b>	<b>733.747</b>	<b>392.865</b>
General administrative expenses (-)		(206.598)	(110.702)	(140.492)	(84.143)
Marketing expenses (-)		(176.985)	(85.024)	(103.217)	(54.759)
Research and development expenses (-)		(2.846)	(1.503)	(768)	(225)
Other operating income	19	309.357	196.871	157.762	116.390
Other operating expenses (-)	19	(279.690)	(140.390)	(282.746)	(200.381)
Share on profit of investments valued by equity method	11	7.254	3.548	20.083	3.235
<b>OPERATING PROFIT</b>		<b>1.283.489</b>	<b>432.105</b>	<b>384.369</b>	<b>172.982</b>
Investment income		14.009	3.761	7.155	(1.076)
Investment expense (-)		(4.954)	(4.723)	(1.189)	(1.134)
<b>PROFIT BEFORE FINANCIAL INCOME (EXPENSES)</b>		<b>1.292.544</b>	<b>431.143</b>	<b>390.335</b>	<b>170.772</b>
Financial income	20	417.973	246.499	392.035	265.662
Financial expenses (-)	20	(249.892)	(188.072)	(152.228)	(95.425)
<b>PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION</b>		<b>1.460.625</b>	<b>489.570</b>	<b>630.142</b>	<b>341.009</b>
<b>Tax Expense from Continuing Operations (-)</b>		<b>(281.264)</b>	<b>(91.114)</b>	<b>(109.750)</b>	<b>(61.672)</b>
Tax expense for the period (-)		(150.107)	(81.748)	(76.811)	(50.724)
Deferred tax expense (-)		(131.157)	(9.366)	(32.939)	(10.948)
<b>PROFIT FROM CONTINUING OPERATIONS FOR THE PERIOD</b>		<b>1.179.361</b>	<b>398.456</b>	<b>520.392</b>	<b>279.337</b>
<b>Distribution of Profit for the Period</b>					
Non-controlling interests		(2.525)	(1.163)	443	282
Owners of the parent		1.181.886	399.619	519.949	279.055
<b>Earnings Per Share</b>	18	3,194	1,080	1,405	0,754

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Translated into English from the report originally issued in Turkish.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2019

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

	Reviewed 1 January- 30 June 2019	Unreviewed 1 April- 30 June 2019	Reviewed 1 January - 30 June 2018	Unreviewed 1 April- 30 June 2018
<b>PROFIT FOR THE PERIOD</b>	<b>1.179.361</b>	<b>398.456</b>	<b>520.392</b>	<b>279.337</b>
<b>OTHER COMPREHENSIVE INCOME:</b>				
<b><u>Items that will not be reclassified to profit or loss</u></b>	<b>437</b>	<b>(4.215)</b>	<b>3.619</b>	<b>2.749</b>
Profit (loss) on revaluation of defined benefit plans	546	(5.269)	4.524	3.436
Taxes based on other comprehensive income that will not be reclassified to profit or loss	(109)	1.054	(905)	(687)
- <i>Deferred tax (expense) income</i>	<i>(109)</i>	<i>1.054</i>	<i>(905)</i>	<i>(687)</i>
<b><u>Items that will be reclassified to profit or loss</u></b>	<b>46.162</b>	<b>(76.150)</b>	<b>138.672</b>	<b>89.677</b>
Currency translation reserve differences	68.598	(51.567)	113.283	75.214
Gains (loss) from fair value through other comprehensive income financial assets	12.366	6.008	(9.837)	(5.885)
Other comprehensive income (expenses) related to cash flow hedging (-)	(43.826)	(38.835)	44.531	25.573
Taxes based on other comprehensive income that will be reclassified to profit or loss	9.024	8.244	(9.305)	(5.225)
- <i>Deferred tax (expense) income</i>	<i>9.024</i>	<i>8.244</i>	<i>(9.305)</i>	<i>(5.225)</i>
<b>OTHER COMPREHENSIVE INCOME (EXPENSE)</b>	<b>46.599</b>	<b>(80.365)</b>	<b>142.291</b>	<b>92.426</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1.225.960</b>	<b>318.091</b>	<b>662.683</b>	<b>371.763</b>
<b>Distribution of Total Comprehensive Income for The Period</b>				
Non-controlling interests	1.364	(150)	7.082	(2.348)
Owners of the parent	1.224.596	318.241	655.601	374.111

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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 2019

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

				Items not to be reclassified to profit or loss	Items to be reclassified to profit or loss			Retained Earnings			Equity attributable to owners of the parent	Non-controlling interests	Equity
	Paid in capital	Capital structure adjustment	Premiums in capital stock	Gain (loss) on revaluation and remeasurement	Currency translation reserve	Gains (loss) on hedging	Gain (loss) on revaluation and reclassification	Legal reserves	Prior years' income	Net profit for the period			
<b>Reviewed</b>													
<b>Opening balance as of 1 January 2018</b>	370.000	3.475	300.984	(2.349)	154.480	(2.408)	67.240	197.180	1.115.816	771.299	2.975.717	32.597	3.008.314
Effect of changes in accounting policies	-	-	-	-	-	-	10.120	-	(4.729)	-	5.391	-	5.391
<b>Revised balance as of 1 January 2018</b>	370.000	3.475	300.984	(2.349)	154.480	(2.408)	77.360	197.180	1.111.087	771.299	2.981.108	32.597	3.013.705
Transfers	-	-	-	-	-	-	-	34.091	737.208	(771.299)	-	-	-
Total comprehensive income (loss)	-	-	-	3.619	106.644	34.734	(9.345)	-	-	519.949	655.601	7.082	662.683
- Profit for the period	-	-	-	-	-	-	-	-	-	519.949	519.949	443	520.392
- Other comprehensive income (expense)	-	-	-	3.619	106.644	34.734	(9.345)	-	-	-	135.652	6.639	142.291
Dividends	-	-	-	-	-	-	-	-	(248.693)	-	(248.693)	-	(248.693)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	(90)	(90)
Capital increase	-	-	-	-	-	-	-	-	-	-	-	7.807	7.807
Other changes	-	-	-	-	-	-	-	-	(1.360)	-	(1.360)	-	(1.360)
<b>Closing balance as of 30 June 2018</b>	370.000	3.475	300.984	1.270	261.124	32.326	68.015	231.271	1.598.242	519.949	3.386.656	47.396	3.434.052
<b>Reviewed</b>													
<b>Opening balance as of 1 January 2019</b>	370.000	3.475	300.984	(1.346)	352.708	29.353	92.931	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)	-	-	-	437	64.709	(34.184)	11.748	-	-	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)	-	-	-	437	64.709	(34.184)	11.748	-	-	-	42.710	3.889	46.599
Dividends	-	-	-	-	-	-	-	-	(450.972)	-	(450.972)	-	(450.972)
Increase (decrease) due to changes in the proportion of shares in subsidiaries that doesn't result in loss of control	-	-	-	-	-	-	-	-	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>	370.000	3.475	300.984	(909)	417.417	(4.831)	104.679	278.423	2.474.189	1.181.886	5.125.313	45.713	5.171.026

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Translated into English from the report originally issued in Turkish.



# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2019

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

	Notes	Reviewed 1 January - 30 June 2019	Reviewed 1 January - 30 June 2018
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>712.573</b>	<b>1.068.109</b>
Profit for the Period		1.179.361	520.392
Adjustments to Reconcile Net Profit		400.375	249.612
- Depreciation and Amortization	12,3(d)	143.536	83.475
- Impairment/Reversed Provision	12	4.693	-
- Provision Adjustments	8, 14	26.183	96.185
- Dividend Income and Expenses		(9.127)	(7.111)
- Interest Income and Expense Adjustments	20	(39.759)	(15.347)
- Gain/Loss on Fair Valuation		(1.973)	-
- Group's Share on Profit of Investments in Associates Accounted by Equity Method	11	(7.254)	(20.083)
- Allowance for Taxation		282.241	111.546
- Adjustments for Gain/Loss on Sale of Fixed Assets	12	(2.648)	947
- Adjustments for Other Items Causing Cash Flows from Investment or Financing Activities		4.483	-
Movements in Working Capital		(685.138)	393.007
- Changes in Financial Investments		33.821	4.228
- Changes in Trade Receivables	8	(690.669)	178.655
- Changes in Other Assets		(60.147)	(35.236)
- Changes in Contract Assets Arising from Ongoing Construction Works	9	(129.764)	(179.951)
- Changes in Inventories	10	118.938	(35.500)
- Changes in Prepaid Expenses		135.795	(166.892)
- Changes in Trade Payables	8	(146.008)	385.957
- Changes in Payables Related to Employee Benefits		20.080	26.570
- Changes in Contract Liabilities Arising from Ongoing Construction Works	9	372.450	424.868
- Changes in Other Liabilities		(4.944)	22.487
- Changes in Deferred Revenue		(334.690)	(232.179)
Cash Generated by Operating Activities		894.598	1.163.011
Interest Paid		(50.627)	(30.423)
Interest Received		88.638	57.576
Provision Paid Related to Employee Benefits	14	(74.015)	(46.094)
Other Provision Paid	14	(712)	(1.020)
Tax Paid/Return		(145.309)	(74.941)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(226.060)</b>	<b>(68.258)</b>
Acquisition of Non-controlling Interests' Shares		(8.000)	-
Payments due to Share Acquisition or Capital Increase of Associates or Joint Ventures	11	-	(570)
Cash Outflows for Acquisition of Shares in Other Entities or Shares in Funds or Borrowing Instruments		(78.273)	(59.251)
Proceeds from Sales of Tangible and Intangible Assets	12	4.783	1.824
Acquisition of Tangible and Intangible Assets	12	(114.506)	(77.953)
Acquisition of Investment Properties	12	(1.025)	(223)
Proceeds from Sales of Assets Held for Sale		-	296
Advances and Debts Given		(33.493)	(15.804)
Dividend Received		4.454	83.423
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(844.636)</b>	<b>(436.370)</b>
Proceeds from Borrowings		328.660	395.686
Repayments of Borrowings		(720.223)	(581.434)
Payments of Lease Obligations		(2.101)	(1.929)
Dividend Paid	5	(450.972)	(248.693)
<b>CHANGE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION RESERVE EFFECT</b>		<b>(358.123)</b>	<b>563.481</b>
<b>D. CURRENCY TRANSLATION RESERVE EFFECT ON CASH AND CASH EQUIVALENTS</b>		68.773	188.241
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>		<b>(289.350)</b>	<b>751.722</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		4.581.600	2.985.833
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>		<b>4.292.250</b>	<b>3.737.555</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 2019

(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 2019, the Group has 16.734 employees (31 December 2018: 19.180) 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 arrangements as of 30 June 2019:

The Group's subsidiaries TST International Limited, Industrial Supply and Trading Company Limited and Petrofertil Trading Limited are liquidated on 29 January 2019.

Tubin-Tekfen Özdemir J.V., a joint arrangement of the Group, is liquidated during the current period.

A share acquisition agreement was signed on 31 May 2019 between the shareholders of CFS Petrokimya Sanayi A.Ş. (“CFS”) and Toros Tarım Sanayi ve Ticaret A.Ş. (“Toros Tarım”), a subsidiary of the Group, concerning acquisition of 100% of the paid in capital of CFS (Note: 4).

Upon the agreements signed on 2 May 2019, the remaining 10% of the shares of Alanar Meyve ve Gıda Üretimi Pazarlama Sanayi ve Ticaret A.Ş. and Alanar Fidan Üretim ve Pazarlama Sanayi ve Ticaret A.Ş. (Previous title Alara Fidan Üretim ve Pazarlama Sanayi ve Ticaret A.Ş.) were purchased by Tekfen Tarımsal Araştırma Üretim ve Pazarlama A.Ş., which previously purchased 90% of the shares of the companies on 14 February 2018.

#### Approval of condensed consolidated financial statements:

The condensed consolidated financial statements are approved and published by the Board of Directors as of 1 August 2019.

### 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 2019 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 2018 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, except the ones stated in note 3(d), 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 2018.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2019

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

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

Exchange rates used in the consolidation process as of 30 June 2019 are; 1 USD= 5,7551 TL, 1 EUR= 6,5507 TL, 1 MAD= 0,6013 TL, 1 SAR= 1,5347 TL, 1 QAR= 1,5767 TL (Exchange rates as of 31 December 2018 are; 1 USD= 5,2609 TL, 1 EUR= 6,0280 TL, 1 MAD= 0,5520 TL, 1 SAR= 1,4029 TL, 1 QAR= 1,4413 TL).

#### 3. ADOPTION OF NEW AND REVISED STANDARDS

New and revised standards and interpretations are presented below:

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

- TFRS 16, “Leases”, effective for annual periods beginning after 1 January 2019.

##### (b) Standards and interpretations and amendments to existing standards that are effective as of the year 2019, but not affecting the condensed consolidated financial statements of the Group:

- TFRS interpretation 23, “Uncertainty over Income Tax Treatments”, effective for annual periods beginning after 1 January 2019.
- TFRS 9 (amendments) , “Financial Instruments”, effective for annual periods beginning after 1 January 2019.
- Annual Improvements to TFRS 2015-2017 Cycle (TFRS 3, TFRS 11, TAS 12, TAS 23), effective for annual periods beginning after 1 January 2019.
- TAS 28 (amendments), “Long-term Interests in Associates and Joint Ventures”, effective for annual periods beginning after 1 January 2019.
- TAS 19 (amendments), “Plan Amendment, Curtailment or Settlement”, effective for annual periods beginning after 1 January 2019.

##### (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 2021.
- 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.

The Group evaluates the effects of the standards issued as of 30 June 2019 and the standards not yet effective as of 30 June 2019 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 2019

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

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

#### (d) First Time Adoption of TFRS 16:

The Group adopted TFRS 16 Leases standard for the first time as of 1 January 2019. As of 1 January 2019, for the leases previously classified as operational leases under TAS 17, the Group recognized right-of-use assets in the condensed consolidated financial statements at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Since the modified retrospective approach of the standard has been used, implementation of TFRS 16 Leases standard has no effect on retained earnings as of 1 January 2019. Balances of right-of-use assets and depreciation expenses as of 1 January and 30 June 2019 is as follows:

Right of Use Assets	2019	2018
Opening balance as of 1 January	86.702	-
Additions	6.432	-
Charge for the period	(23.147)	-
Closing balance as of 30 June	69.987	-

Effects of TFRS 16 implementation to the condensed consolidated balance sheet as of 30 June 2019 is as follows:

	30 June 2019		
	Including TFRS 16 Effects	TFRS 16 Effects	Excluding TFRS 16 Effects
<b>Current Assets</b>	<b>8.947.438</b>	<b>(3.405)</b>	<b>8.944.033</b>
Trade receivables	2.086.794	-	2.086.794
Prepaid expenses	363.683	(3.405)	360.278
Other current assets items	6.496.961	-	6.496.961
<b>Non-Current Assets</b>	<b>3.445.673</b>	<b>70.964</b>	<b>3.516.637</b>
Right-of-use assets	-	69.987	69.987
Prepaid expenses	41.634	-	41.634
Deferred tax assets	137.658	977	138.635
Other non-current assets items	3.266.381	-	3.266.381
<b>TOTAL ASSETS</b>	<b>12.393.111</b>	<b>67.559</b>	<b>12.460.670</b>
<b>Current Liabilities</b>	<b>6.546.660</b>	<b>39.203</b>	<b>6.585.863</b>
Short-term portion of long-term borrowings	164.663	39.203	203.866
Other short-term liabilities items	6.381.997	-	6.381.997
<b>Non-Current Liabilities</b>	<b>670.942</b>	<b>32.839</b>	<b>703.781</b>
Long-term borrowings	78.312	32.839	111.151
Other long-term liabilities items	592.630	-	592.630
<b>EQUITY</b>	<b>5.175.509</b>	<b>(4.483)</b>	<b>5.171.026</b>
<b>Equity Attributable To Owners Of The Parent</b>	<b>5.129.796</b>	<b>(4.483)</b>	<b>5.125.313</b>
Prior years’ income	2.474.189	-	2.474.189
Net profit for the period	1.186.369	(4.483)	1.181.886
Other equity items	1.469.238	-	1.469.238
<b>Non-controlling Interests</b>	<b>45.713</b>	<b>-</b>	<b>45.713</b>
<b>TOTAL LIABILITIES</b>	<b>12.393.111</b>	<b>67.559</b>	<b>12.460.670</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 2019

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

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

##### (d) First Time Adoption of TFRS 16 (cont’d):

Effects of TFRS 16 implementation to the condensed consolidated statement of profit or loss for the six month interim period ended 30 June 2019 is as follows:

	<b>1 January - 30 June 2019</b>		
	<b>Including TFRS 16 Effects</b>	<b>TFRS 16 Effects</b>	<b>Excluding TFRS 16 Effects</b>
Revenue	8.305.883	-	8.305.883
Cost of revenue (-)	(6.676.261)	3.375	(6.672.886)
<b>GROSS PROFIT</b>	<b>1.629.622</b>	<b>3.375</b>	<b>1.632.997</b>
General administrative expenses (-)	(205.885)	(713)	(206.598)
Marketing expenses (-)	(177.124)	139	(176.985)
Research and development expenses (-)	(2.846)	-	(2.846)
Other operating income/(expenses),net	29.667	-	29.667
Share on profit of investments valued by equity method	7.254	-	7.254
<b>OPERATING PROFIT</b>	<b>1.280.688</b>	<b>2.801</b>	<b>1.283.489</b>
Investment income/(expenses),net	9.055	-	9.055
<b>PROFIT BEFORE FINANCIAL INCOME (EXPENSES)</b>	<b>1.289.743</b>	<b>2.801</b>	<b>1.292.544</b>
Financial income/(expenses),net	176.342	(8.261)	168.081
<b>PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION</b>	<b>1.466.085</b>	<b>(5.460)</b>	<b>1.460.625</b>
Tax Expense from Continuing Operations (-)	(282.241)	977	(281.264)
<b>PROFIT FROM CONTINUING OPERATIONS FOR THE PERIOD</b>	<b>1.183.844</b>	<b>(4.483)</b>	<b>1.179.361</b>
<b>Distribution of Profit for the Period</b>			
Non-controlling interests	(2.525)	-	(2.525)
Owners of the parent	1.186.369	(4.483)	1.181.886

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

##### Business Combinations

###### (a) Gate

Tekfen İnşaat, which holds %50 of the shares of Gate İnşaat Taahhüt San. ve Tic. A.Ş. (“Gate”), purchased %50 of the shares of Gate, which belongs to Gama Endüstri Tesisleri İmalat ve Montaj A.Ş. in accordance with the agreement made on 25 July 2018 worth 124.005 (21.547.000 USD). After the acquisition, direct share participation rate of Tekfen İnşaat in Gate has reached 100%. Goodwill arising from business combination has been recognized in accordance with TFRS in the condensed consolidated financial statements as of 30 June 2019 (Note 12).

###### (b) CFS

A share acquisition agreement was signed on 31 May 2019 between the shareholders of CFS Petrokimya Sanayi A.Ş. (“CFS”) and Toros Tarım, a subsidiary of the Group, concerning acquisition of 100% of the paid in capital of CFS. Temporary Goodwill arising from business combination has been recognized in accordance with TFRS in the condensed consolidated financial statements as of 30 June 2019. Call option to Berna Yılmaz ile Albert Özmizrahi given pursuant to share acquisition agreement. Upon the call option, Nezahat Berna Yılmaz and Albert Özmizrahi will have the right to purchase 7,5% and 2,5% of the shares of CFS which is owned by the Group within ten years from the date of the agreement at an exercise price. Exercise price to be applied to the shares that will be subject to the purchase will be determined by the adaptation of the capital payments to be made after the date of purchase in USD (Note: 12).

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 2019

(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)

##### **Other**

A memorandum of understanding has been signed between the Group and the State Oil Company of the Azerbaijan Republic (SOCAR) for the construction of a new production facility with a daily capacity of 1.200 tons of ammonia and 2.000 tons of urea and the marketing of the products of existing and new production facilities.

#### 5. SIGNIFICANT CHANGES IN EQUITY

##### Gain (Loss) on Revaluation and Reclassification:

The positive change of 11.748 in the fair values of the financial investments of the Group has been directly recognized in equity (30 June 2018: negative change of 9.345).

##### Legal Reserves:

In accordance with the resolutions taken during the Ordinary General Assemblies of Group companies as of 30 June 2019, 47.152 of legal reserves were transferred from retained earnings in the condensed consolidated financial statements as of 30 June 2019 (30 June 2018: 34.091).

##### Profit Distribution:

Upon the resolution of Ordinary General Assembly held on 27 March 2019, it is decided to distribute 1,14 TL (2018: 0,63 TL) gross cash dividends per share attributable to the operations of the year of 2018. Profit shares of 421.526 (2018: 232.530) and 29.446 (2018: 16.163) in the aggregate 450.972 (2018: 248.693) was distributed on 2 April 2019 respectively to the owners of the parent and Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı which holds redeemed share.

##### Hedging Reserve

The negative change of 34.184 (30 June 2018: positive 34.734) in the fair values of the effective derivative instruments which the Group uses for cash flow hedging has been recognized in equity.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2019

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

#### 6. SEGMENTAL REPORTING

##### a) Segmental results:

	1 January - 30 June 2019				
	Contracting	Agriculture	Real Estate	Other	Total
Revenue	5.916.910	2.298.648	66.742	23.583	8.305.883
Cost of revenue (-)	(4.846.309)	(1.770.937)	(52.220)	(3.420)	(6.672.886)
<b>GROSS PROFIT</b>	<b>1.070.601</b>	<b>527.711</b>	<b>14.522</b>	<b>20.163</b>	<b>1.632.997</b>
General administrative expenses (-)	(95.234)	(30.736)	(8.156)	(72.472)	(206.598)
Marketing expenses (-)	(1.094)	(172.823)	(3.068)	-	(176.985)
Research and development expenses (-)	(312)	(2.534)	-	-	(2.846)
Other operating income	131.627	173.903	370	3.457	309.357
Other operating expenses (-)	(84.483)	(182.624)	(8.917)	(3.666)	(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>1.025.810</b>	<b>315.448</b>	<b>(5.251)</b>	<b>(52.518)</b>	<b>1.283.489</b>
Investment income	2.496	463	16	11.034	14.009
Investment expense (-)	(4.934)	-	-	(20)	(4.954)
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)</b>	<b>1.023.372</b>	<b>315.911</b>	<b>(5.235)</b>	<b>(41.504)</b>	<b>1.292.544</b>
Financial income	52.216	79.020	26.088	260.649	417.973
Financial expenses (-)	(13.938)	(68.777)	(22.126)	(145.051)	(249.892)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION</b>	<b>1.061.650</b>	<b>326.154</b>	<b>(1.273)</b>	<b>74.094</b>	<b>1.460.625</b>
Tax (expense) income from continuing operations	(202.125)	(54.447)	525	(25.217)	(281.264)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD</b>	<b>859.525</b>	<b>271.707</b>	<b>(748)</b>	<b>48.877</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.

The Group has 64.957 of revenue and 39.775 of operating income from terminal operations classified as agricultural operation for the period of 1 January – 30 June 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 2019

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

#### 6. SEGMENTAL REPORTING (cont’d)

##### a) Segmental results (cont’d):

	1 April - 30 June 2019				
	Contracting	Agriculture	Real Estate	Other	Total
Revenue	2.628.447	1.057.257	21.037	11.664	3.718.405
Cost of revenue (-)	(2.357.227)	(773.547)	(16.785)	(1.541)	(3.149.100)
<b>GROSS PROFIT</b>	<b>271.220</b>	<b>283.710</b>	<b>4.252</b>	<b>10.123</b>	<b>569.305</b>
General administrative expenses (-)	(56.747)	(15.836)	(3.632)	(34.487)	(110.702)
Marketing expenses (-)	(86)	(83.542)	(1.396)	-	(85.024)
Research and development expenses (-)	(155)	(1.348)	-	-	(1.503)
Other operating income	102.378	93.012	(507)	1.988	196.871
Other operating expenses (-)	(44.067)	(85.717)	(8.911)	(1.695)	(140.390)
Share on profit of investments valued by equity method	1.290	2.258	-	-	3.548
<b>OPERATING PROFIT (LOSS)</b>	<b>273.833</b>	<b>192.537</b>	<b>(10.194)</b>	<b>(24.071)</b>	<b>432.105</b>
Investment income	1.425	159	1	2.176	3.761
Investment expense (-)	(4.703)	-	-	(20)	(4.723)
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)</b>	<b>270.555</b>	<b>192.696</b>	<b>(10.193)</b>	<b>(21.915)</b>	<b>431.143</b>
Financial income	24.499	30.344	11.831	179.825	246.499
Financial expense (-)	(8.791)	(36.120)	(11.536)	(131.625)	(188.072)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION</b>	<b>286.263</b>	<b>186.920</b>	<b>(9.898)</b>	<b>26.285</b>	<b>489.570</b>
Tax (expense) income from continuing operations	(51.521)	(31.840)	2.166	(9.919)	(91.114)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD</b>	<b>234.742</b>	<b>155.080</b>	<b>(7.732)</b>	<b>16.366</b>	<b>398.456</b>

