

**TEKFEN HOLDİNG ANONİM ŐİRKETİ
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTH
INTERIM PERIOD
ENDED 30 SEPTEMBER 2016

(Translated into English from the report
originally issued Turkish)

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2016

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

ASSETS	Notes	Unreviewed 30 September 2016	Audited 31 December 2015
Current Assets		3.830.342	3.713.282
Cash and cash equivalents	7	1.181.906	1.032.202
Trade receivables	8	769.124	959.646
- <i>Related party receivables</i>		23.479	25.440
- <i>Trade receivables</i>		745.645	934.206
Other receivables		127.069	5.707
- <i>Related party receivables</i>	16	65.531	2.944
- <i>Other receivables</i>	4(c)	61.538	2.763
Receivables from ongoing construction contracts	10	492.208	451.340
Inventories	9	846.879	891.446
Prepaid expenses		82.732	62.672
- <i>Prepaid expenses</i>		82.732	62.672
Assets related with current tax		30.539	43.658
Other current assets		278.022	242.760
- <i>Other current assets</i>		278.022	242.760
		3.808.479	3.689.431
Assets classified as held for sale		21.863	23.851
Non Current Assets		1.939.239	1.912.773
Financial investments		74.236	70.770
Trade receivables	8	146.092	128.607
- <i>Trade receivables</i>		146.092	128.607
Other receivables		3.754	2.957
- <i>Other receivables</i>		3.754	2.957
Investments valued by equity method	11	96.972	147.848
Investment property	12	124.291	88.830
Property, plant and equipment	12	1.399.513	1.379.244
Intangible assets	12	14.719	14.604
Prepaid expenses		7.382	11.273
- <i>Prepaid expenses</i>		7.382	11.273
Deferred tax assets		41.692	41.814
Other non current assets		30.588	26.826
- <i>Other non current assets</i>		30.588	26.826
TOTAL ASSETS		5.769.581	5.626.055

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 BALANCE SHEET AS AT 30 SEPTEMBER 2016

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

LIABILITIES	Notes	Unreviewed 30 September 2016	Audited 31 December 2015
Current Liabilities		3.183.518	2.889.548
Short term financial debts	13	761.057	615.133
Short term portion of long term financial debts		79.124	327.707
Trade payables	8	1.183.715	1.211.747
- Related party payables		2.170	490
- Trade payables		1.181.545	1.211.257
Employee benefit payables		51.799	36.496
Other payables		28.881	25.363
- Other payables		28.881	25.363
Ongoing construction progress payments	10	341.889	162.300
Deferred revenue	4(b)	652.562	361.164
- Deferred revenue		652.562	361.164
Current tax liability		25.288	48.486
Short term provisions	14	53.072	97.687
- Short term provisions attributable to employee benefits		29.760	32.411
- Other short term provisions		23.312	65.276
Other short term liabilities		6.131	3.465
- Other short term liabilities		6.131	3.465
Non Current Liabilities		367.750	651.372
Long term financial debts	13	227.740	272.070
Trade payables	8	5.824	2.269
- Trade payables		5.824	2.269
Other payables		32.795	18.385
- Other payables		32.795	18.385
Government incentives and grants		1.194	1.093
Deferred revenue	4(b)	-	247.921
- Deferred revenue		-	247.921
Long term provisions	14	79.992	61.052
- Long term provisions attributable to employee benefits		79.913	60.977
- Other long term provisions		79	75
Deferred tax liabilities		20.205	48.582
TOTAL LIABILITIES		3.551.268	3.540.920
TOTAL EQUITY		2.218.313	2.085.135
Equity Attributable To Owners Of The Parent	5, 17	2.192.167	2.057.358
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		214	(376)
- Gain (loss) on revaluation and remeasurement		214	(376)
Accumulated other comprehensive income (loss) that will be reclassified to profit or loss		162.394	160.229
- Currency translation reserve		107.111	108.234
- Gain on revaluation and reclassification		55.283	51.995
Legal reserves		194.145	176.413
Prior years' income		950.983	861.167
Net profit for the period		209.972	185.466
Non-controlling Interests		26.146	27.777
TOTAL EQUITY AND LIABILITIES		5.769.581	5.626.055

