

**TEKFEN HOLDİNG ANONİM ŐİRKETİ
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTH
INTERIM PERIOD
ENDED 30 SEPTEMBER 2018

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

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2018**

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

ASSETS	Notes	Unreviewed 30 September 2018	Audited 31 December 2017
Current Assets		9.736.738	7.013.920
Cash and cash equivalents	7	4.725.602	2.985.833
Financial investments		10.711	330.126
Trade receivables	8	1.738.755	1.890.014
- <i>Related party receivables</i>		30.279	14.468
- <i>Trade receivables</i>		1.708.476	1.875.546
Other receivables		28.723	23.518
- <i>Related party receivables</i>		4.249	-
- <i>Other receivables</i>		24.474	23.518
Receivables from ongoing construction contracts	9	445.353	171.361
Derivative instruments	21	194.351	6.460
Inventories	10	1.384.643	948.789
Prepaid expenses		745.446	335.754
- <i>Prepaid expenses</i>		745.446	335.754
Assets related with current tax		134.459	65.598
Other current assets		285.029	228.070
- <i>Other current assets</i>		285.029	228.070
		9.693.072	6.985.523
Assets classified as held for sale		43.666	28.397
Non-Current Assets		3.111.177	2.352.830
Financial investments		248.904	181.971
Trade receivables	8	178.293	76.585
- <i>Trade receivables</i>		178.293	76.585
Other receivables		5.652	4.235
- <i>Other receivables</i>		5.652	4.235
Investments valued by equity method	11	161.083	194.510
Investment property	12	113.560	103.866
Property, plant and equipment	12	2.011.814	1.597.309
Intangible assets	12	165.414	20.236
- <i>Goodwill</i>		139.208	-
- <i>Other intangible assets</i>		26.206	20.236
Prepaid expenses		1.436	2.470
- <i>Prepaid expenses</i>		1.436	2.470
Deferred tax assets		83.727	77.176
Other non-current assets		141.294	94.472
- <i>Other non-current assets</i>		141.294	94.472
TOTAL ASSETS		12.847.915	9.366.750

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

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2018

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

LIABILITIES	Notes	Unreviewed 30 September 2018	Audited 31 December 2017
Current Liabilities		7.613.777	5.586.667
Short-term borrowings	13	783.600	605.081
Short-term portion of long-term borrowings		178.323	110.508
Trade payables	8	3.194.837	2.038.629
- <i>Related party payables</i>		6.915	6.128
- <i>Trade payables</i>		3.187.922	2.032.501
Payables related to employee benefits		124.357	72.332
Other payables		142.079	78.440
- <i>Related party payables</i>		4.835	-
- <i>Other payables</i>		137.244	78.440
Payables to ongoing construction contracts	9	1.260.253	792.605
Derivative instruments	21	-	9.547
Deferred revenue	4(b)	1.493.142	1.638.897
- <i>Deferred revenue</i>		1.493.142	1.638.897
Current tax liability		144.887	62.100
Short-term provisions	14	283.603	178.067
- <i>Short-term provisions attributable to employee benefits</i>		67.871	65.613
- <i>Other short-term provisions</i>		215.732	112.454
Other short-term liabilities		8.696	461
- <i>Other short-term liabilities</i>		8.696	461
Non-Current Liabilities		1.010.596	771.769
Long-term borrowings	13	348.186	464.104
Trade payables	8	308.779	117.342
- <i>Trade payables</i>		308.779	117.342
Other payables		89.698	70.146
- <i>Other payables</i>		89.698	70.146
Government incentives and grants		1.132	1.132
Long-term provisions	14	87.413	57.996
- <i>Long-term provisions attributable to employee benefits</i>		87.329	57.924
- <i>Other long-term provisions</i>		84	72
Deferred tax liabilities		175.388	61.049
TOTAL LIABILITIES		8.624.373	6.358.436
EQUITY		4.223.542	3.008.314
Equity Attributable To Owners Of The Parent	5, 17	4.165.070	2.975.717
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		(181)	(2.349)
- <i>Gain (loss) on revaluation and remeasurement</i>		(181)	(2.349)
Accumulated other comprehensive income (expenses) that will be reclassified to profit or loss		709.876	219.312
- <i>Currency translation reserve</i>		489.637	154.480
- <i>Hedging reserve</i>		151.565	(2.408)
- <i>Gain (loss) on revaluation and reclassification</i>		68.674	67.240
Legal reserves		231.271	197.180
Prior years' income		1.581.653	1.115.816
Net profit for the period		967.992	771.299
Non-controlling Interests		58.472	32.597
TOTAL LIABILITIES AND EQUITY		12.847.915	9.366.750

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

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

	Notes	Unreviewed 1 January- 30 September 2018	Unreviewed 1 July- 30 September 2018	Unreviewed 1 January - 30 September 2017	Unreviewed 1 July- 30 September 2017
Revenue		8.358.471	3.255.963	5.070.407	1.726.110
Cost of revenue (-)		(7.141.074)	(2.772.313)	(4.337.904)	(1.492.443)
GROSS PROFIT		1.217.397	483.650	732.503	233.667
General administrative expenses (-)		(230.917)	(90.425)	(147.492)	(50.837)
Marketing expenses (-)		(158.445)	(55.228)	(115.000)	(32.279)
Research and development expenses (-)		(1.281)	(513)	(1.407)	(1.320)
Other operating income	19	479.391	321.629	219.049	46.075
Other operating expenses (-)	19	(834.879)	(552.133)	(237.070)	(75.648)
Share on profit of investments valued using equity method	11	21.925	1.842	115.745	13.266
OPERATING PROFIT		493.191	108.822	566.328	132.924
Investment income		8.368	1.213	17.127	641
Investment expense (-)		(1.671)	(482)	(17)	(3)
PROFIT BEFORE FINANCIAL INCOME (EXPENSES)		499.888	109.553	583.438	133.562
Financial income	20	1.093.476	701.441	346.179	92.797
Financial expenses (-)	20	(437.762)	(285.534)	(302.825)	(70.427)
PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION		1.155.602	525.460	626.792	155.932
Tax Expense from Continuing Operations (-)		(187.658)	(77.908)	(110.688)	(24.964)
Tax expense for the period (-)		(158.615)	(81.804)	(84.008)	(29.173)
Deferred tax (expense) income		(29.043)	3.896	(26.680)	4.209
PROFIT FROM CONTINUING OPERATIONS FOR THE PERIOD		967.944	447.552	516.104	130.968
Distribution of Profit for the Period					
Non-controlling interests		(48)	(491)	(292)	154
Owners of the parent		967.992	448.043	516.396	130.814
Earnings Per Share	18	2,616	1,211	1,396	0,354

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

	Unreviewed 1 January- 30 September 2018	Unreviewed 1 July- 30 September 2018	Unreviewed 1 January - 30 September 2017	Unreviewed 1 July- 30 September 2017
PROFIT FOR THE PERIOD	967.944	447.552	516.104	130.968
OTHER COMPREHENSIVE INCOME:				
<u>Items that will not be reclassified to profit or loss</u>	2.168	(1.451)	(2.729)	175
Profit (loss) on revaluation of defined benefit plans	2.710	(1.814)	(3.411)	219
Taxes based on other comprehensive income that will not be reclassified to profit or loss	(542)	363	682	(44)
- <i>Deferred tax (expense) income</i>	(542)	363	682	(44)
<u>Items that will be reclassified to profit or loss</u>	498.906	360.234	(28.481)	2.637
Currency translation reserve differences	353.619	240.336	4.303	4.735
Gains (loss) from fair value through other comprehensive income financial assets	(9.143)	694	(3.817)	(4.621)
Other comprehensive income (expenses) related to cash flow hedging (-)	197.401	152.870	(36.448)	2.865
Taxes based on other comprehensive income that will be reclassified to profit or loss	(42.971)	(33.666)	7.481	(342)
- <i>Deferred tax (expense) income</i>	(42.971)	(33.666)	7.481	(342)
OTHER COMPREHENSIVE INCOME (EXPENSE)	501.074	358.783	(31.210)	2.812
TOTAL COMPREHENSIVE INCOME	1.469.018	806.335	484.894	133.780
Distribution of Total Comprehensive Income for The Period				
Non-controlling interests	18.414	11.332	1.196	565
Owners of the parent	1.450.604	795.003	483.698	133.215