The Group has 42.344 of revenue and 27.371 of operating income from terminal operations classified as agricultural operation for the period of 1 April – 30 June 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 2019

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

#### 6. SEGMENTAL REPORTING (cont'd)

##### a) Segmental results (cont'd):

	1 January - 30 June 2018				
	Contracting	Agriculture	Real Estate	Other	Total
Revenue	3.597.749	1.444.998	40.230	19.531	5.102.508
Cost of revenue (-)	(3.244.854)	(1.086.278)	(34.298)	(3.331)	(4.368.761)
<b>GROSS PROFIT</b>	<b>352.895</b>	<b>358.720</b>	<b>5.932</b>	<b>16.200</b>	<b>733.747</b>
General administrative expenses (-)	(74.804)	(30.605)	(4.533)	(30.550)	(140.492)
Marketing expenses (-)	(1.774)	(97.190)	(4.253)	-	(103.217)
Research and development expenses (-)	(70)	(698)	-	-	(768)
Other operating income	71.880	83.855	136	1.891	157.762
Other operating expenses (-)	(59.231)	(217.778)	(1.878)	(3.859)	(282.746)
Share on profit (loss) of investments valued by equity method	20.242	(155)	(4)	-	20.083
<b>OPERATING PROFIT (LOSS)</b>	<b>309.138</b>	<b>96.149</b>	<b>(4.600)</b>	<b>(16.318)</b>	<b>384.369</b>
Investment income	-	135	-	7.020	7.155
Investment expense (-)	(293)	(38)	(759)	(99)	(1.189)
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)</b>	<b>308.845</b>	<b>96.246</b>	<b>(5.359)</b>	<b>(9.397)</b>	<b>390.335</b>
Financial income	37.060	132.150	3.507	219.318	392.035
Financial expenses (-)	(9.857)	(69.205)	(21.895)	(51.271)	(152.228)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION</b>	<b>336.048</b>	<b>159.191</b>	<b>(23.747)</b>	<b>158.650</b>	<b>630.142</b>
Tax (expense) income from continuing operations	(57.037)	(13.876)	4.702	(43.539)	(109.750)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD</b>	<b>279.011</b>	<b>145.315</b>	<b>(19.045)</b>	<b>115.111</b>	<b>520.392</b>

For the six month interim period ended 30 June 2018, revenue amounting 1.926.798 was obtained from a non-related client of construction segment which constitute 37,8% of the Group's revenue.

The Group has 68.241 of revenue and 46.992 of operating income from terminal operations classified as agricultural operation for the period of 1 January – 30 June 2018.

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 2019

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

#### 6. SEGMENTAL REPORTING (cont'd)

##### a) Segmental results (cont'd):

	1 April - 30 June 2018				
	Contracting	Agriculture	Real Estate	Other	Total
Revenue	2.109.426	701.249	15.933	9.971	2.836.579
Cost of revenue (-)	(1.912.294)	(515.375)	(14.406)	(1.639)	(2.443.714)
<b>GROSS PROFIT</b>	<b>197.132</b>	<b>185.874</b>	<b>1.527</b>	<b>8.332</b>	<b>392.865</b>
General administrative expenses (-)	(44.376)	(18.773)	(2.541)	(18.453)	(84.143)
Marketing expenses (-)	(1.055)	(51.510)	(2.194)	-	(54.759)
Research and development expenses (-)	(53)	(172)	-	-	(225)
Other operating income	59.462	55.675	(35)	1.288	116.390
Other operating expenses (-)	(43.078)	(154.800)	(53)	(2.450)	(200.381)
Share on profit (loss) of investments valued by equity method	4.088	(853)	-	-	3.235
<b>OPERATING PROFIT (LOSS)</b>	<b>172.120</b>	<b>15.441</b>	<b>(3.296)</b>	<b>(11.283)</b>	<b>172.982</b>
Investment income	-	85	-	(1.161)	(1.076)
Investment expense (-)	(293)	(38)	(759)	(44)	(1.134)
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)</b>	<b>171.827</b>	<b>15.488</b>	<b>(4.055)</b>	<b>(12.488)</b>	<b>170.772</b>
Financial income	15.095	81.088	3.055	166.424	265.662
Financial expense (-)	(5.052)	(39.017)	(10.794)	(40.562)	(95.425)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION</b>	<b>181.870</b>	<b>57.559</b>	<b>(11.794)</b>	<b>113.374</b>	<b>341.009</b>
Tax (expense) income from continuing operations	(32.984)	(221)	2.024	(30.491)	(61.672)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD</b>	<b>148.886</b>	<b>57.338</b>	<b>(9.770)</b>	<b>82.883</b>	<b>279.337</b>

The Group has 37.669 of revenue and 26.702 of operating income from terminal operations classified as agricultural operation for the period of 1 April – 30 June 2018.

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 2019

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

#### 6. SEGMENTAL REPORTING (cont'd)

##### b) Segmental assets and liabilities:

Balance sheet	30 June 2019				
	Contracting	Agriculture	Real Estate	Other	Total
Total assets	6.787.403	3.320.605	492.747	1.859.915	12.460.670
Current and non-current liabilities	5.203.159	1.620.185	273.221	193.079	7.289.644
Equity attributable to owners of the parent	1.560.980	1.877.348	(31.986)	1.718.971	5.125.313
Non-controlling interests	45.425	276	-	12	45.713

  

Balance sheet	31 December 2018				
	Contracting	Agriculture	Real Estate	Other	Total
Total assets	6.600.474	3.431.421	598.124	1.405.501	12.035.520
Current and non-current liabilities	5.384.173	1.631.851	375.695	219.406	7.611.125
Equity attributable to owners of the parent	959.375	1.653.408	(30.148)	1.784.952	4.367.587
Non-controlling interests	42.994	13.802	-	12	56.808

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## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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#### 6. SEGMENTAL REPORTING (cont'd)

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

	1 January - 30 June 2019				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures	51.883	54.299	48	9.301	115.531
Depreciation and amortization expense for the period (*)	97.844	41.867	880	2.945	143.536
Intra-segment revenue	62.741	33.039	18	3.967	99.765
Inter-segment revenue	-	798	824	11.778	13.400

  

	1 April - 30 June 2019				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures	19.372	29.670	3	7.896	56.941
Depreciation and amortization expense for the period (*)	58.051	19.014	453	1.580	79.098
Intra-segment revenue	31.717	14.399	9	2.066	48.191
Inter-segment revenue	-	325	430	5.999	6.754

  

	1 January - 30 June 2018				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures	61.420	15.141	444	1.171	78.176
Depreciation and amortization expense for the period (*)	46.050	34.647	652	2.126	83.475
Intra-segment revenue	103.183	24.413	13	2.869	130.478
Inter-segment revenue	-	597	643	9.618	10.858

  

	1 April - 30 June 2018				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures	26.282	13.799	161	551	40.793
Depreciation and amortization expense for the period (*)	24.771	14.120	359	1.071	40.321
Intra-segment revenue	53.133	13.330	5	1.524	67.992
Inter-segment revenue	-	183	336	4.948	5.467

(\*) Depreciation expense of 2.464 is deducted from the cost of inventory (30 June 2018: 1.043 deducted from the cost of inventory).