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

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2016

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

	Notes	Unreviewed 1 January - 30 September 2016	Unreviewed 1 July - 30 September 2016	Unreviewed 1 January - 30 September 2015	Unreviewed 1 July - 30 September 2015
Revenue		3.413.893	975.604	2.846.635	806.453
Cost of revenue (-)		(2.968.533)	(903.239)	(2.524.509)	(696.783)
GROSS PROFIT		445.360	72.365	322.126	109.670
General administrative expenses (-)		(127.932)	(36.459)	(100.843)	(31.274)
Marketing expenses (-)		(90.421)	(23.729)	(90.666)	(22.550)
Research and development expenses (-)		(1.227)	(327)	-	-
Other operating income	19	208.203	50.121	179.311	54.858
Other operating expenses (-)	19	(219.365)	(67.930)	(279.786)	(108.632)
Share on profit (loss) of investments valued using equity method	11	37.754	8.416	39.885	10.466
OPERATING PROFIT		252.372	2.457	70.027	12.538
Investment income		11.699	(168)	14.443	1.045
Investment expense (-)		(131)	(123)	(1.286)	(464)
PROFIT BEFORE FINANCIAL INCOME (EXPENSE)		263.940	2.166	83.184	13.119
Financial income	20	152.602	58.737	205.423	88.971
Financial expense (-)	20	(125.311)	(42.697)	(73.633)	(32.224)
PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION		291.231	18.206	214.974	69.866
Tax expense from continuing operations		(76.943)	(28.103)	(56.746)	(26.878)
Tax expense for the period (-)		(105.750)	(28.335)	(50.644)	(21.031)
Deferred tax (expense) income		28.807	232	(6.102)	(5.847)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD		214.288	(9.897)	158.228	42.988
Distribution of Profit (Loss) For The Period					
Non-controlling interests		4.316	1.615	4.425	2.288
Owners of the parent		209.972	(11.512)	153.803	40.700
Earnings (Loss) Per Share	18	0,567	(0,031)	0,416	0,110

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2016

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

	Unreviewed 1 January - 30 September 2016	Unreviewed 1 July - 30 September 2016	Unreviewed 1 January - 30 September 2015	Unreviewed 1 July - 30 September 2015
PROFIT (LOSS) FOR THE PERIOD	214.288	(9.897)	158.228	42.988
OTHER COMPREHENSIVE INCOME (EXPENSE):				
<u>Items that will not be reclassified to profit or loss</u>	590	889	1.134	920
Gain on revaluation of defined retirement benefit plans	738	1.112	1.418	1.150
Taxes based on other comprehensive income that will not be reclassified to profit or loss	(148)	(223)	(284)	(230)
<i>Deferred tax (expense)</i>	<i>(148)</i>	<i>(223)</i>	<i>(284)</i>	<i>(230)</i>
<u>Items that will be reclassified to profit or loss</u>	(3.710)	1.154	(552)	15.542
Currency translation reserve differences	(6.998)	(2.130)	(3.174)	18.254
Gain (loss) on revaluation of available for sale financial assets	3.461	3.457	2.760	(2.855)
Taxes based on other comprehensive income that will be reclassified to profit or loss	(173)	(173)	(138)	143
<i>Deferred tax (expense) income</i>	<i>(173)</i>	<i>(173)</i>	<i>(138)</i>	<i>143</i>
OTHER COMPREHENSIVE INCOME (EXPENSE)	(3.120)	2.043	582	16.462
TOTAL COMPREHENSIVE INCOME (EXPENSE)	211.168	(7.854)	158.810	59.450
Distribution of Total Comprehensive Income (Loss) For The Period				
Non-controlling interests	(1.559)	1.272	2.108	4.543
Owners of the parent	212.727	(9.126)	156.702	54.907

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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 2016