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2018

(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			
Unreviewed													
Opening balance as of 1 January 2017	370.000	3.475	300.984	1.369	125.977	1.621	71.775	194.145	955.924	324.411	2.349.681	29.776	2.379.457
Transfers	-	-	-	-	-	-	-	2.857	321.554	(324.411)	-	-	-
Total comprehensive income (loss)	-	-	-	(2.729)	2.815	(29.158)	(3.626)	-	-	516.396	483.698	1.196	484.894
- Profit (loss) for the period	-	-	-	-	-	-	-	-	-	516.396	516.396	(292)	516.104
- Other comprehensive income (expense)	-	-	-	(2.729)	2.815	(29.158)	(3.626)	-	-	-	(32.698)	1.488	(31.210)
Dividends	-	-	-	-	-	-	-	-	(120.292)	-	(120.292)	-	(120.292)
Increase (decrease) due to changes in the proportion of shares in subsidiaries that doesn't result in loss of control	-	-	-	-	-	-	-	-	(244)	-	(244)	-	(244)
Other changes	-	-	-	-	-	-	-	-	(20.396)	-	(20.396)	-	(20.396)
Closing balance as of 30 September 2017	370.000	3.475	300.984	(1.360)	128.792	(27.537)	68.149	197.002	1.136.546	516.396	2.692.447	30.972	2.723.419
Unreviewed													
Opening balance as of 1 January 2018	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 (Note 3)	-	-	-	-	-	-	10.120	-	(4.729)	-	5.391	-	5.391
Revised balance as of 1 January 2018	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)	-	-	-	2.168	335.157	153.973	(8.686)	-	-	967.992	1.450.604	18.414	1.469.018
- Profit (loss) for the period	-	-	-	-	-	-	-	-	-	967.992	967.992	(48)	967.944
- Other comprehensive income (expense)	-	-	-	2.168	335.157	153.973	(8.686)	-	-	-	482.612	18.462	501.074
Capital increase	-	-	-	-	-	-	-	-	-	-	-	7.807	7.807
Dividends	-	-	-	-	-	-	-	-	(248.693)	-	(248.693)	-	(248.693)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	(346)	(346)
Other changes	-	-	-	-	-	-	-	-	(17.949)	-	(17.949)	-	(17.949)
Closing balance as of 30 September 2018	370.000	3.475	300.984	(181)	489.637	151.565	68.674	231.271	1.581.653	967.992	4.165.070	58.472	4.223.542

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

	Notes	Unreviewed 1 January - 30 September 2018	Unreviewed 1 January - 30 September 2017
A. CASH FLOWS FROM OPERATING ACTIVITIES			
		2.099.560	1.700.129
Profit for the Period		967.944	516.104
Adjustments to Reconcile Net Profit		344.229	147.706
- Depreciation and Amortization	12	133.255	98.986
- Provision Adjustments	8, 14	96.950	78.913
- Dividend Income and Expenses		(8.162)	(8.477)
- Interest Income and Expense Adjustments	20	(44.612)	(8.663)
- Gain/Loss on Fair Valuation		-	647
- Group's Share on Profit of Investments in Associates Accounted by Equity Method	11	(21.925)	(115.745)
- Allowance for Taxation		187.658	110.688
- Adjustments for Gain/Loss on Sale of Fixed Assets	12	1.065	(8.643)
Movements in Working Capital		912.956	1.151.667
- Changes in Financial Investments		319.415	93.908
- Changes in Trade Receivables	8	134.386	(507.778)
- Changes in Other Assets		(85.873)	48.322
- Changes in Receivables from Ongoing Construction Contracts	9	(260.014)	159.569
- Changes in Inventories	10	(403.324)	83.243
- Changes in Prepaid Expenses		(389.445)	(170.447)
- Changes in Trade Payables	8	1.290.076	153.193
- Changes in Payables Related to Employee Benefits		51.691	10.303
- Changes in Payables to Ongoing Construction Contracts	9	401.226	244.046
- Changes in Other Liabilities		31.379	30.807
- Changes in Deferred Revenue	4(b)	(176.561)	1.006.501
Cash Generated by Operating Activities		2.225.129	1.815.477
Interest Paid		(41.354)	(18.738)
Interest Received		106.089	71.391
Provision Paid Related to Employee Benefits	14	(60.460)	(67.793)
Other Provision Paid	14	(1.068)	(783)
Tax Paid/Return		(128.776)	(99.425)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
		(289.007)	(41.398)
Acquisition of Non-controlling Interests' Shares		-	(293)
Payments due to Share Acquisition or Capital Increase of Associates or Joint Ventures	11	(630)	-
Cash Outflows for Acquisition of Shares in Other Entities or Shares in Funds or Borrowing Instruments		(208.537)	(20.159)
Proceeds from Sales of Tangible and Intangible Assets	12	3.518	9.108
Acquisition of Tangible and Intangible Assets	12	(177.689)	(109.699)
Acquisition of Investment Properties	12	(707)	(1.823)
Proceeds from Sales of Assets Held for Sale		330	-
Advances and Debts Given		67	(20.739)
Dividend Received		94.641	102.207
C. CASH FLOWS FROM FINANCING ACTIVITIES			
		(614.412)	(367.437)
Proceeds from Borrowings		529.863	664.533
Repayments of Borrowings		(890.619)	(903.952)
Payments of Financial Lease Obligations		(4.963)	(7.726)
Dividend Paid	5	(248.693)	(120.292)
CHANGE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION RESERVE EFFECT			
		1.196.141	1.291.294
D. CURRENCY TRANSLATION RESERVE EFFECT ON CASH AND CASH EQUIVALENTS			
		543.628	55.923
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)			
		1.739.769	1.347.217
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD			
		2.985.833	1.483.429
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)			
		4.725.602	2.830.646

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2018

(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 September 2018, the Group has 20.806 employees (31 December 2017: 18.296) 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 September 2018:

Tekfen Tarımsal Araştırma Üretim ve Pazarlama A.Ş. ("Tekfen Tarım"), a subsidiary of the Group, purchased 90% of the paid in capitals of Alanar Meyve ve Gıda Üretim Pazarlama Sanayi ve Ticaret A.Ş. ("Alanar Meyve") and Alara Fidan Üretim ve Pazarlama Sanayi ve Ticaret A.Ş. ("Alara Fidan") (Note: 4 (a)).

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. After the acquisition, direct share participation rate of the Group in Gate has reached 100% (Note 4 (a)).

The Group's subsidiaries TST International Limited, TST International Trading Limited and Petrofertil Trading Limited are in process of liquidation.

Toros Kılavuzluk Römorkör Hizmetleri ve Denizcilik A.Ş. was established and registered on 5 April 2018. The Group's subsidiary Toros Tarım owns the whole shares of Toros Kılavuzluk Römorkör Hizmetleri ve Denizcilik A.Ş.

Tekfen - T Engineering Ortak Girişimi, a joint arrangement of the Group with 85% participation rate, was registered on 3 September 2018.

Upon the resolution of the Board of Directors it's been decided to sell the shares of Black Sea Gübre Ticaret A.Ş., which is consolidated with equity method.

Approval of condensed consolidated financial statements:

The condensed consolidated financial statements are approved and published by the Board of Directors as of 25 October 2018.

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.

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

The Group has preferred to disclose its interim consolidated financial statements as of 30 September 2018 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 2017 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) and 3(e), 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 2017

Exchange rates used in the consolidation process as of 30 September 2018 are; 1 USD= 5,9902 TL, 1 EUR= 6,9505 TL, 1 MAD= 0,6338 TL, 1 SAR= 1,5974 TL, 1 QAR= 1,6412 TL (Exchange rates as of 31 December 2017 are; 1 USD= 3, 7719 TL, 1 EUR= 4,5155 TL, 1 MAD= 0,4026 TL, 1 SAR= 1,0058 TL, 1 QAR= 1,0334 TL).

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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 consolidated financial statements:

- TFRS 9, “Financial Instruments”, effective for annual periods beginning after 1 January 2018.
- TFRS 15, “Revenue from Contracts with Customers”, effective for annual periods beginning after 1 January 2018.
- TAS 40 (amendments), “Transfers of Investment Property”, effective for annual periods beginning after 1 January 2018.
- TFRS interpretation 22, “Foreign Currency Transactions and Advance Consideration”, effective for annual periods beginning after 1 January 2018.

(b) Standards and interpretations and amendments to existing standards that are effective as of the year 2018, but not affecting the consolidated financial statements of the Group:

- TFRS 15 (amendments), “Revenue from Contracts with Customers”, effective for annual periods beginning after 1 January 2018.
- TFRS 4 (amendments), “Insurance Contracts”, effective for annual periods beginning after 1 January 2018.
- TFRS 2 (amendments), “Classification and Measurement of Share-Based Payment Transactions”, effective for annual periods beginning after 1 January 2018.
- Annual Improvements to TFRS 2014-2016 Cycle (TFRS 1, TAS 28), effective for annual periods beginning after 1 January 2018.

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

- TFRS 9 (amendments) , “Financial Instruments”, 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.
- TFRS 16, “Leases”, effective for annual periods beginning after 1 January 2019.
- TFRS interpretation 23, “Uncertainty over Income Tax Treatments”, effective for annual periods beginning after 1 January 2019.
- TFRS 17 “Insurance Contracts”, effective for annual periods beginning after 1 January 2021.
- 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 19 (amendments), “Plan Amendment, Curtailment or Settlement”, effective for annual periods beginning after 1 January 2019.