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

#### 6. SEGMENTAL REPORTING (cont’d)

d) Geographical segmental information is as follows:

	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 30 June 2019)	3.749.202	524.177	-	4.132.548	13.121	(113.165)	8.305.883
Total Assets (30 June 2019)	13.419.780	2.937.392	2.840	4.359.245	1.177.038	(9.435.625)	12.460.670
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

	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 30 June 2018)	2.781.715	301.241	-	2.135.774	25.114	(141.336)	5.102.508
Total Assets (31 December 2018)	12.862.220	2.908.298	10.059	3.904.142	277.311	(7.926.510)	12.035.520
Capital Expenditures (1 January - 30 June 2018)	33.240	13.343	-	30.862	731	-	78.176

	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 April - 30 June 2018)	1.513.484	178.972	-	1.208.052	9.530	(73.459)	2.836.579
Capital Expenditures (1 April - 30 June 2018)	25.581	7.322	-	7.631	259	-	40.793

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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 2019

(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 3.864.211 (31 December 2018: 4.290.273). 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 2019	31 December 2018
<u>Short-term trade receivables</u>		
Receivables from Contracting group operations	1.208.260	806.231
Receivables from Agriculture group operations	469.993	212.235
Receivables from Real Estate group operations	28.008	31.223
Receivables from Other group operations	8.131	7.425
Provision for doubtful receivables (-)	(41.021)	(39.568)
Retention receivables (Note: 9)	380.832	361.038
Due from related parties	16.871	57.836
Other	15.720	7.864
	<u>2.086.794</u>	<u>1.444.284</u>
<u>Long-term trade receivables</u>		
Retention receivables (Note: 9)	225.829	177.941
Receivables from Real Estate group operations	14.820	16.624
	<u>240.649</u>	<u>194.565</u>

Postdated cheques amounting to 207.618 (31 December 2018: 79.168), notes receivables amounting to 43.090 (31 December 2018: 44.697), negative foreign currency differences amounting to 1.625 (31 December 2018: negative foreign currency differences amounting to 2.581) are included in short and long-term trade receivables. There are no due date differences included in short and long-term trade receivables (31 December 2018: None).

Average maturity date for trade receivables varies between the segments. Average maturity date for Contracting group, for projects in abroad is 53 days (31 December 2018: 82 days), for domestic projects is 33 days (31 December 2018: 44 days), for Agriculture group is 40 days (31 December 2018: 47 days), for Real Estate group for short-term trade receivables are 152 days, long-term trade receivables are 678 days (31 December 2018: short-term trade receivables is 148 days, long-term trade receivables are 764 days) and for other segment is approximately 26 days (31 December 2018: 24 days).

As of 30 June 2019, receivables amounting 622.411 was obtained from a non-related client which constitute 27% of the Group’s receivables (31 December 2018: 425.220, 27%).

As of 30 June 2019, 41.021 of provision for doubtful receivables was determined based on past uncollectible receivable cases encountered and future expectations (30 June 2018: 40.231).

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

	2019	2018
Provision as of 1 January	(39.568)	(32.998)
Effect of changes in accounting policies	-	(5.685)
Effect of business combinations	-	(410)
Charge for the period	(1.485)	(442)
Collected	1.350	423
Provision released	601	939
Write off of bad debt	-	7
Currency translation effect	(1.919)	(2.065)
Provision as of 30 June	<u>(41.021)</u>	<u>(40.231)</u>

824 of doubtful receivable expense has been charged to general administrative expenses where 661 has been deducted from long-term deferred revenue (2018: All of doubtful receivable expense has been charged to general administrative expenses).

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

b) Trade Payables:

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

	30 June 2019	31 December 2018
<b>Short-term trade payables</b>		
Payables from Contracting group operations	1.406.425	1.592.437
Payables from Agriculture group operations	1.042.561	1.113.727
Payables from Real Estate group operations	3.075	3.090
Payables from Other group operations	24.706	24.151
Due to related parties	1.456	29.518
Retention payables (Note: 9)	444.099	100.653
Other	189	193
	<u>2.922.511</u>	<u>2.863.769</u>
<b>Long-term trade payables</b>		
Payables from Agriculture group operations	50.441	46.416
Retention payables (Note: 9)	72.689	280.281
Payables from Contracting group operations	952	780
	<u>124.082</u>	<u>327.477</u>

Notes payables amounting to 852 (31 December 2018: 784), and foreign currency differences amounting to 148.371 (31 December 2018: 520.220) are included in short and long-term trade payables. There are not any postdated cheques in the current period (31 December 2018: None).

For Agriculture Group, payables attributable to inventory supplied through imports constitute 95% (31 December 2018: 95%) of trade payables as at balance sheet date and average payable period for these import purchases is 156 days (31 December 2018: 107 days) whereas average payable period for domestic purchases is 28 days (31 December 2018: 30 days). For Contracting group, import purchases through letter of credit constitute 0,4% (31 December 2018: 1%) of trade payables as at balance sheet date. The average payable period for these import purchases is 116 days (31 December 2018: 137 days) whereas the average payable period for other purchases is 78 days (31 December 2018: 79 days). The average payable period for Real Estate group is 43 days (31 December 2018: 38 days). For the other operations of the Group, the average payable period is 71 days (31 December 2018: 67 days).

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

	30 June 2019	31 December 2018
Cost incurred on ongoing contracts	29.355.447	22.386.831
Recognised gain less losses (net)	3.325.127	2.067.774
	<u>32.680.574</u>	<u>24.454.605</u>
Less: Billings to date (-)	(33.579.104)	(25.110.449)
	<u>(898.530)</u>	<u>(655.844)</u>

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2019

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

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

	30 June 2019	31 December 2018
Contract assets arising from ongoing construction works	477.778	348.014
Contract liabilities arising from ongoing construction works	(1.376.308)	(1.003.858)
	<u>(898.530)</u>	<u>(655.844)</u>
	30 June 2019	31 December 2018
<u>Contract assets arising from ongoing construction works</u>		
Contracts undersigned abroad	371.419	295.951
Contracts undersigned in Turkey	106.359	52.063
	<u>477.778</u>	<u>348.014</u>
<u>Contract liabilities arising from ongoing construction works</u>		
Contracts undersigned abroad	(1.063.616)	(907.743)
Contracts undersigned in Turkey	(312.692)	(96.115)
	<u>(1.376.308)</u>	<u>(1.003.858)</u>
	<u>(898.530)</u>	<u>(655.844)</u>

The Group has 239.928 of advances given to subcontractors and other suppliers for construction projects classified in short-term prepaid expenses (31 December 2018: 389.274). Also, the Group has 872.172 of advances received for contracting projects classified in deferred revenue (31 December 2018: 1.229.353).

As of 30 June 2019, the Group has 516.788 of retention payables to subcontractors (31 December 2018: 380.934). Also, the amount of retention receivables is 606.661 (31 December 2018: 538.979) (Note: 8).

#### 10. INVENTORIES

	30 June 2019	31 December 2018
Raw materials	153.765	217.894
Work in progress	275.283	358.159
Finished goods	51.005	37.502
Trading goods	83.759	169.888
Goods in transit	102.661	13.817
Inventory from real estate projects	187.926	216.287
Inventory at construction sites	306.175	300.278
Other inventories	65.195	56.740
	<u>1.225.769</u>	<u>1.370.565</u>

For the six month interim period ended 30 June 2019, there are no borrowing costs added to inventory (31 December 2018: Borrowing costs added 15.990).

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 2018: None).



## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2019

(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 2019		31 December 2018		Power to appoint	Industry
		Participation Rate	Amount	Participation Rate	Amount		
H-T Fidecilik	Turkey	50%	13.392	50%	10.530	50%	Agriculture
Azfen	Azerbaijan	40%	32.434	40%	24.597	40%	Construction
Black Sea Gübre	Turkey	30%	976	30%	1.077	30%	Fertilizer Trade
Florya Gayrimenkul	Turkey	50%	88.223	50%	88.252	50%	Real Estate
Denkmal Dahlem	Germany	45%	21.211	45%	20.184	45%	Construction
			<u>156.236</u>		<u>144.640</u>		

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

	2019	2018
Opening balance as of 1 January	144.640	194.510
Group's share on profit	7.254	20.083
Group's share on other comprehensive income	210	192
Dividends received	-	(80.511)
Capital increases	-	570
Currency translation effect	4.159	12.708
Profit eliminations	(27)	(6)
Closing balance as of 30 June	<u>156.236</u>	<u>147.546</u>

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

H-T Fidecilik	2.652	(157)
Azfen	5.394	20.242
Black Sea Gübre	(101)	2
Florya Gayrimenkul	(2)	(4)
Denkmal Dahlem	(689)	-
Shares on profit of joint ventures consolidated by equity method	<u>7.254</u>	<u>20.083</u>

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2019

(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:

30 June 2019	H-T Fidecilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Denkmal Dahlem	Total
Cash and cash equivalents	95	137.527	2.420	5	1.677	141.724
Other current assets	58.181	263.735	879	59.505	172.725	555.025
Non-current assets	20.262	53.671	7	123.074	2.129	199.143
<b>Total Assets</b>	<b>78.538</b>	<b>454.933</b>	<b>3.306</b>	<b>182.584</b>	<b>176.531</b>	<b>895.892</b>
Short-term borrowings	32.451	-	-	-	62.232	94.683
Other short-term liabilities	17.656	373.848	33	3.650	3.399	398.586
Long-term borrowings	36	-	-	-	-	36
Other long-term liabilities	1.611	-	19	2.488	63.765	67.883
<b>Total Liabilities</b>	<b>51.754</b>	<b>373.848</b>	<b>52</b>	<b>6.138</b>	<b>129.396</b>	<b>561.188</b>
Net Assets	26.784	81.085	3.254	176.446	47.135	334.704
Group's Ownership Rate	50%	40%	30%	50%	45%	
Group's Share on Net Assets	13.392	32.434	976	88.223	21.211	156.236
<b>31 December 2018</b>	<b>H-T Fidecilik</b>	<b>Azfen</b>	<b>Black Sea Gübre</b>	<b>Florya Gayrimenkul</b>	<b>Denkmal Dahlem</b>	<b>Total</b>
Cash and cash equivalents	95	87.257	2.854	2	319	90.527
Other current assets	54.576	289.362	784	58.342	155.378	558.442
Non-current assets	21.293	58.207	9	121.766	1.905	203.180
<b>Total Assets</b>	<b>75.964</b>	<b>434.826</b>	<b>3.647</b>	<b>180.110</b>	<b>157.602</b>	<b>852.149</b>
Short-term borrowings	30.814	-	-	-	60.714	91.528
Other short-term liabilities	22.107	362.874	40	1.122	1.039	387.182
Long-term borrowings	138	-	-	-	-	138
Other long-term liabilities	1.846	10.460	17	2.484	50.995	65.802
<b>Total Liabilities</b>	<b>54.905</b>	<b>373.334</b>	<b>57</b>	<b>3.606</b>	<b>112.748</b>	<b>544.650</b>
Net Assets	21.059	61.492	3.590	176.504	44.854	307.499
Group's Ownership Rate	50%	40%	30%	50%	45%	
Group's Share on Net Assets	10.530	24.597	1.077	88.252	20.184	144.640

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 2019

(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

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 2019

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

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

1 January - 30 June 2018	H-T Fidecilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Denkmal Dahlem	Total
Revenue	37.479	647.814	-	-	-	685.293
Depreciation and amortization expense (-)	(1.243)	(14.354)	(2)	-	-	(15.599)
Operating profit (loss)	1.412	63.847	(579)	-	-	64.680
Financial income	-	772	633	1	-	1.406
Financial expense (-)	(1.896)	-	(41)	-	-	(1.937)
Tax (expense) income	104	(13.998)	(7)	(9)	-	(13.910)
Profit (Loss) for the Period	(313)	50.604	6	(7)	-	50.290
Group's Ownership Rate	50%	40%	30%	50%	-	
Group's Share on Profit (Loss) for the Period	(157)	20.242	2	(4)	-	20.083

1 April - 30 June 2018	H-T Fidecilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Denkmal Dahlem	Total
Revenue	20.797	324.095	-	-	-	344.892
Depreciation and amortization expense (-)	(630)	(7.760)	(1)	-	-	(8.391)
Operating profit (loss)	(1.249)	11.908	(315)	-	-	10.344
Financial income	-	418	460	-	-	878
Financial expense (-)	(1.100)	-	(3)	-	-	(1.103)
Tax (expense) income	513	(2.091)	(8)	-	-	(1.586)
Profit (Loss) for the Period	(1.786)	10.220	134	-	-	8.568
Group's Ownership Rate	50%	40%	30%	50%	-	
Group's Share on Profit (Loss) for the Period	(893)	4.088	40	-	-	3.235

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 2019

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

#### 12. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND INVESTMENT PROPERTY

##### (a) Property, Plant and Equipment, Other Intangible Assets and Investment Property

	Property, Plant and Equipment	Other Intangible Assets	Investment Property
<b>Cost Value</b>			
Opening balance as of 1 January 2019	4.691.268	84.622	142.130
Currency translation effect	237.918	5.227	3.526
Additions	107.957	6.549	1.025
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>
<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)	-
Allowance for impairment	(4.693)	-	-
Charge for the period	(112.777)	(4.162)	(986)
Disposals	144.405	68	-
Closing balance as of 30 June 2019	<u>(2.847.175)</u>	<u>(57.395)</u>	<u>(34.767)</u>
Carrying value as of 30 June 2019	<u>2.051.918</u>	<u>38.727</u>	<u>119.736</u>

	Property, Plant and Equipment	Other Intangible Assets	Investment Property
<b>Cost Value</b>			
Opening balance as of 1 January 2018	3.609.694	54.954	135.511
Currency translation effect	367.992	6.873	5.335
Additions	75.162	2.791	223
Acquired through business combination	38.679	13	-
Disposals	(4.408)	-	(102)
Transfers	1.653	261	(1.914)
Closing balance as of 30 June 2018	<u>4.088.772</u>	<u>64.892</u>	<u>139.053</u>
<b>Accumulated Depreciation and Amortization</b>			
Opening balance as of 1 January 2018	(2.012.385)	(34.718)	(31.645)
Currency translation effect	(266.575)	(5.689)	-
Charge for the period	(79.559)	(1.547)	(1.326)
Disposals	1.710	-	29
Transfers	(443)	-	443
Closing balance as of 30 June 2018	<u>(2.357.252)</u>	<u>(41.954)</u>	<u>(32.499)</u>
Carrying value as of 30 June 2018	<u>1.731.520</u>	<u>22.938</u>	<u>106.554</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 Market Board. Valuation work has been concluded based on fair value of similar properties. The fair value of the investment properties as of 30 June 2019 is 501.526 (30 June 2018: 488.290) according to the valuation carried out by independent expert. There are not any restrictions on the realizability of property, plant and equipment, intangible assets and investment property or any remittances of income and proceeds of disposal.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2019

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

#### 12. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND INVESTMENT PROPERTY (cont'd)

##### (b) Goodwill

The identifiable assets and liabilities of CFS detailed below are temporarily reported under TFRS provisions. During the measurement period allowed by the standard, the assets and liabilities will be reevaluated.

<b>Subsidiary Acquired</b>	<b>Nature of Business</b>	<b>Date of Acquisition</b>	<b>Ratio of Shares Acquired</b>	<b>Acquisition Price</b>
Gate	Construction	25 July 2018	50%	124.005
CFS	Other	31 May 2019	100%	3.850
				<b>127.855</b>

Breakdown of the acquisition price is as follows:

	<b>Gate</b>	<b>CFS</b>	<b>Total</b>
Paid in cash	124.005	3.850	127.855
Acquisition liability	-	-	-
<b>Acquisition price</b>	<b>124.005</b>	<b>3.850</b>	<b>127.855</b>

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

	<b>Gate</b>	<b>CFS</b>	<b>Total</b>
<b>Current assets</b>	<b>235.620</b>	<b>113</b>	<b>235.733</b>
Cash and cash equivalents	12.575	13	12.588
Other current assets	223.045	100	223.145
<b>Non-current assets</b>	<b>160.763</b>	<b>538</b>	<b>161.301</b>
Tangible and intangible assets	80.059	538	80.597
Other non-current assets	80.704	-	80.704
<b>Current liabilities</b>	<b>313.175</b>	<b>932</b>	<b>314.107</b>
<b>Non-current liabilities</b>	<b>3.752</b>	<b>-</b>	<b>3.752</b>
<b>Net assets</b>	<b>79.456</b>	<b>(281)</b>	<b>79.175</b>

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

	<b>Gate</b>	<b>CFS</b>	<b>Total</b>
Acquisition price	124.005	3.850	127.855
Fair value of previously-held interest in the acquired company	39.728	-	39.728
Less: Fair value of net assets of the acquired company	(79.456)	281	(79.175)
<b>Goodwill</b>	<b>84.277</b>	<b>4.131</b>	<b>88.408</b>

Net cash outflow concerning the acquisition is as follows:

	<b>Gate</b>	<b>CFS</b>	<b>Total</b>
Paid in cash	124.005	3.850	127.855
Less: Cash and cash equivalents of the acquired company	(6.288)	(13)	(6.301)
<b>Net cash outflow</b>	<b>117.717</b>	<b>3.837</b>	<b>121.554</b>

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2019

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

#### 12. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND INVESTMENT PROPERTY (cont'd)

##### (b) Goodwill (cont'd)

Movement of Goodwill is as follows:

	2019	2018
Opening balance as of 1 January	79.896	-
Additions	4.131	45.940
Remeasurement difference	(3.125)	-
Currency translation effect	7.506	-
Closing balance as of 30 June	<u>88.408</u>	<u>45.940</u>

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

The Company's bank loans are reclassified as long-term whose maturities passed 30 June 2020 according to their opening dates. Annual weighted average interest rate of the existing short-term loans is 5,88% for US Dollars, 2,60% for EUR and 16,92% for TL (31 December 2018: 5,05% for US Dollars, 1,29% for EUR and 16,52% for TL). There is not any long-term loan in terms of US Dollars and Turkish Liras, weighted average interest rate of the existing long-term loans is 2,64% for EUR (31 December 2018: USD None, EUR 2,64%, TL 17,54%).