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

	Paid in capital	Capital structure adjustment	Premiums in capital stock	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	
				Gain (loss) on revaluation and remeasurement	Currency translation reserve	Gain on revaluation and reclassification	Legal reserves	Prior years' income				Net profit for the period
Opening balance as of 1 January 2015	370.000	3.475	300.984	(658)	163.474	50.060	140.185	875.736	55.909	1.959.165	36.899	1.996.064
Transfers	-	-	-	-	-	-	36.228	19.681	(55.909)	-	-	-
Total comprehensive income (loss)	-	-	-	1.134	(857)	2.622	-	-	153.803	156.702	2.108	158.810
- Profit for the period	-	-	-	-	-	-	-	-	153.803	153.803	4.425	158.228
- Other comprehensive income (loss)	-	-	-	1.134	(857)	2.622	-	-	-	2.899	(2.317)	582
Dividends	-	-	-	-	-	-	-	(41.049)	-	(41.049)	-	(41.049)
Other changes	-	-	-	-	-	-	-	6.255	-	6.255	-	6.255
Closing balance as of 30 September 2015	370.000	3.475	300.984	476	162.617	52.682	176.413	860.623	153.803	2.081.073	39.007	2.120.080
Opening balance as of 1 January 2016	370.000	3.475	300.984	(376)	108.234	51.995	176.413	861.167	185.466	2.057.358	27.777	2.085.135
Transfers	-	-	-	-	-	-	17.732	167.734	(185.466)	-	-	-
Total comprehensive income (loss)	-	-	-	590	(1.123)	3.288	-	-	209.972	212.727	(1.559)	211.168
- Profit for the period	-	-	-	-	-	-	-	-	209.972	209.972	4.316	214.288
- Other comprehensive income (loss)	-	-	-	590	(1.123)	3.288	-	-	-	2.755	(5.875)	(3.120)
Dividends	-	-	-	-	-	-	-	(63.666)	-	(63.666)	-	(63.666)
Increase (decrease) related to changes in the proportion of shares that don't lead to loss of control of subsidiaries	-	-	-	-	-	-	-	45	-	45	(72)	(27)
Other changes	-	-	-	-	-	-	-	(14.297)	-	(14.297)	-	(14.297)
Closing balance as of 30 September 2016	370.000	3.475	300.984	214	107.111	55.283	194.145	950.983	209.972	2.192.167	26.146	2.218.313

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2016

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

	Notes	Unreviewed 1 January - 30 September 2016	Unreviewed 1 January - 30 September 2015
A. CASH FLOWS FROM OPERATING ACTIVITIES			
		439.992	145.760
Profit for The Period		214.288	158.228
Adjustments to Reconcile Net Profit		149.089	39.129
- Depreciation and amortization	12	85.025	76.872
- Impairment (reversed) provision	9	-	(1.039)
- Provision adjustments	8, 14	61.872	7.943
- Dividend (income)		(8.973)	(7.924)
- Interest (income) and expense	20	(25.428)	(48.349)
- Loss (gain) on fair valuation		2	1
- Group's share on profit of investments in associates accounted by equity method	11	(37.754)	(39.885)
- Allowance for taxation		76.943	56.746
- Loss (gain) on sale of fixed assets	12	(1.924)	(5.236)
- Adjustments for other items causing cash flows from investment or financing activities		(674)	-
Movements in Working Capital		264.230	(11.427)
- Changes in trade receivables	8	142.647	(407.800)
- Changes in other assets		(116.290)	(2.502)
- Changes in receivables from ongoing construction contracts	10	(40.868)	(210.154)
- Changes in inventories	9	58.451	(131.412)
- Changes in trade payables	8	(24.477)	298.353
- Changes in ongoing construction progress payments	10	179.589	155.266
- Changes in other liabilities		65.178	245.411
- Other changes in working capital		-	41.411
Cash Generated by Operating Activities		627.607	185.930
Interest paid		(35.564)	(19.792)
Interest received		50.786	66.282
Provision paid related to employee benefits	14	(30.570)	(48.165)
Other provision paid	14	(56.438)	(4.266)
Tax return (paid)		(115.829)	(34.229)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
		(75.317)	(168.682)
Cash flows from sales which result in the loss of control of subsidiaries		2.638	-
Acquisition of non-controlling interests' shares		(35)	-
Proceeds from sale of tangible and intangible assets	12	2.938	8.359
Acquisition of tangible and intangible assets	12	(98.461)	(195.814)
Acquisition of investment properties	12	(37.647)	(1.403)
Cash advances and debts given		1.525	1.300
Dividends received		53.725	18.876
C. CASH FLOWS FROM FINANCING ACTIVITIES			
		(249.492)	(15.115)
Proceeds from borrowings		704.475	870.297
Repayments of borrowings		(883.972)	(822.916)
Payments of financial lease obligations		(6.329)	(21.447)
Dividend paid	5	(63.666)	(41.049)
CHANGE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION RESERVE EFFECT			
		115.183	(38.037)
D. CURRENCY TRANSLATION RESERVE EFFECT ON CASH AND CASH EQUIVALENTS			
		34.521	145.725
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)			
		149.704	107.688
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD			
		1.032.202	1.047.449
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)			
		1.181.906	1.155.137

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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 2016

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

As of 30 September 2016, the Group has 13.682 employees (31 December 2015: 13.234) 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 operations as of 30 September 2016:

Tekfen Emlak Geliştirme Yatırım ve Ticaret A.Ş.(Tekfen Emlak), a subsidiary of the Company, has acquired the whole shares of Topkapı Vitaminli Yem Sanayii Anonim Şirketi (Topkapı A.Ş.), whose fair value is 35.878, with a consideration of 35.736 on 5 April 2016.