The Group evaluates the effects of these standards on the consolidated financial statements.

(d) First Time Adoption of TFRS 9:

Group applied TFRS 9 “Financial Instruments” which has superseded TAS 39 “Financial Instruments: Recognition and Measurement” as of 1 January 2018 and accounted retrospectively in the consolidated financial statements within the transition exemption defined in the related Standard’s paragraph numbered 7.2.15. In accordance with the mentioned exemption, the cumulative effect of initial application of this Standard is recognised under retained earnings and gain on revaluation and reclassification accounts of the annual reporting period that includes the date of initial application. Under this transition method, within the scope of first time adoption of TFRS 9, no restatement has been required in the comparative information of the consolidated financial statements.

Changes regarding the classification of financial assets and liabilities in terms of TFRS 9 are summarised below:

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

(d) First Time Adoption of TFRS 9 (cont’d):

Financial assets	Previous classification according to TAS 39	New classification according to TFRS 9
Trade receivables	Loans and receivables	Amortised cost
Derivative assets	Fair value through other comprehensive income	Fair value through other comprehensive income
Financial investments	Available-for-sale financial asset	Fair value through other comprehensive income
Financial investments	Fair value through profit or loss	Fair value through profit or loss

Financial liabilities	Previous classification according to TAS 39	New classification according to TFRS 9
Trade payables	Amortised cost	Amortised cost
Derivative liabilities	Fair value through other comprehensive income	Fair value through other comprehensive income
Borrowings	Amortised cost	Amortised cost

Information about the effect of the Group's application of TFRS 9 is given below:

Reconciliation of reclassified financial assets with balance sheet as first time adoption of TFRS 9

	Book Value Before TFRS 9 31 December 2017	Reclassification	Remeasurement	TFRS 9 Book Value 1 January 2018
Loans and receivables (Including cash and cash equivalents)				
Balance before reclassification	5.268.090	(5.268.090)	-	-
Reclassification to financial assets measured at amortized cost	-	5.268.090	-	5.268.090
Effect of the expected credit losses	-	-	(6.153)	(6.153)
Financial assets measured at amortized cost	5.268.090	-	(6.153)	5.261.937
Available-for-sale financial asset				
Balance before reclassification	170.651	(170.651)	-	-
Reclassification to financial assets measured at fair value through other comprehensive	-	170.651	-	170.651
Effect of remeasurement	-	-	10.727	10.727
Financial assets measured at fair value through other comprehensive income	170.651	-	10.727	181.378

Effect of application of TFRS 9 to the financial statements dated 1 January 2018

	31 December 2017 Reported	Effect of TFRS 9	1 January 2018 Revised
Cash and cash equivalents	2.985.833	(468)	2.985.365
Trade receivables (net)	1.952.131	(5.685)	1.946.446
Financial investments	181.971	10.727	192.698
Deferred tax assets	77.176	1.354	78.530
Deferred tax liabilities	61.049	537	61.586
Gain on revaluation and reclassification	67.240	10.120	77.360
Prior years' income	1.115.816	(4.729)	1.111.087

(e) First Time Adoption of TFRS 15:

TFRS 15 “Revenue from Contracts with Customers” has superseded TAS 18 Revenue, TAS 11 Construction Contracts and related interpretations. The new five-step model in the standard provides the recognition and measurement requirements of revenue. TFRS 15 is effective for periods beginning on and after 1 January 2018 and the Group does not expect that application of TFRS 15 will have significant impact on its consolidated financial statements.

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

(a) Business Combinations

Upon the resolution of the Board of Directors dated 3 November 2017, a share acquisition agreement was signed on 5 January 2018 concerning acquisition of 90% of the paid in capitals of Alanar Meyve and Alara Fidan by Tekfen Tarm. The transaction was approved by the Competition Authority on 8 February 2018 and following the ratification of the Competition Authority, the closing was held on 14 February 2018. Temporary Goodwill arising from business combinations has been recognized in accordance with TFRS in the condensed consolidated financial statements as of 30 September 2018 (Note 12).

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 129.067 (21.547.000 USD). Temporary Goodwill arising from business combination has been recognized in accordance with TFRS in the condensed consolidated financial statements as of 30 September 2018 (Note 12).

(b) Advances Received

The Group received cash advances on 19 January 2017 from Al Khor Expressway project that was signed with Ministry of Municipality and Environment of the State of Qatar on 13 October 2016. Balance of the advances is amounting to 1.052.714 (641.449.000 Qatari Riyal) and is recognized under deferred revenue account as of 30 September 2018 (31 December 2017: 1.196.275).

(c) Other

Tekfen İnşaat ve Tesisat A.Ş. (“Tekfen İnşaat”), a subsidiary of the Group, has signed an agreement with Saudi Arabian Oil Company for the construction works of the Haradh Gas Increment Program – Satellite Gas Compression Plants Pipelines, Saudi Arabia. The duration of the Project shall be 33 months and the value of the contract is approximately 3.354.218 (590.000.000 USD).

5. SIGNIFICANT CHANGES IN EQUITY

Gain on Revaluation and Reclassification:

The negative change of 8.686 in the fair values of the financial investments of the Group has been directly recognized in equity (30 September 2017: negative change of 3.626).

Legal Reserves:

In accordance with the resolutions taken during the Ordinary General Assemblies of Group companies as of 30 September 2018, 34.091 of legal reserves were transferred from retained earnings in the condensed consolidated financial statements as of 30 September 2018 (30 September 2017: 2.857).

Profit Distribution:

Upon the resolution of Ordinary General Assembly held on 29 March 2018, it is decided to distribute 0,63 TRY (2017: 0,31 TRY) gross cash dividends per share attributable to the operations of the year of 2017. Profit shares of 232.530 (2017: 113.546) and 16.163 (2017: 6.746) in the aggregate 248.693 (2017: 120.292) was distributed on 4 April 2018 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 positive change of 153.973 (30 September 2017: negative 29.158) in the fair values of the effective derivative instruments which the Group uses for cash flow hedging has been recognized in equity.

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6. SEGMENTAL REPORTING

a) Segmental results:

	1 January - 30 September 2018				
	Contracting	Agriculture	Real Estate	Other	Total
Revenue	6.091.019	2.155.539	81.495	30.418	8.358.471
Cost of revenue (-)	(5.482.114)	(1.586.489)	(67.447)	(5.024)	(7.141.074)
GROSS PROFIT	608.905	569.050	14.048	25.394	1.217.397
General administrative expenses (-)	(137.172)	(38.905)	(7.404)	(47.436)	(230.917)
Marketing expenses (-)	(1.968)	(150.423)	(6.054)	-	(158.445)
Research and development expenses (-)	(103)	(1.178)	-	-	(1.281)
Other operating income	130.854	340.110	204	8.223	479.391
Other operating expenses (-)	(130.879)	(686.592)	(6.496)	(10.912)	(834.879)
Share on profit (loss) of investments valued using equity method	21.494	435	(4)	-	21.925
OPERATING PROFIT (LOSS)	491.131	32.497	(5.706)	(24.731)	493.191
Investment income	-	262	34	8.072	8.368
Investment expense (-)	(651)	(91)	(761)	(168)	(1.671)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)	490.480	32.668	(6.433)	(16.827)	499.888
Financial income	72.725	428.285	6.065	586.401	1.093.476
Financial expenses (-)	(18.859)	(255.912)	(31.645)	(131.346)	(437.762)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	544.346	205.041	(32.013)	438.228	1.155.602
Tax (expense) income from continuing operations	(72.233)	(13.126)	6.562	(108.861)	(187.658)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	472.113	191.915	(25.451)	329.367	967.944

For the nine month interim period ended 30 September 2018, revenue amounting 3.389.943 was obtained from a non-related client of construction segment which constitute 40,6% of the Group’s revenue.

The Group has 101.919 of revenue and 81.140 of operating income from terminal operations classified as agricultural operation for the period of 1 January – 30 September 2018.