Within the scope of TFRS 16 Leases standard implementation, lease liabilities of 39.203 and 32.839 in the aggregate 72.042 included in short-term and long-term borrowings respectively (Note: 3d).

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 2019. As of 30 June 2019, remaining balance of the loans used from Unicredit Bank Austria AG and Deutsche Bank AG after principle payments is 109.292 (16.684 Thousand EUR) and 123.664 (18.878 Thousand EUR) respectively. Principle payments made to the loans from Unicredit Bank Austria AG an Deutsche Bank AG for the year ended 30 June 2019 is 36.428 (5.561 Thousand EUR) and 41.224 (6.293 Thousand EUR) respectively.

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

	30 June 2019	31 December 2018
Short-term provisions	273.743	307.941
Long-term provisions	81.070	73.828
Total provisions	<u>354.813</u>	<u>381.769</u>
Employment termination benefits provision	114.898	106.638
Unused vacation pay liability provision	44.859	40.841
Premium provision	24.447	37.332
Total provisions attributable to employee benefits	<u>184.204</u>	<u>184.811</u>
Provision for litigation	13.873	12.803
Other liability provisions	156.736	184.155
Other provisions	170.609	196.958
Total provisions	<u>354.813</u>	<u>381.769</u>

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2019

(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 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>
Opening balance as of 1 January 2018	76.735	25.268	21.534	123.537
Effect of business combinations	373	220	-	593
Currency translation effect	5.660	3.250	1.655	10.565
Charge for the period	18.581	11.322	11.086	40.989
Interest expense	1.013	-	-	1.013
Provision paid during the period	(15.495)	(6.155)	(24.444)	(46.094)
Provision released	(527)	(400)	-	(927)
Actuarial gain	(2.934)	-	-	(2.934)
Closing balance as of 30 June 2018	<u>83.406</u>	<u>33.505</u>	<u>9.831</u>	<u>126.742</u>

The amount payable to employee calculated by one month salary is limited to a maximum 6.379,86 TL (31 December 2018: 6.017,60 TL) as of 30 June 2019.

	Provision for Litigation	Other Liability Provisions	Total Other Provisions
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>
Opening balance as of 1 January 2018	17.873	94.653	112.526
Effect of business combinations	180	-	180
Currency translation effect	693	26.295	26.988
Charge for the period	1.744	60.865	62.609
Provision paid during the period	(1.020)	-	(1.020)
Provision released	(4.862)	(2.649)	(7.511)
Closing balance as of 30 June 2018	<u>14.608</u>	<u>179.164</u>	<u>193.772</u>



## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2019

(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 2019, lawsuit filed against the Group is totally 198.618 (31 December 2018: 186.701) and it has been decided to accrue 13.873 (31 December 2018: 12.803) of provision for lawsuits that might have high probability of potential outflow from the Group upon the consultation of legal advisors. Based on the legal advice of lawyers, no significant risks is foreseen regarding of lawsuit filed against the Group.

##### *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 State of Libya on the basis of the Agreement on the Mutual Promotion and Protection of Investments 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 Tekfen TML J.V. will submit the above-mentioned additional petition, will continue the arbitration process, and will begin the process of enforcement of the above-mentioned enforceable figures. The decision of the ICC is final, and the parties have the right to file an annulment action with the Swiss Federal Court in Switzerland, the seat of legal arbitration. Since Tekfen TML J.V. claims the Libyan state is also responsible for the loss, it filed a lawsuit with the Swiss Federal Court for annulment of the decision of the ICC concerning contrary situation.

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.

Above mentioned arbitration case is the judicial remedy for the Contract between the Tekfen TML J.V. and the MMRA/Libya. An additional ongoing arbitration that is based on the Agreement on the Mutual Promotion and Protection of Investments between Turkey and Libya, is currently in progress; and the hearings took place in May 2019. The Arbitration Tribunal is expected to write the decision on the first phase of the case which consists of two phases which are “Liability” and “Quantum”.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2019

(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 2019 and 31 December 2018 are as follows:

30 June 2019	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	14.020.497	1.650.072	69.468	4.069.099
-Guarantee	13.908.697	1.650.072	53.088	4.064.599
-Pledge	-	-	-	-
-Mortgage	111.800	-	16.380	4.500
C. GPM given in order to guarantee third parties' debts for the routine trade operations	43.618	-	-	43.618
-Guarantee	43.618	-	-	43.618
-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 2019</b>	<b>14.064.115</b>	<b>1.650.072</b>	<b>69.468</b>	<b>4.112.717</b>

  

31 December 2018	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	14.706.497	1.958.995	63.763	4.016.059
-Guarantee	14.603.258	1.958.995	47.383	4.011.559
-Pledge	-	-	-	-
-Mortgage	103.239	-	16.380	4.500
C. GPM given in order to guarantee third parties' debts for the routine trade operations	51.517	-	-	51.517
-Guarantee	51.517	-	-	51.517
-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 2018</b>	<b>14.758.014</b>	<b>1.958.995</b>	<b>63.763</b>	<b>4.067.576</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

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#### 16. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Transactions with related parties are distinct and measurable.

#### 17. EQUITY

##### Capital / Capital Structure Adjustment

The capital structure as of 30 June 2019 and 31 December 2018 is as follows:

Shareholders	(%)	30 June 2019	(%)	31 December 2018
Berker family	22,55%	83.422	22,55%	83.422
Gökyiğit family	22,02%	81.480	22,02%	81.480
Akçağlılar family	6,65%	24.611	6,65%	24.611
Other (*)	1,54%	5.683	1,54%	5.683
Publicly traded	47,24%	174.804	47,24%	174.804
Paid in capital	100,00%	370.000	100,00%	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 2019	1 April- 30 June 2019	1 January - 30 June 2018	1 April- 30 June 2018
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)	1.181.886	399.619	519.949	279.055
Earnings per share from continuing operations (TL)	3,194	1,080	1,405	0,754

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2019

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

#### 19. OTHER OPERATING INCOME AND EXPENSES

	1 January- 30 June 2019	1 April- 30 June 2019	1 January - 30 June 2018	1 April- 30 June 2018
<b>Other operating income</b>				
Foreign exchange income from operations	173.904	136.763	90.862	73.132
Hedging income (Note: 21)	52.456	23.291	15.385	15.353
Due date difference income	50.691	22.671	21.281	10.847
Discount income	13.328	4.070	19.533	11.757
Government grants and incentives income	2.081	1.052	-	-
Social security premium refund income	1.578	1.077	-	-
Reversal of litigation provision (Note: 14)	987	355	1.293	25
Rental income	859	447	2.395	1.260
Scrap sales income	571	171	624	288
Reversal of other provisions (Note: 14)	-	(794)	-	-
Indemnity income	-	-	216	216
Other income	12.902	7.768	6.173	3.512
	<u>309.357</u>	<u>196.871</u>	<u>157.762</u>	<u>116.390</u>
	1 January- 30 June 2019	1 April- 30 June 2019	1 January - 30 June 2018	1 April- 30 June 2018
<b>Other operating expenses (-)</b>				
Foreign exchange losses from operations	(213.297)	(100.402)	(245.668)	(186.051)
Due date difference expenses	(20.894)	(12.089)	(8.449)	(6.984)
Discount expenses	(13.674)	(4.748)	(7.722)	(1.994)
Other provision expenses (Note: 14)	(11.370)	(11.339)	(4)	(4)
Litigation provision (Note: 14)	(2.344)	(118)	(1.744)	(733)
Hedging expenses (Note: 21)	(646)	(31)	(11.190)	(41)
Grants and contributions	(176)	(77)	(1.016)	(332)
Damages subject to litigation	(80)	-	(38)	(38)
Additional tax expense	-	-	(20)	(20)
Other expenses	(17.209)	(11.586)	(6.895)	(4.184)
	<u>(279.690)</u>	<u>(140.390)</u>	<u>(282.746)</u>	<u>(200.381)</u>