All shares of Papfen Limited Liability Company, a subsidiary of the Group, whose net assets had been classified to the account of "Assets classified as held for sale" in the consolidated financial statements as of 31 December 2015 were transferred on 23 May 2016.

A joint operation has been established between Tekfen İnşaat ve Tesisat A.Ş. and Doğu İnşaat ve Ticaret A.Ş. (50%-50%).

Tekfen Teknoloji Yatırım ve Ticaret A.Ş. (Tekfen Teknoloji) was established and registered on 19 September 2016. The Group owns the whole shares of Tekfen Teknoloji.

Approval of condensed consolidated financial statements:

The condensed consolidated financial statements are approved and published by the Board of Directors as of 3 November 2016.

2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company and its subsidiaries registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with the accounting principles in line with the Turkish Commercial Code ("TCC") and Tax Legislation. Subsidiaries those are registered in foreign countries maintain their books of account and prepare their statutory financial statements in 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 2016 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 2015 and the related disclosures. Interim periods' financial statements cannot be the sole indicator of the year-end results by themselves.

The Group continues to apply the same accounting policies and accounting estimate methods which are mentioned in the consolidated financial statements as of 31 December 2015.

Exchange rates used in the consolidation process as of 30 September 2016 are; 1 USD= 2,9959 TL, 1 EUR= 3,3608 TL, 1 MAD= 0,3092 TL, 1 SAR= 0,7989 TL, 1 QAR= 0,8208 TL (Exchange rates as of 31 December 2015 are; 1 USD= 2,9076 TL, 1 EUR= 3,1776 TL, 1 MAD= 0,2951 TL, 1 SAR= 0,7754 TL, 1 QAR= 0,7966 TL).

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2016

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

3. ADOPTION OF NEW AND REVISED STANDARDS

New and revised standards and interpretations are presented below:

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

None.

(b) Standards and interpretations and amendments to existing standards that are effective as of the year 2016, but not affecting the consolidated financial statements of the Group:

- TAS 16 and TAS 38 (amendments), “Clarification of Acceptable Methods of Depreciation and Amortisation”, will be effective for annual periods beginning after 31 December 2015.
- TAS 16 and TAS 41 and TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 (amendments) Agriculture: Bearer Plants”, will be effective for annual periods beginning after 1 January 2016.
- TFRS 11 and TFRS 1 (amendments), “Accounting for Acquisition of Interests in Joint Operations”, will be effective for annual periods beginning after 31 December 2015.
- Annual Improvements to 2011-2013 Cycle, TFRS 1 will be effective for annual periods beginning after 1 January 2016.
- TAS 1 (amendments), “Disclosure Initiative”, will be effective for annual periods beginning after 1 January 2016.
- Annual Improvements to 2012-2014 Cycle, (TFRS 5, TFRS 7, TAS 34, TAS 19) , will be effective for annual periods beginning after 1 January 2016.
- TAS 27 (amendments), “Equity Method in Separate Financial Statements”, will be effective for annual periods beginning after 1 January 2016.
- TFRS 10 and TAS 28 (amendments), “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”, will be effective for annual periods beginning after 1 January 2016.
- TFRS 10, TFRS 12 and TAS 28 (amendments), “Investment Entities: Applying the Consolidation Exception”, will be effective for annual periods beginning after 1 January 2016.
- TFRS 14, “Regulatory Deferral Accounts”, will be effective for annual periods beginning after 1 January 2016.

(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, “Financial Instruments”, TFRS 9 and TFRS 7 (amendments), “Mandatory Effective Date of TFRS 9 and Transition Disclosures”, mandatory effective date of TFRS 9 has been postponed and it will not be earlier than 1 January 2018.
- TFRS 15, “Revenue from Contracts with Customers” will be effective for annual periods beginning after 1 January 2018.