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6. SEGMENTAL REPORTING (cont’d)

a) Segmental results (cont’d):

	1 July - 30 September 2018				
	Contracting	Agriculture	Real Estate	Other	Total
Revenue	2.493.270	710.541	41.265	10.887	3.255.963
Cost of revenue (-)	(2.237.260)	(500.211)	(33.149)	(1.693)	(2.772.313)
GROSS PROFIT	256.010	210.330	8.116	9.194	483.650
General administrative expenses (-)	(62.368)	(8.300)	(2.871)	(16.886)	(90.425)
Marketing expenses (-)	(194)	(53.233)	(1.801)	-	(55.228)
Research and development expenses (-)	(33)	(480)	-	-	(513)
Other operating income	58.974	256.255	68	6.332	321.629
Other operating expenses (-)	(71.648)	(468.814)	(4.618)	(7.053)	(552.133)
Share on profit of investments valued using equity method	1.252	590	-	-	1.842
OPERATING PROFIT (LOSS)	181.993	(63.652)	(1.106)	(8.413)	108.822
Investment income	-	127	34	1.052	1.213
Investment expense (-)	(358)	(53)	(2)	(69)	(482)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)	181.635	(63.578)	(1.074)	(7.430)	109.553
Financial income	35.665	296.135	2.558	367.083	701.441
Financial expense (-)	(9.002)	(186.707)	(9.750)	(80.075)	(285.534)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	208.298	45.850	(8.266)	279.578	525.460
Tax (expense) income from continuing operations	(15.196)	750	1.860	(65.322)	(77.908)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	193.102	46.600	(6.406)	214.256	447.552

The Group has 33.678 of revenue and 34.148 of operating income from terminal operations classified as agricultural operation for the period of 1 July – 30 September 2018.

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6. SEGMENTAL REPORTING (cont’d)

a) Segmental results (cont’d):

	1 January - 30 September 2017				
	Contracting	Agriculture	Real Estate	Other	Total
Revenue	3.077.687	1.654.432	312.727	25.561	5.070.407
Cost of revenue (-)	(2.817.410)	(1.219.968)	(295.639)	(4.887)	(4.337.904)
GROSS PROFIT	260.277	434.464	17.088	20.674	732.503
General administrative expenses (-)	(81.459)	(26.737)	(6.094)	(33.202)	(147.492)
Marketing expenses (-)	(1.590)	(108.569)	(4.841)	-	(115.000)
Research and development expenses (-)	-	(1.299)	-	(108)	(1.407)
Other operating income	74.470	138.869	351	5.359	219.049
Other operating expenses (-)	(84.031)	(143.825)	(79)	(9.135)	(237.070)
Share on profit (loss) of investments valued using equity method	113.458	2.289	(2)	-	115.745
OPERATING PROFIT (LOSS)	281.125	295.192	6.423	(16.412)	566.328
Investment income	1.119	7.881	22	8.105	17.127
Investment expense (-)	-	(2)	-	(15)	(17)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)	282.244	303.071	6.445	(8.322)	583.438
Financial income	34.920	125.091	1.595	184.573	346.179
Financial expenses (-)	(22.069)	(127.433)	(8.589)	(144.734)	(302.825)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	295.095	300.729	(549)	31.517	626.792
Tax (expense) income from continuing operations	(72.326)	(22.491)	266	(16.137)	(110.688)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	222.769	278.238	(283)	15.380	516.104

For the nine month interim period ended 30 September 2017, revenue amounting 1.045.938 was obtained from a non-related client of construction segment which constitute 20,6% of the Group’s revenue.

The Group has 124.318 of revenue and 84.582 of operating income from terminal operations classified as agricultural operation for the period of 1 January – 30 September 2017.

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6. SEGMENTAL REPORTING (cont’d)

a) Segmental results (cont’d):

	1 July - 30 September 2017				
	Contracting	Agriculture	Real Estate	Other	Total
Revenue	1.127.491	498.789	91.099	8.731	1.726.110
Cost of revenue (-)	(1.022.012)	(374.928)	(94.007)	(1.496)	(1.492.443)
GROSS PROFIT (LOSS)	105.479	123.861	(2.908)	7.235	233.667
General administrative expenses (-)	(27.191)	(10.700)	(2.149)	(10.797)	(50.837)
Marketing expenses (-)	(684)	(29.675)	(1.920)	-	(32.279)
Research and development expenses (-)	-	(1.299)	-	(21)	(1.320)
Other operating income	14.636	30.623	175	641	46.075
Other operating expenses (-)	(28.440)	(45.042)	(71)	(2.095)	(75.648)
Share on profit of investments valued using equity method	12.481	785	-	-	13.266
OPERATING PROFIT (LOSS)	76.281	68.553	(6.873)	(5.037)	132.924
Investment income	74	212	22	333	641
Investment expense (-)	-	(1)	-	(2)	(3)
PROFIT BEFORE FINANCIAL INCOME (EXPENSE)	76.355	68.764	(6.851)	(4.706)	133.562
Financial income	13.627	27.885	362	50.923	92.797
Financial expense (-)	(7.074)	(24.446)	(8.144)	(30.763)	(70.427)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	82.908	72.203	(14.633)	15.454	155.932
Tax (expense) income from continuing operations	(19.999)	(1.690)	2.974	(6.249)	(24.964)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	62.909	70.513	(11.659)	9.205	130.968

The Group has 47.219 of revenue and 34.946 of operating income from terminal operations classified as agricultural operation for the period of 1 July – 30 September 2017.

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6. SEGMENTAL REPORTING (cont'd)

b) Segmental assets and liabilities:

Balance sheet	30 September 2018				
	Contracting	Agriculture	Real Estate	Other	Total
Total assets	7.183.853	3.552.897	437.215	1.673.950	12.847.915
Current and non-current liabilities	6.084.239	1.939.028	365.247	235.859	8.624.373
Equity attributable to owners of the parent	738.392	1.521.525	(30.850)	1.936.003	4.165.070
Non-controlling interests	49.110	9.349	-	13	58.472

Balance sheet	31 December 2017				
	Contracting	Agriculture	Real Estate	Other	Total
Total assets	5.025.575	2.774.958	377.906	1.188.311	9.366.750
Current and non-current liabilities	4.424.252	1.379.507	425.941	128.736	6.358.436
Equity attributable to owners of the parent	219.136	1.181.919	(1.196)	1.575.858	2.975.717
Non-controlling interests	32.337	241	-	19	32.597

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6. SEGMENTAL REPORTING (cont’d)

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

	1 January - 30 September 2018				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures	132.252	43.593	540	2.011	178.396
Depreciation and amortization expense for the period (*)	79.602	49.435	967	3.251	133.255
Intra-segment revenue	224.989	49.969	19	4.813	279.790
Inter-segment revenue	-	927	1.003	14.945	16.875
	1 July - 30 September 2018				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures	70.832	28.452	96	840	100.220
Depreciation and amortization expense for the period (*)	33.552	14.788	315	1.125	49.780
Intra-segment revenue	121.806	25.556	6	1.944	149.312
Inter-segment revenue	-	330	360	5.327	6.017
	1 January - 30 September 2017				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures	66.617	42.307	498	2.100	111.522
Depreciation and amortization expense for the period (*)	50.083	45.144	775	2.984	98.986
Intra-segment revenue	51.548	29.186	58	3.452	84.244
Inter-segment revenue	554	862	1.008	11.117	13.541
	1 July - 30 September 2017				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures	17.620	7.849	150	310	25.929
Depreciation and amortization expense for the period (*)	17.371	16.751	247	1.021	35.390
Intra-segment revenue	33.744	9.651	16	1.011	44.422
Inter-segment revenue	554	323	388	3.818	5.083

(*) Depreciation expense of 3.361 is added to the cost of inventory (30 September 2017: 507 deducted from the cost of inventory).

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6. SEGMENTAL REPORTING (cont’d)

d) Geographical segmental information is as follows:

	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 30 September 2018)	4.079.952	726.360	-	3.784.777	64.047	(296.665)	8.358.471
Total Assets (30 September 2018)	13.371.940	3.408.246	69.762	3.895.894	238.148	(8.136.075)	12.847.915
Capital Expenditures (1 January - 30 September 2018)	82.590	33.482	-	61.459	865	-	178.396
	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 July - 30 September 2018)	1.298.237	425.119	-	1.649.003	38.933	(155.329)	3.255.963
Capital Expenditures (1 July - 30 September 2018)	49.350	20.139	-	30.597	134	-	100.220
	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 30 September 2017)	3.388.631	614.985	-	1.145.067	19.509	(97.785)	5.070.407
Total Assets (31 December 2017)	9.821.715	2.768.683	45.340	2.461.092	116.552	(5.846.632)	9.366.750
Capital Expenditures (1 January - 30 September 2017)	82.086	9.403	-	19.954	79	-	111.522
	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 July - 30 September 2017)	1.138.368	167.160	-	456.738	13.349	(49.505)	1.726.110
Capital Expenditures (1 July - 30 September 2017)	13.832	3.888	-	8.200	9	-	25.929

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7. CASH AND CASH EQUIVALENTS

Time deposits with maturity of three months or less constitute the part of the cash and cash equivalents amounting to 4.306.609 (31 December 2017: 2.680.704). Demand deposits and other cash equivalents with maturity of three months or less constitute the rest of the cash and cash equivalents.

8. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

	30 September 2018	31 December 2017
Short-term trade receivables		
Receivables from Contracting group operations	1.006.796	1.402.427
Receivables from Agriculture group operations	302.586	190.873
Receivables from Real Estate group operations	28.016	15.770
Receivables from Other group operations	7.809	7.118
Provision for doubtful receivables (-)	(41.303)	(32.998)
Retention receivables (Note: 9)	394.556	283.764
Due from related parties	30.279	14.468
Other	10.016	8.592
	<u>1.738.755</u>	<u>1.890.014</u>
Long-term trade receivables		
Retention receivables (Note: 9)	162.178	64.374
Receivables from Real Estate group operations	16.115	12.211
	<u>178.293</u>	<u>76.585</u>

Postdated cheques amounting to 121.914 (31 December 2017: 126.185), notes receivables amounting to 43.124 (31 December 2017: 23.459), negative foreign currency differences amounting to 9.601 (31 December 2017: positive foreign currency differences amounting to 73) 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 2017: None).

Average maturity date for trade receivables varies between the segments. Average maturity date for Contracting group, for projects in abroad is 89 days (31 December 2017: 135 days), for domestic projects is 36 days (31 December 2017: 39 days), for Agriculture group is 43 days (31 December 2017: 43 days), for Real Estate group for short-term trade receivables are 157 days, long-term trade receivables are 816 days (31 December 2017: short-term trade receivables is 150 days, long-term trade receivables are 770 days) and for other segment is approximately 23 days (31 December 2017: 27 days).

As of 30 September 2018, receivables amounting 544.550 was obtained from a non-related client which constitute 29% of the Group's receivables (31 December 2017: 935.627, 48%).

As of 30 September 2018, 41.303 of provision for doubtful receivables was determined based on past uncollectible receivable cases encountered and future expectations (30 September 2017: 32.168).

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

	2018	2017
Provision as of 1 January	(32.998)	(30.850)
Effect of changes in accounting policies (Note 3)	(5.685)	-
Effect of business combinations	(410)	-
Charge for the period	(486)	(1.757)
Collected	421	808
Provision released	3.811	-
Write off of bad debt	6	6
Currency translation effect	(5.962)	(375)
Provision as of 30 September	<u>(41.303)</u>	<u>(32.168)</u>

Doubtful receivable charge for the period has been charged to general administrative expenses (2017: 992 and 765 of doubtful receivable expense has been charged to cost of revenue and general administrative expenses respectively).

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8. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Trade Payables:

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

	30 September 2018	31 December 2017
Short-term trade payables		
Payables from Contracting group operations	1.662.128	1.063.448
Payables from Agriculture group operations	1.398.696	836.921
Payables from Real Estate group operations	4.441	5.105
Payables from Other group operations	16.372	12.707
Due to related parties	6.915	6.128
Retention payables (Note: 9)	106.082	114.159
Other	203	161
	<u>3.194.837</u>	<u>2.038.629</u>
Long-term trade payables		
Payables from Agriculture group operations	53.519	60.869
Retention payables (Note: 9)	255.149	55.674
Payables from Contracting group operations	111	799
	<u>308.779</u>	<u>117.342</u>

Notes payables amounting to 5.799 (31 December 2017: None), and foreign currency differences amounting to 600.482 (31 December 2017: 218.219) are included in short and long-term trade payables. There are not any postdated cheques in the current period (31 December 2017: None).

For Agriculture Group, payables attributable to inventory supplied through imports constitute 97% (31 December 2017: 95%) of trade payables as at balance sheet date and average payable period for these import purchases is 136 days (31 December 2017: 172 days) whereas average payable period for domestic purchases is 30 days (31 December 2017: 30 days). For Contracting group, import purchases through letter of credit constitute 1% (31 December 2017: 3%) of trade payables as at balance sheet date. The average payable period for these import purchases is 80 days (31 December 2017: 87 days) whereas the average payable period for other purchases is 78 days (31 December 2017: 90 days). The average payable period for Real Estate group is 33 days (31 December 2017: 35 days). For the other operations of the Group, the average payable period is 62 days (31 December 2017: 61 days).

9. CONSTRUCTION CONTRACTS

	30 September 2018	31 December 2017
Cost incurred on ongoing contracts	24.263.069	16.125.698
Recognised gain less losses (net)	2.494.822	1.140.279
	<u>26.757.891</u>	<u>17.265.977</u>
Less: Billings to date (-)	(27.572.791)	(17.887.221)
	<u>(814.900)</u>	<u>(621.244)</u>

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9. CONSTRUCTION CONTRACTS (cont'd)

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

	30 September 2018	31 December 2017
Receivables from ongoing construction contracts	445.353	171.361
Payables to ongoing construction contracts	(1.260.253)	(792.605)
	<u>(814.900)</u>	<u>(621.244)</u>
	30 September 2018	31 December 2017
<u>Receivables from ongoing construction contracts</u>		
Contracts undersigned abroad	343.682	125.117
Contracts undersigned in Turkey	101.671	46.244
	<u>445.353</u>	<u>171.361</u>
<u>Payables to ongoing construction contracts</u>		
Contracts undersigned abroad	(1.150.954)	(503.887)
Contracts undersigned in Turkey	(109.299)	(288.718)
	<u>(1.260.253)</u>	<u>(792.605)</u>
	<u>(814.900)</u>	<u>(621.244)</u>

The Group has 587.501 of advances given to subcontractors and other suppliers for construction projects classified in short-term prepaid expenses (31 December 2017: 292.548). Also, the Group has 1.450.056 of advances received for contracting projects classified in deferred revenue (31 December 2017: 1.559.333).

As of 30 September 2018, the Group has 361.231 of retention payables to subcontractors (31 December 2017: 169.833). Also, the amount of retention receivables is 556.734 (31 December 2017: 348.138) (Note: 8).

10. INVENTORIES

	30 September 2018	31 December 2017
Raw materials	162.444	144.221
Work in progress	346.051	146.499
Finished goods	66.860	19.138
Trading goods	112.596	72.868
Goods in transit	86.020	30.800
Inventory from real estate projects	245.767	256.473
Inventory at construction sites	311.593	225.214
Other inventories	53.312	53.576
	<u>1.384.643</u>	<u>948.789</u>

For the nine month interim period ended 30 September 2018, borrowing costs added to inventory amount to 14.151 (31 December 2017: Borrowing costs deducted 4.886).

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 September 2017: None).

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11. INVESTMENTS VALUED BY EQUITY METHOD

Joint Ventures	Location of foundation and operation	30 September 2018		31 December 2017		Power to appoint	Industry
		Participation Rate	Amount	Participation Rate	Amount		
H-T Fidecilik	Turkey	50%	11.997	50%	11.543	50%	Agriculture
Azfen	Azerbaijan	40%	59.597	40%	94.227	40%	Construction
Black Sea Gübre	Turkey	30%	1.230	30%	1.092	30%	Fertilizer Trade
Florya Gayrimenkul	Turkey	50%	88.259	50%	87.648	50%	Real Estate
			<u>161.083</u>		<u>194.510</u>		

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

	2018	2017
Opening balance as of 1 January	194.510	118.445
Group’s share on profit	21.925	115.745
Group’s share on other comprehensive income	157	-
Dividends received	(90.678)	(97.750)
Capital increases	630	-
Currency translation effect	34.554	4.041
Profit eliminations	(15)	(1.552)
Closing balance as of 30 September	<u>161.083</u>	<u>138.929</u>

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

H-T Fidecilik	297	2.302
Azfen	21.494	113.458
Black Sea Gübre	138	(13)
Florya Gayrimenkul	(4)	(2)
Shares on profit of joint ventures consolidated by equity method	<u>21.925</u>	<u>115.745</u>

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

Information related to balance sheet:

30 September 2018	H-T Fidecilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Total
Cash and cash equivalents	248	206.785	3.625	48	210.706
Other current assets	57.652	369.121	723	58.623	486.119
Non-current assets	21.862	62.520	10	121.154	205.546
Total Assets	79.762	638.426	4.358	179.825	902.371
Short-term borrowings	32.058	-	-	-	32.058
Other short-term liabilities	21.375	477.875	242	833	500.325
Long-term borrowings	186	-	-	-	186
Other long-term liabilities	2.149	11.558	15	2.474	16.196
Total Liabilities	55.768	489.433	257	3.307	548.765
Net Assets	23.994	148.993	4.101	176.518	353.606
Group's Ownership Rate	50%	40%	30%	50%	
Group's Share on Net Assets	11.997	59.597	1.230	88.259	161.083
31 December 2017	H-T Fidecilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Total
Cash and cash equivalents	98	153.208	2.698	294	156.298
Other current assets	48.872	299.910	1.169	57.666	407.617
Non-current assets	22.279	52.435	12	120.396	195.122
Total Assets	71.249	505.553	3.879	178.356	759.037
Short-term borrowings	26.937	-	-	-	26.937
Other short-term liabilities	18.253	260.971	223	596	280.043
Long-term borrowings	835	-	-	-	835
Other long-term liabilities	2.139	9.014	17	2.465	13.635
Total Liabilities	48.164	269.985	240	3.061	321.450
Net Assets	23.085	235.568	3.639	175.295	437.587
Group's Ownership Rate	50%	40%	30%	50%	
Group's Share on Net Assets	11.543	94.227	1.092	87.648	194.510