#### 20. FINANCIAL INCOME AND EXPENSES

	1 January- 30 June 2019	1 April- 30 June 2019	1 January - 30 June 2018	1 April- 30 June 2018
<b>Financial income</b>				
Foreign exchange gains	312.296	198.259	314.954	228.225
Interest income	97.498	44.573	68.931	38.510
Currency translation reserve gains	8.063	3.709	8.150	(1.070)
Other financial income	116	(42)	-	(3)
	<u>417.973</u>	<u>246.499</u>	<u>392.035</u>	<u>265.662</u>
	1 January- 30 June 2019	1 April- 30 June 2019	1 January - 30 June 2018	1 April- 30 June 2018
<b>Financial expenses (-)</b>				
Foreign exchange losses	(194.296)	(159.402)	(106.758)	(71.707)
Interest expenses	(47.330)	(23.371)	(48.657)	(23.869)
Other financial expenses	(7.522)	(4.436)	(5.774)	(4.363)
Currency translation reserve losses	(744)	(744)	(379)	(236)
Less: Financial expenses included in costs of inventories	-	(119)	9.340	4.750
	<u>(249.892)</u>	<u>(188.072)</u>	<u>(152.228)</u>	<u>(95.425)</u>

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 2019

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

#### 21. DERIVATIVE INSTRUMENTS

	30 June 2019		31 December 2018	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	7.055	13.250	37.639	-
Current	7.055	13.250	37.639	-
Non-current	-	-	-	-
	<u>7.055</u>	<u>13.250</u>	<u>37.639</u>	<u>-</u>

#### Currency derivatives:

The subsidiary of the Company, 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.

At the end of the reporting period, the total notional amount of outstanding forward foreign exchange contracts to which Toros Tarım is committed are as follows:

	30 June 2019	31 December 2018
Forward foreign exchange contracts	721.514	446.476
	<u>721.514</u>	<u>446.476</u>

As of 30 June 2019, the fair value of the Toros Tarım’s currency derivatives is estimated to be 7.055 assets and 13.250 liabilities which is negative 6.195 (31 December 2018: assets 37.639). 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 2018: 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 negative 4.831 has been deferred in equity (31 December 2018: positive 29.353). There are no ineffective cash flow hedges for the period (30 June 2018: None). Gains amounting to 52.456 and expenses amounting to 646 concerning matured derivative contracts during the period have been recognized in profit or loss (30 June 2018: Gains amounting to 15.385 and expenses amounting to 11.190 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 2019

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

#### 22. FOREIGN CURRENCY POSITION

30 June 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	404.388	14.914	35.884	496	79.878
2. Monetary Financial Assets	1.486.048	157.730	87.351	13	5.991
3. Other	20.157	2.395	738	-	1.539
4. CURRENT ASSETS	1.910.593	175.039	123.973	509	87.408
5. Trade Receivables	36	-	1	-	29
6. Monetary Financial Assets	587	-	-	-	587
7. Other	19.764	3.276	139	-	-
8. NON-CURRENT ASSETS	20.387	3.276	140	-	616
9. TOTAL ASSETS	1.930.980	178.315	124.113	509	88.024
10. Trade Payables	1.111.382	164.442	12.370	13	83.875
11. Financial Liabilities	157.046	-	23.974	-	-
12. Monetary Other Liabilities	148.163	773	2.110	-	129.892
12b. Non-Monetary Other Liabilities	4.743	576	218	-	-
13. CURRENT LIABILITIES	1.421.334	165.791	38.672	13	213.767
14. Trade Payables	6.061	-	435	-	3.211
15. Financial Liabilities	78.366	-	11.963	-	-
16. Monetary Other Liabilities	25.138	580	4	-	21.774
17. NON-CURRENT LIABILITIES	109.565	580	12.402	-	24.985
18. TOTAL LIABILITIES	1.530.899	166.371	51.074	13	238.752
19. Net Position of Off-balance Sheet Derivative Instruments (19a-19b)	660.634	114.791	-	-	-
19a. Derivative Assets	660.634	114.791	-	-	-
19b. Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Assets / Liabilities Position	1.060.715	126.735	73.039	496	(150.728)
21. Monetary Items Net Foreign Currency Assets / Liabilities position (1+2+5+6-10-11-12-14-15-16)	364.903	6.849	72.380	496	(152.267)
22. Fair Value of Derivative Instruments Held for Hedging	(6.195)	(1.076)	-	-	-

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 2019

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

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

31 December 2018	Equivalent of Thousands of TL	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalent of Thousands of TL)
1. Trade Receivables	311.151	17.525	17.795	281	109.816
2. Monetary Financial Assets	1.841.640	240.541	91.838	8	22.525
3. Other	13.273	1.144	741	13	2.701
4. CURRENT ASSETS	2.166.064	259.210	110.374	302	135.042
5. Trade Receivables	647	-	-	-	647
6. Monetary Financial Assets	594	-	-	-	594
7. Other	113	10	10	-	-
8. NON-CURRENT ASSETS	1.354	10	10	-	1.241
9. TOTAL ASSETS	2.167.418	259.220	110.384	302	136.283
10. Trade Payables	1.570.204	199.239	20.100	17	400.752
11. Financial Liabilities	167.735	1.509	26.509	-	-
12. Monetary Other Liabilities	160.182	101	3.079	-	141.090
12b. Non-Monetary Other Liabilities	11.669	1.453	558	78	142
13. CURRENT LIABILITIES	1.909.790	202.302	50.246	95	541.984
14. Trade Payables	17.135	-	714	-	12.831
15. Financial Liabilities	143.810	-	23.857	-	-
16. Monetary Other Liabilities	26.815	1.058	4	-	21.225
17. NON-CURRENT LIABILITIES	187.760	1.058	24.575	-	34.056
18. TOTAL LIABILITIES	2.097.550	203.360	74.821	95	576.040
19. Net Position of Off-balance Sheet Derivative Instruments (19a-19b)	466.921	88.753	-	-	-
19a. Derivative Assets	466.921	88.753	-	-	-
19b. Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Assets / Liabilities Position	536.789	144.613	35.563	207	(439.757)
21. Monetary Items Net Foreign Currency Assets / Liabilities position (1+2+5+6-10-11-12-14-15-16)	68.151	56.159	35.370	272	(442.316)
22. Fair Value of Derivative Instruments Held for Hedging	37.639	7.155	-	-	-

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 2019

(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 arising from various currency exposures, primarily with respect to US Dollars and Euro.

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

	30 June 2019	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars changes 5% against TL	
US Dollars net assets / liabilities	36.470	(36.470)
	If Euro changes 5% against TL	
Euro net assets / liabilities	23.923	(23.923)
	If other foreign currencies changes 5% against TL	
Other foreign currency assets / liabilities	(7.357)	7.357
TOTAL	53.036	(53.036)
	31 December 2018	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars change 5% against TL	
US Dollars net assets / liabilities	38.040	(38.040)
	If Euro changes 5% against TL	
Euro net assets / liabilities	10.719	(10.719)
	If other foreign currencies change 5% against TL	
Other foreign currency net assets / liabilities	(21.920)	21.920
TOTAL	26.839	(26.839)

#### 23. SUBSEQUENT EVENTS

A share acquisition agreement was signed on 13 May 2019 between the shareholders of Gönen Yenilenebilir Enerji Üretim A.Ş. ("Gönen") and Toros Tarım, a subsidiary of the Group, concerning acquisition of 70% of the paid in capital of Gönen. Since the approvals concerning the acquisition were made on 31 July 2019, financial statements of Gönen are not included in the condensed consolidated financial statements as of 30 June 2019.

A share acquisition agreement was signed on 29 July 2019 between the shareholders of Agrium-Agroport Romania S.A. ("Agrium-Agroport"), and Toros Tarım and Toros Terminal Hizmetleri ve Denizcilik A.Ş., subsidiaries of the Group, concerning acquisition of 100% of the paid in capital of Agrium-Agroport.

A share acquisition agreement was signed on 11 July 2019 between the shareholders of StroyProyekt-2007, which is operating in Kazakhstan, and Gate İnşaat Taahhüt San. ve Tic. A.Ş., a subsidiary of the Group, concerning acquisition of 50% of the paid in capital of StroyProyekt-2007.