4. EVENTS AND TRANSACTIONS MATERIALLY AFFECTING CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(a) New Projects

Tekfen İnşaat ve Tesisat A.Ş. (Tekfen İnşaat), a subsidiary of the Group, secured 1.369.126 (457 Million USD) deal as the part of Trans Anatolian Natural Gas Pipeline (TANAP) Project that involves compressor and metering stations for the engineering, procurement and construction jobs. The duration of the project is 39 months.

Tekfen İnşaat and Doğu İnşaat ve Ticaret A.Ş. Joint Operation (50%-50%) secured 879 Million TL deal as the part of the construction works of Ankara – İzmir High Speed Train Project’s Afyonkarahisar-Uşak (Banaz) Section and Afyonkarahisar Transpassing’s Infrastructure. The period for the completion of the project has been determined as 36 months.

Tekfen İnşaat secured 281.615 (94 Million USD) deal as part of the shell and core construction works for the new headquarter building of Ministry of Taxes of the Republic of Azerbaijan.

Tekfen İnşaat has signed a Letter of Intent for the construction of the 20” gasoline and 24” jet fuel pipeline project, which will extend for a total of 333 km between Yanbu and Jeddah; the investment in Saudi Arabia is made by Aramco, and the total cost of the project is 896.709 (299.312 Thousand USD). The duration of the project is 47 months.

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

(a) New Projects (cont'd)

Tekfen İnşaat has signed a Protocol of Intent with TSGI JV concerning the completion of electromechanical works on a unit-price basis of the Coker Unit at the Star Refinery under construction in Aliğa, Izmir. Negotiations regarding the conditions of the protocol and the quantity estimates will be concluded shortly, after which the definite contract value will be determined. The duration of the project is 17 months.

The Consortium, established by Tekfen İnşaat and HMB Hallesche Mitteldeutsche Bau AG (HMB) with Entrepouse Contracting from the French Vinci Group, has signed two agreements worth a total of 8.109.610 (2.413 Million EUR) with licensed investors Toren Doğalgaz Depolama ve Madencilik A.Ş., and Gaz Depo Madencilik A.Ş. for the EPC (Engineering-Procurement-Construction-Commissioning) construction of Underground Natural Gas Storage Facilities to be built at two nearby sites in the Tarsus-Mersin region, with a total storage capacity of 4 billion cubic meters (4 bcm). The total share of Tekfen İnşaat and HMB accruing from the contracts is 2.429.858 (723 Million EUR). The contracted work will begin as soon as the investor companies complete the project finance and the share of the work for Group's subsidiaries party to the Consortium is scheduled to be completed within 5 years after the beginning date of work.

(b) Advances Received

Tekfen Emlak recognized the advances taken as cash and notes receivable from the pre-sales of Esenyurt Project amounting to 309.245 under the short term deferred revenue account (31 December 2015: 247.921 long term deferred revenue).

(c) Other

As of 30 September 2016, an amount of 51.486, which has arisen from the Group's framework agreement of a project which is in development phase, has been recognised under other receivables account.

5. SIGNIFICANT CHANGES IN EQUITY

Gain on Revaluation and Reclassification:

The positive change of 3.288 in the fair values of the financial investments of the Group, which have been traded in the stock exchange market, has been directly recognized in equity (30 September 2015: positive change of 2.622).

Legal Reserves:

In accordance with the resolutions taken during the Ordinary General Assemblies of Group companies as of 30 September 2016, 17.732 of legal reserves were transferred from retained earnings in the condensed consolidated financial statements as of 30 September 2016 (30 September 2015: 36.228).

Profit Distribution:

Upon the resolution of Ordinary General Assembly held on 31 March 2016, it was decided to distribute 0,16 TL (2015: 0,11 TL) gross cash dividends per share attributable to the operations of the year of 2015. Profit shares of 60.081 (2015: 40.001) and 3.585 (2015: 1.048) in the aggregate 63.666 (2015: 41.049) was distributed on 13 May 2016 respectively to the owners of the parent and Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı which holds redeemed share.