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

Information related to statement of profit or loss:

<u>1 January - 30 September 2018</u>	<u>H-T Fidecilik</u>	<u>Azfen</u>	<u>Black Sea Gübre</u>	<u>Florya Gayrimenkul</u>	<u>Total</u>
Revenue	59.739	937.373	-	-	997.112
Depreciation and amortization expense	1.878	24.369	3	-	26.250
Operating profit (loss)	4.603	65.936	(929)	-	69.610
Financial income	1	1.253	1.874	1	3.129
Financial expense (-)	(3.979)	-	(334)	-	(4.313)
Tax expense (-)	(99)	(13.435)	(150)	(9)	(13.693)
Profit (Loss) for the Period	594	53.735	461	(7)	54.783
Group's Ownership Rate	50%	40%	30%	50%	
Group's Share on Profit (Loss) for the Period	297	21.494	138	(4)	21.925
<u>1 July - 30 September 2018</u>	<u>H-T Fidecilik</u>	<u>Azfen</u>	<u>Black Sea Gübre</u>	<u>Florya Gayrimenkul</u>	<u>Total</u>
Revenue	22.260	289.559	-	-	311.819
Depreciation and amortization expense	635	10.015	1	-	10.651
Operating profit (loss)	3.191	2.089	(350)	-	4.930
Financial income	1	481	1.241	-	1.723
Financial expense (-)	(2.083)	-	(293)	-	(2.376)
Tax (expense) income	(203)	563	(143)	-	217
Profit for the Period	906	3.131	455	-	4.492
Group's Ownership Rate	50%	40%	30%	50%	
Group's Share on Profit for the Period	453	1.252	137	-	1.842

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

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

<u>1 January - 30 September 2017</u>	<u>H-T Fidecilik</u>	<u>Azfen</u>	<u>Black Sea Gübre</u>	<u>Florya Gayrimenkul</u>	<u>Total</u>
Revenue	59.931	1.124.813	138.708	-	1.323.452
Depreciation and amortization expense	1.457	20.934	15	-	22.406
Operating profit	8.128	405.602	480	-	414.210
Financial income	-	597	4.091	4	4.692
Financial expense (-)	(2.265)	-	(4.616)	-	(6.881)
Tax (expense) income	(1.258)	(121.130)	3	(7)	(122.392)
Profit (Loss) for the Period	<u>4.603</u>	<u>283.644</u>	<u>(43)</u>	<u>(3)</u>	<u>288.201</u>
Group's Ownership Rate	50%	40%	30%	50%	
Group's Share on Profit (Loss) for the Period	<u>2.302</u>	<u>113.458</u>	<u>(13)</u>	<u>(2)</u>	<u>115.745</u>
<u>1 July - 30 September 2017</u>	<u>H-T Fidecilik</u>	<u>Azfen</u>	<u>Black Sea Gübre</u>	<u>Florya Gayrimenkul</u>	<u>Total</u>
Revenue	20.488	318.640	60.207	-	399.335
Depreciation and amortization expense	503	7.018	5	-	7.526
Operating profit	2.817	45.341	302	-	48.460
Financial income	-	484	2.534	2	3.020
Financial expense (-)	(938)	-	(2.670)	-	(3.608)
Tax (expense) income	(430)	(14.630)	39	-	(15.021)
Profit for the Period	<u>1.448</u>	<u>31.202</u>	<u>204</u>	<u>1</u>	<u>32.855</u>
Group's Ownership Rate	50%	40%	30%	50%	
Group's Share on Profit for the Period	<u>724</u>	<u>12.481</u>	<u>61</u>	<u>-</u>	<u>13.266</u>

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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
Cost Value			
Opening balance as of 1 January 2018	3.609.694	54.954	135.511
Currency translation effect	1.060.632	20.529	15.006
Additions	173.843	3.846	707
Acquired through business combination	65.174	170	-
Disposals	(4.136)	-	(2.680)
Transfers	1.575	261	(1.836)
Closing balance as of 30 September 2018	<u>4.906.782</u>	<u>79.760</u>	<u>146.708</u>
Accumulated Depreciation and Amortization			
Opening balance as of 1 January 2018	(2.012.385)	(34.718)	(31.645)
Currency translation effect	(752.324)	(16.215)	-
Charge for the period	(131.986)	(2.621)	(2.009)
Disposals	2.178	-	55
Transfers	(451)	-	451
Closing balance as of 30 September 2018	<u>(2.894.968)</u>	<u>(53.554)</u>	<u>(33.148)</u>
Carrying value as of 30 September 2018	<u><u>2.011.814</u></u>	<u><u>26.206</u></u>	<u><u>113.560</u></u>

	Property, Plant and Equipment	Other Intangible Assets	Investment Property
Cost Value			
Opening balance as of 1 January 2017	3.298.646	46.920	112.711
Currency translation effect	24.130	251	(48)
Additions	105.650	4.049	1.823
Disposals	(13.525)	(82)	-
Transfers	774	320	(1.094)
Closing balance as of 30 September 2017	<u>3.415.675</u>	<u>51.458</u>	<u>113.392</u>
Accumulated Depreciation and Amortization			
Opening balance as of 1 January 2017	(1.810.973)	(30.242)	(30.152)
Currency translation effect	(16.279)	(245)	-
Charge for the period	(94.611)	(1.811)	(2.057)
Disposals	13.060	82	-
Transfers	(298)	-	298
Closing balance as of 30 September 2017	<u>(1.909.101)</u>	<u>(32.216)</u>	<u>(31.911)</u>
Carrying value as of 30 September 2017	<u><u>1.506.574</u></u>	<u><u>19.242</u></u>	<u><u>81.481</u></u>

All of the fixed assets acquired through financial leasing included property, plant and equipment are amortized (30 September 2017: Carrying value 8.859). These property, plant and equipments consist of various prefabricated buildings, machinery, equipment and vehicles employed in construction sites. During the current period, there are not any property, plant and equipment purchases through financial lease (30 September 2017: None). For the period ended 30 September 2018, there are no additional borrowing costs capitalized in property, plant and equipments (30 September 2017: None).

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 September 2018 is 501.967 (30 September 2017: 469.709) 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.

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

(b) Goodwill

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

<u>Subsidiaries Acquired</u>	<u>Nature of Business</u>	<u>Date of Acquisition</u>	<u>Ratio of Shares Acquired</u>	<u>Acquisition price</u>	<u>Goodwill</u>
Alanar Meyve	Agricultural Manufacturing	14 February 2018	90%	44.599	45.151
Alara Fidan	Agricultural Manufacturing	14 February 2018	90%	525	3.083
Gate	Construction	25 July 2018	50%	129.067	90.974
				174.191	139.208

Breakdown of the acquisition price is as follows:

	<u>Alanar Meyve</u>	<u>Alara Fidan</u>	<u>Gate</u>	<u>Total</u>
Paid in cash	32.111	378	129.067	161.556
Acquisition liability	12.488	147	-	12.635
Acquisition price	44.599	525	129.067	174.191

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

	<u>Alanar Meyve</u>	<u>Alara Fidan</u>	<u>Gate</u>	<u>Total</u>
Current assets	14.437	4.884	245.236	264.557
Cash and cash equivalents	395	273	13.088	13.756
Other current assets	14.042	4.611	232.148	250.801
Non-current assets	37.350	4.606	160.814	202.770
Tangible and intangible assets	31.950	3.887	76.816	112.653
Other non-current assets	5.400	719	83.998	90.117
Current liabilities	42.059	12.254	325.958	380.271
Non-current liabilities	10.342	78	3.905	14.325
Net assets	(614)	(2.842)	76.187	72.731

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

(b) Goodwill (cont’d)

As a result of the acquisitions, the Group obtained control of Alanar Meyve, Alara Fidan and Gate so that goodwill arisen. 10% of non-controlling interests in Alanar Meyve and Alara Fidan are measured at the proportionate share of the acquiree's identifiable net assets. The temporary goodwill arising from the acquisitions is as follows:

	<u>Alanar Meyve</u>	<u>Alara Fidan</u>	<u>Gate</u>	<u>Total</u>
Acquisition price	44.599	525	129.067	174.191
Non-controlling interest	(62)	(284)	-	(346)
Fair value of previously-held interest in the acquired company	-	-	38.094	38.094
Less: Fair value of net assets of the acquired company	614	2.842	(76.187)	(72.731)
Goodwill	<u>45.151</u>	<u>3.083</u>	<u>90.974</u>	<u>139.208</u>

Net cash outflow concerning the acquisition is as follows:

	<u>Alanar Meyve</u>	<u>Alara Fidan</u>	<u>Gate</u>	<u>Total</u>
Paid in cash	32.111	378	129.067	161.556
Less: Cash and cash equivalents of the acquired company	(395)	(273)	(6.544)	(7.212)
	<u>31.716</u>	<u>105</u>	<u>122.523</u>	<u>154.344</u>

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13. SHORT AND LONG-TERM BORROWINGS

The Company's bank loans are reclassified as long-term whose maturities passed 30 September 2019 according to their opening dates. Annual weighted average interest rate of the existing short-term loans is 4,93% for US Dollars, 0,99% for EUR and 16,25% for TL (31 December 2017: 4,41% for US Dollars, 1,17% for EUR and 14,49% for TL). There is not any long-term loan in terms of US Dollars, weighted average interest rate of the existing long-term loans is 2,64% for EUR and 17,15% for TL (31 December 2017: USD None, EUR 2,66%, TL 16,36%).