Share Buy-Back:

As explained in the audited notes to the consolidated financial statements of 31 December 2015, the "Buy-Back Plan" which has been prepared in accordance with the article 22 of the Capital Markets Code no. 6362, article 379 of the Turkish Commercial Code, article 5 of the Communiqué on Buy-Backed Shares (Series II, 22.1) and article 10 of the Company's Article of Association and has been prepared for the purpose of buying back the Company's shares publicly traded in Borsa İstanbul A.Ş., if deemed necessary, of any price level between TL 0,01 and TL 6 with a limit of 37.000.000 units, that is 10% of the Company's paid in capital, during the period that will last on 30 September 2016 was submitted for approval of the shareholders in the Ordinary General Assembly that was held on 31 March 2016. As a result of the discussions made in the Ordinary General Assembly, it is decided that the price level between TL 0,01 and TL 6,00 which was proposed by the Company's Board of Directors is modified to TL 0,01 and TL 7,50. As of 30 September 2016, six-month duration of Share Buy-Back Plan has been completed. During that period, the Company has not carried out any purchase transactions within the framework of the plan.

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6. SEGMENTAL REPORTING

a) Segmental results

	1 January - 30 September 2016				
	Contracting	Agriculture	Real Estate	Other	Total
Revenue	1.974.864	1.393.470	23.590	21.969	3.413.893
Cost of revenue (-)	(1.837.979)	(1.102.720)	(21.562)	(6.272)	(2.968.533)
GROSS PROFIT	136.885	290.750	2.028	15.697	445.360
General administrative expenses (-)	(75.837)	(20.053)	(7.040)	(25.002)	(127.932)
Marketing expenses (-)	(1.309)	(85.539)	(3.573)	-	(90.421)
Research and development expenses (-)	-	-	-	(1.227)	(1.227)
Other operating income	116.805	88.894	430	2.074	208.203
Other operating expenses (-)	(123.442)	(90.715)	(89)	(5.119)	(219.365)
Share on profit of investments valued using equity method	34.290	3.464	-	-	37.754
OPERATING PROFIT (LOSS)	87.392	186.801	(8.244)	(13.577)	252.372
Investment income	900	1.679	-	9.120	11.699
Investment expense (-)	(117)	(1)	-	(13)	(131)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)	88.175	188.479	(8.244)	(4.470)	263.940
Financial income	3.639	42.483	1.957	104.523	152.602
Financial expense (-)	(22.725)	(52.705)	(3.307)	(46.574)	(125.311)
PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION	69.089	178.257	(9.594)	53.479	291.231
Tax (expense) income from continuing operations	(55.680)	(5.082)	2.015	(18.196)	(76.943)
PROFIT (LOSS) FOR THE PERIOD	13.409	173.175	(7.579)	35.283	214.288

The Group has 99.188 of revenue and 60.005 of operating income from terminal operations classified as agricultural operation for the period of 1 January – 30 September 2016.

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6. SEGMENTAL REPORTING (cont’d)

a) Segmental results (cont’d)

	1 July - 30 September 2016				
	Contracting	Agriculture	Real Estate	Other	Total
Revenue	656.937	302.040	9.103	7.524	975.604
Cost of revenue (-)	(649.509)	(243.569)	(8.393)	(1.768)	(903.239)
GROSS PROFIT	7.428	58.471	710	5.756	72.365
General administrative expenses (-)	(20.203)	(6.754)	(1.649)	(7.853)	(36.459)
Marketing expenses (-)	(336)	(22.534)	(865)	6	(23.729)
Research and development expenses (-)	-	-	-	(327)	(327)
Other operating income	30.623	18.708	180	610	50.121
Other operating expenses (-)	(30.074)	(35.609)	(84)	(2.163)	(67.930)
Share on profit of investments valued using equity method	6.601	1.815	-	-	8.416
OPERATING PROFIT (LOSS)	(5.961)	14.097	(1.708)	(3.971)	2.457
Investment income	5	112	-	(285)	(168)
Investment expense (-)	(117)	(1)	-	(5)	(123)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)	(6.073)	14.208	(1.708)	(4.261)	2.166
Financial income	1.112	15.893	608	41.124	58.737
Financial expense (-)	(6.922)	(24.479)	(1.413)	(9.883)	(42.697)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	(11.883)	5.622	(2.513)	26.980	18.206
Tax (expense) income from continuing operations	(24.220)	3.117	530	(7.530)	(28.103)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	(36.103)	8.739	(1.983)	19.450	(9.897)

The Group has 31.176 of revenue and 18.068 of operating income from terminal operations classified as agricultural operation for the period of 1 July – 30 September 2016.

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6. SEGMENTAL REPORTING (cont’d)

a) Segmental results (cont’d)

	1 January - 30 September 2015				
	Contracting	Agriculture	Real Estate	Other	Total
Revenue	1.500.866	1.283.574	20.987	41.208	2.846.635
Cost of revenue (-)	(1.402.700)	(1.076.834)	(19.037)	(25.938)	(2.524.509)
GROSS PROFIT	98.166	206.740	1.950	15.270	322.126
General administrative expenses (-)	(54.472)	(21.118)	(3.144)	(22.109)	(100.843)
Marketing expenses (-)	(918)	(83.863)	(3.416)	(2.469)	(90.666)
Research and development expenses (-)	-	-	-	-	-
Other operating income	123.185	53.450	1.284	1.392	179.311
Other operating expenses (-)	(112.411)	(165.090)	(203)	(2.082)	(279.786)
Share on profit (loss) of investments valued using equity method	38.474	1.418	(7)	-	39.885
OPERATING PROFIT (LOSS)	92.024	(8.463)	(3.536)	(9.998)	70.027
Investment income	5.622	1.045	58	7.718	14.443
Investment expense (-)	(1.240)	(26)	(19)	(1)	(1.286)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)	96.406	(7.444)	(3.497)	(2.281)	83.184
Financial income	8.402	58.945	2.637	135.439	205.423
Financial expense (-)	(46.109)	(6.312)	(235)	(20.977)	(73.633)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	58.699	45.189	(1.095)	112.181	214.974
Tax (expense) income from continuing operations	(26.241)	(1.350)	212	(29.367)	(56.746)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	32.458	43.839	(883)	82.814	158.228

The Group has 85.692 of revenue and 46.308 of operating income from terminal operations classified as agricultural operation for the period of 1 January – 30 September 2015.

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6. SEGMENTAL REPORTING (cont'd)

a) Segmental results (cont'd)

	1 July - 30 September 2015				
	Contracting	Agriculture	Real Estate	Other	Total
Revenue	483.809	305.405	7.144	10.095	806.453
Cost of revenue (-)	(436.450)	(249.644)	(6.704)	(3.985)	(696.783)
GROSS PROFIT	47.359	55.761	440	6.110	109.670
General administrative expenses (-)	(17.270)	(6.473)	(1.051)	(6.480)	(31.274)
Marketing expenses (-)	(228)	(21.196)	(754)	(372)	(22.550)
Research and development expenses (-)	-	-	-	-	-
Other operating income	37.461	16.872	607	(82)	54.858
Other operating expenses (-)	(33.950)	(73.544)	(104)	(1.034)	(108.632)
Share on profit (loss) of investments valued using equity method	9.389	1.080	(3)	-	10.466
OPERATING PROFIT (LOSS)	42.761	(27.500)	(865)	(1.858)	12.538
Investment income	346	519	-	180	1.045
Investment expense (-)	(452)	(12)	-	-	(464)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)	42.655	(26.993)	(865)	(1.678)	13.119
Financial income	3.313	9.484	1.258	74.916	88.971
Financial expense (-)	(17.254)	(2.873)	(167)	(11.930)	(32.224)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	28.714	(20.382)	226	61.308	69.866
Tax (expense) income from continuing operations	(13.126)	712	(36)	(14.428)	(26.878)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	15.588	(19.670)	190	46.880	42.988

The Group has 32.760 of revenue and 19.168 of operating income from terminal operations classified as agricultural operation for the period of 1 July – 30 September 2015.

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6. SEGMENTAL REPORTING (cont’d)

b) As of 30 September 2016 and 31 December 2015 segmental assets and liabilities are as follows:

Balance sheet	30 September 2016				
	Contracting	Agriculture	Real Estate	Other	Total
Total assets	2.135.561	2.050.649	482.192	1.101.179	5.769.581
Current and non current liabilities	2.030.571	964.124	478.940	77.633	3.551.268
Equity attributable to owners of the parent	(169.268)	897.789	5.840	1.457.806	2.192.167
Non-controlling interests	25.894	199	-	53	26.146

Balance sheet	31 December 2015				
	Contracting	Agriculture	Real Estate	Other	Total
Total assets	2.315.058	1.840.059	326.462	1.144.476	5.626.055
Current and non current liabilities	2.249.302	900.899	315.331	75.388	3.540.920
Equity attributable to owners of the parent	(139.328)	732.900	13.708	1.450.078	2.057.358
Non-controlling interests	27.550	170	-	57	27.777