The subsidiary of the Company, Toros Tarm, 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 Tarm fulfilled the financial performance criterias obliged due to the agreement as of 30 September 2018. As of 30 September 2018, remaining balance of the loans used from Unicredit Bank Austria AG and Deutsche Bank AG after principle payments is 154.621 (22.246 Thousand EUR) and 174.944 (25.170 Thousand EUR) respectively. Principle payments made to the loans from Unicredit Bank Austria AG an Deutsche Bank AG for the year ended 30 September 2018 is 77.310 (11.123 Thousand EUR) and 87.472 (12.585 Thousand EUR) respectively.

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	30 September 2018	31 December 2017
Short-term provisions	283.603	178.067
Long-term provisions	87.413	57.996
Total provisions	<u>371.016</u>	<u>236.063</u>
Employment termination benefits provision	99.436	76.735
Unused vacation pay liability provision	39.286	25.268
Premium provision	16.478	21.534
Total provisions attributable to employee benefits	<u>155.200</u>	<u>123.537</u>
Provision for litigation	15.667	17.873
Other liability provisions	200.149	94.653
Other provisions	<u>215.816</u>	<u>112.526</u>
Total provisions	<u>371.016</u>	<u>236.063</u>

	Employment Termination Benefits Provision	Unused Vacation Pay Liability Provision	Premium Provision	Total Provisions Attributable to Employee Benefits
Opening balance as of 1 January 2018	76.735	25.268	21.534	123.537
Effect of business combinations	1.721	818	-	2.539
Currency translation effect	17.009	9.107	5.268	31.384
Charge for the period	30.393	13.905	15.925	60.223
Interest expense	1.539	-	-	1.539
Provision paid during the period	(25.223)	(8.988)	(26.249)	(60.460)
Provision released	(239)	(824)	-	(1.063)
Actuarial gain	(2.499)	-	-	(2.499)
Closing balance as of 30 September 2018	<u>99.436</u>	<u>39.286</u>	<u>16.478</u>	<u>155.200</u>
Opening balance as of 1 January 2017	80.537	18.453	13.969	112.959
Currency translation effect	1.067	65	102	1.234
Charge for the period	29.451	16.805	13.013	59.269
Interest expense	1.544	-	-	1.544
Provision paid during the period	(37.040)	(11.565)	(19.188)	(67.793)
Provision released	-	(498)	-	(498)
Actuarial loss	3.393	-	-	3.393
Closing balance as of 30 September 2017	<u>78.952</u>	<u>23.260</u>	<u>7.896</u>	<u>110.108</u>

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

The amount payable to employee calculated by one month salary is limited to a maximum 5.434,42 TL (31 December 2017: 5.001,76 TL) as of 30 September 2018.

	Provision for Litigation	Other Liability Provisions	Total Other Provisions
Opening balance as of 1 January 2018	17.873	94.653	112.526
Effect of business combinations	180	-	180
Currency translation effect	1.806	66.180	67.986
Charge for the period	1.807	47.027	48.834
Provision paid during the period	(1.068)	-	(1.068)
Provision released	(4.931)	(7.711)	(12.642)
Closing balance as of 30 September 2018	<u>15.667</u>	<u>200.149</u>	<u>215.816</u>
Opening balance as of 1 January 2017	9.998	113	10.111
Currency translation effect	34	(197)	(163)
Charge for the period	638	17.057	17.695
Provision paid during the period	(765)	(18)	(783)
Provision released	(40)	-	(40)
Closing balance as of 30 September 2017	<u>9.865</u>	<u>16.955</u>	<u>26.820</u>

Litigations:

As of 30 September 2018, except Libya counterclaim, lawsuit filed against the Group is totally 208.160 (31 December 2017: 138.468) and it has been decided to accrue 15.667 (31 December 2017: 17.873) 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

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

The Group resolved to proceed with an International Arbitration claim for recovery of project-related rights, receivables and assets in Libya. In line with this decision, on 16 June 2015, a plea of commercial arbitration was placed with the International Court of Arbitration of the International Chamber of Commerce (ICC) against the contracting management for the project, Libyan Man-Made River Authority (MMRA), and Libyan State via offering “Request for Arbitration”.

Besides, an additional plea of commercial arbitration was placed with ICC against Libyan State in the context of Treaty on Bilateral Investment Protection signed between Libyan and Turkish States. MMRA initiated a counterclaim against Tekfen TML J.V. with ICC.

Based on the legal advice of lawyers, no significant risks is foreseen regarding of lawsuit filed against the Group. Letters of guarantees given related to Libya project to various institutions amount to 1.049.

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15. COMMITMENTS

The guarantee, pledge and mortgage ("GPM") position tables of the Group as of 30 September 2018 and 31 December 2017 are as follows:

30 September 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	18.184.749	2.225.311	44.311	4.546.709
-Guarantee	18.164.097	2.225.311	44.311	4.526.057
-Pledge	-	-	-	-
-Mortgage	20.652	-	-	20.652
C. GPM given in order to guarantee third parties' debts for the routine trade operations	81.933	-	-	81.933
-Guarantee	81.933	-	-	81.933
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total amounts of other GPM given	-	-	-	-
i. Total amount of GPM given on behalf of parent company	-	-	-	-
ii. Total amount of GPM given on behalf of other group companies that are not included group B and C	-	-	-	-
iii. Total amount of GPM given on behalf of third parties that are not included group C	-	-	-	-
Total as of 30 September 2018	18.266.682	2.225.311	44.311	4.628.642
31 December 2017				
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	10.299.998	1.856.593	35.538	3.136.644
-Guarantee	10.295.498	1.856.593	35.538	3.132.144
-Pledge	-	-	-	-
-Mortgage	4.500	-	-	4.500
C. GPM given in order to guarantee third parties' debts for the routine trade operations	113.681	-	-	113.681
-Guarantee	113.681	-	-	113.681
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total amounts of other GPM given	-	-	-	-
i. Total amount of GPM given on behalf of parent company	-	-	-	-
ii. Total amount of GPM given on behalf of other group companies that are not included group B and C	-	-	-	-
iii. Total amount of GPM given on behalf of third parties that are not included group C	-	-	-	-
Total as of 31 December 2017	10.413.679	1.856.593	35.538	3.250.325

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

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16. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Transactions with related parties are distinct and measurable.

17. EQUITY

Capital / Capital Structure Adjustment

The capital structure as of 30 September 2018 and 31 December 2017 is as follows:

Shareholders	(%)	30 September 2018	(%)	31 December 2017
Berker family	22,55%	83.422	22,28%	82.422
Gökyiğit family	22,28%	82.433	22,78%	84.272
Akçağlılar family	6,65%	24.611	6,65%	24.611
Other (*)	1,54%	5.683	1,48%	5.480
Publicly traded	46,98%	173.851	46,81%	173.215
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 September 2018	1 July- 30 September 2018	1 January - 30 September 2017	1 July- 30 September 2017
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)	967.992	448.043	516.396	130.814
Earnings per share from continuing operations (TL)	2,616	1,211	1,396	0,354

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19. OTHER OPERATING INCOME AND EXPENSES

	1 January- 30 September 2018	1 July- 30 September 2018	1 January - 30 September 2017	1 July- 30 September 2017
Other operating income				
Foreign exchange income from operations	306.830	215.968	177.225	37.571
Hedging income (Note: 21)	102.800	87.415	1.470	1.470
Due date difference income	29.433	8.152	21.296	7.203
Discount income	22.536	3.003	1.836	(5.590)
Rental income	3.982	1.587	3.193	1.056
Social security premium refund income	2.311	963	1.950	443
Government grants and incentives income	2.104	2.104	2.303	139
Reversal of litigation provision (Note: 14)	1.378	85	40	(1)
Scrap sales income	815	191	723	137
Other income	7.202	2.161	9.013	3.647
	<u>479.391</u>	<u>321.629</u>	<u>219.049</u>	<u>46.075</u>
	1 January- 30 September 2018	1 July- 30 September 2018	1 January - 30 September 2017	1 July- 30 September 2017
Other operating expenses (-)				
Foreign exchange losses from operations	(775.951)	(530.283)	(196.283)	(56.170)
Due date difference expenses	(18.794)	(10.345)	(10.089)	(362)
Discount expenses	(11.353)	(3.631)	(3.980)	(1.715)
Hedging expenses (Note: 21)	(11.190)	-	(12.681)	(12.681)
Litigation provision (Note: 14)	(1.807)	(63)	(638)	(194)
Grants and contributions	(1.347)	(331)	(2.333)	(1.432)
Other expenses	(14.437)	(7.480)	(11.066)	(3.094)
	<u>(834.879)</u>	<u>(552.133)</u>	<u>(237.070)</u>	<u>(75.648)</u>

20. FINANCIAL INCOME AND FINANCIAL EXPENSES

	1 January- 30 September 2018	1 July- 30 September 2018	1 January - 30 September 2017	1 July- 30 September 2017
Financial income				
Foreign exchange gains	952.489	637.535	263.840	62.795
Interest income	120.387	51.456	80.020	27.683
Currency translation reserve gains	20.600	12.450	2.319	2.319
	<u>1.093.476</u>	<u>701.441</u>	<u>346.179</u>	<u>92.797</u>
	1 January- 30 September 2018	1 July- 30 September 2018	1 January - 30 September 2017	1 July- 30 September 2017
Financial expenses (-)				
Foreign exchange losses	(368.574)	(261.816)	(258.691)	(51.061)
Interest expenses	(74.826)	(26.169)	(52.818)	(16.865)
Other financial expenses	(5.738)	36	(9.615)	(5.603)
Currency translation reserve losses	(2.775)	(2.396)	(2.289)	(24)
Less: Financial expenses included in costs of inventories	14.151	4.811	20.588	3.126
	<u>(437.762)</u>	<u>(285.534)</u>	<u>(302.825)</u>	<u>(70.427)</u>

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21. DERIVATIVE INSTRUMENTS

	30 September 2018		31 December 2017	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	194.351	-	6.460	9.547
Current	194.351	-	6.460	9.547
Non-current	-	-	-	-
	<u>194.351</u>	<u>-</u>	<u>6.460</u>	<u>9.547</u>

Currency derivatives:

The subsidiary of the Company, Toros Tarm utilizes currency derivatives to hedge significant future transactions and cash flows. Toros Tarm 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 Tarm’s principal markets.

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

	30 September 2018	31 December 2017
Forward foreign exchange contracts	604.089	399.347
	<u>604.089</u>	<u>399.347</u>

As of 30 September 2018, the fair value of the Toros Tarm’s currency derivatives is estimated to be 194.351 (31 December 2017: assets 6.460, liabilities 9.547, negative 3.087). 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 2017: Level 2). There have been no changes in the purpose or use of derivative instruments.

The fair value of currency derivatives that are designated and effective as cash flow hedges amounting to positive 151.565 has been deferred in equity (31 December 2017: negative 2.408). There are no ineffective cash flow hedges for the period (30 September 2017: Expenses amounting to 638 of ineffective part have been recognized in profit or loss). Gains amounting to 102.800 and expenses amounting to 11.190 concerning matured derivative contracts during the period have been recognized in profit or loss (30 September 2017: Gains amounting to 1.470 and expenses amounting to 12.043 concerning matured derivative contracts during the period have been recognized in profit or loss).

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22. FOREIGN CURRENCY POSITION

30 September 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	326.469	12.802	13.334	718	151.498
2. Monetary Financial Assets	2.060.141	256.609	72.231	12	20.867
3. Other	36.599	1.133	1.455	48	19.324
4. CURRENT ASSETS	2.423.209	270.544	87.020	778	191.689
5. Trade Receivables	911	-	-	-	911
6. Monetary Financial Assets	551	-	-	-	551
7. Other	373	10	45	-	-
8. NON-CURRENT ASSETS	1.835	10	45	-	1.462
9. TOTAL ASSETS	2.425.044	270.554	87.065	778	193.151
10. Trade Payables	1.859.464	219.180	20.779	12	402.014
11. Financial Liabilities	169.790	264	24.201	-	-
12. Monetary Other Liabilities	220.832	749	5.161	-	180.474
12b. Non-Monetary Other Liabilities	6.637	454	476	78	-
13. CURRENT LIABILITIES	2.256.723	220.647	50.617	90	582.488
14. Trade Payables	12.776	-	410	-	9.926
15. Financial Liabilities	166.805	-	23.999	-	-
16. Monetary Other Liabilities	31.875	908	4	-	26.408
17. NON-CURRENT LIABILITIES	211.456	908	24.413	-	36.334
18. TOTAL LIABILITIES	2.468.179	221.555	75.030	90	618.822
19. Net Position of Off-balance Sheet Derivative Instruments (19a-19b)	757.826	126.511	-	-	-
19a. Derivative Assets	757.826	126.511	-	-	-
19b. Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Assets / Liabilities Position	714.691	175.510	12.035	688	(425.671)
21. Monetary Items Net Foreign Currency Assets / Liabilities position (1+2+5+6-10-11-12-14-15-16)	(73.470)	48.310	11.011	718	(444.995)
22. Fair Value of Derivative Instruments Held for Hedging	194.351	32.445	-	-	-

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22. FOREIGN CURRENCY POSITION (cont’d)

31 December 2017	Equivalent of Thousands of TL	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalent of Thousands of TL)
1. Trade Receivables	126.011	6.761	1.959	-	91.663
2. Monetary Financial Assets	1.509.366	305.339	72.420	17	30.559
3. Other	33.469	1.278	1.555	27	21.490
4. CURRENT ASSETS	1.668.846	313.378	75.934	44	143.712
5. Trade Receivables	198	-	-	-	198
6. Monetary Financial Assets	532	-	-	-	532
7. Other	9.556	10	2.108	-	-
8. NON-CURRENT ASSETS	10.286	10	2.108	-	730
9. TOTAL ASSETS	1.679.132	313.388	78.042	44	144.442
10. Trade Payables	1.303.355	214.597	25.658	69	377.707
11. Financial Liabilities	109.062	98	24.071	-	-
12. Monetary Other Liabilities	143.355	93	2.626	-	131.147
12b. Non-Monetary Other Liabilities	4.400	1.157	8	-	-
13. CURRENT LIABILITIES	1.560.172	215.945	52.363	69	508.854
14. Trade Payables	3.695	-	39	-	3.519
15. Financial Liabilities	214.107	-	47.416	-	-
16. Monetary Other Liabilities	25.710	995	4	-	21.939
17. NON-CURRENT LIABILITIES	243.512	995	47.459	-	25.458
18. TOTAL LIABILITIES	1.803.684	216.940	99.822	69	534.312
19. Net Position of Off-balance Sheet Derivative Instruments (19a-19b)	382.452	101.395	-	-	-
19a. Derivative Assets	382.452	101.395	-	-	-
19b. Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Assets / Liabilities Position	257.900	197.843	(21.780)	(25)	(389.870)
21. Monetary Items Net Foreign Currency Assets / Liabilities position (1+2+5+6-10-11-12-14-15-16)	(163.177)	96.317	(25.435)	(52)	(411.360)
22. Fair Value of Derivative Instruments Held for Hedging	(3.087)	(818)	-	-	-

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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 nine month interim period end for a 5% change in foreign currency rates. Positive number indicates an increase in profit or loss.

	30 September 2018	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars changes 5% against TL	
US Dollars net assets / liabilities	52.567	(52.567)
	If Euro changes 5% against TL	
Euro net assets / liabilities	4.182	(4.182)
	If other foreign currencies changes 5% against TL	
Other foreign currency assets / liabilities	(21.014)	21.014
TOTAL	35.735	(35.735)
	31 December 2017	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars change 5% against TL	
US Dollars net assets / liabilities	37.312	(37.312)
	If Euro changes 5% against TL	
Euro net assets / liabilities	(4.917)	4.917
	If other foreign currencies change 5% against TL	
Other foreign currency net assets / liabilities	(19.500)	19.500
TOTAL	12.895	(12.895)

23. SUBSEQUENT EVENTS

953.849 (0,26 %) shares at 1 TRY par value of publicly traded shares are sold by founding shareholder families in the subsequent period.

As of reporting date, there is negative change of 7.437 in the fair value of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş., the Company's financial investment, whose shares are publicly traded.