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6. SEGMENTAL REPORTING (cont'd)

c) Segmental information related to property, plant and equipment, intangible assets, investment property, and revenue for the nine month interim periods ended 30 September 2016 and 2015 is as follows:

	1 January - 30 September 2016				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures (*)	12.891	86.647	38.580	627	138.745
Depreciation and amortization expense for the period (**)	45.305	36.058	575	3.087	85.025
Intra-segment revenue	25.334	24.864	34	215	50.447
Inter-segment revenue	3	664	1.166	7.571	9.404

	1 July - 30 September 2016				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures (*)	5.521	13.739	1.125	24	20.409
Depreciation and amortization expense for the period (**)	14.045	13.932	208	971	29.156
Intra-segment revenue	6.132	8.075	12	72	14.291
Inter-segment revenue	3	247	386	2.520	3.156

(*) Fixed assets purchases through financial lease (2016: None, 2015: 6.759) and borrowings costs (2016: capitalized 2.637, 2015: capitalized 68.847) are also included.

(**) Depreciation expense of 5.061 is added to the cost of inventory (30 September 2015: 310 deducted from the cost of inventory).

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6. SEGMENTAL REPORTING (cont'd)

c) Segmental information related to property, plant and equipment, intangible assets, investment property, and revenue for the nine month interim periods ended 30 September 2016 and 2015 is as follows (cont'd):

	1 January - 30 September 2015				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures	15.641	254.134	1.527	1.521	272.823
Depreciation and amortization expense for the period	55.456	17.561	502	3.353	76.872
Intra-segment revenue	63.488	20.168	30	171	83.857
Inter-segment revenue	32	972	750	6.115	7.869

	1 July - 30 September 2015				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures	5.995	109.471	858	668	116.992
Depreciation and amortization expense for the period	18.433	4.565	170	1.209	24.377
Intra-segment revenue	26.393	8.405	10	58	34.866
Inter-segment revenue	-	412	255	2.180	2.847

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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 2016)	2.013.920	750.640	(1.366)	706.864	3.686	(59.851)	3.413.893
Total assets (30 September 2016)	7.958.696	2.053.025	625.427	634.406	69.189	(5.571.162)	5.769.581
Capital expenditures (1 January - 30 September 2016)	137.503	1.130	-	112	-	-	138.745
	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 July - 30 September 2016)	548.266	261.806	478	181.231	1.270	(17.447)	975.604
Capital expenditures (1 July - 30 September 2016)	20.217	195	-	(3)	-	-	20.409
	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 30 September 2015)	1.725.629	711.457	(5.181)	503.248	3.208	(91.726)	2.846.635
Total assets (31 December 2015)	7.267.411	2.060.440	619.287	816.103	62.431	(5.199.617)	5.626.055
Capital expenditures (1 January - 30 September 2015)	268.917	1.569	-	2.337	-	-	272.823
	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 July - 30 September 2015)	491.261	199.888	287	151.512	1.215	(37.710)	806.453
Capital expenditures (1 July - 30 September 2015)	115.623	1.185	-	184	-	-	116.992

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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 1.003.268 (31 December 2015: 928.939). 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 2016	31 December 2015
<u>Short term trade receivables</u>		
Receivables from Contracting group operations	515.152	769.005
Receivables from Agriculture group operations	178.457	75.369
Receivables from Real Estate group operations	39.397	31.767
Receivables from Other group operations	5.713	5.383
Provision for doubtful receivables	(29.283)	(26.068)
Retention receivables (Note: 10)	28.509	66.403
Due from related parties	23.479	25.440
Other	7.700	12.347
	<u>769.124</u>	<u>959.646</u>
<u>Long term trade receivables</u>		
Retention receivables (Note: 10)	146.092	105.715
Receivables from Real Estate group operations	-	22.892
	<u>146.092</u>	<u>128.607</u>

Postdated cheques amounting to 139.959 (31 December 2015: 47.695), notes receivables amounting to 34.853 (31 December 2015: 52.995), negative foreign currency differences amounting to 14 (31 December 2015: positive foreign currency differences amounting to 385), and due date differences amounting to 10 (31 December 2015: 1) are included in short and long term trade receivables.

Average maturity date for trade receivables varies between the segments. Average maturity date for Contracting group, for projects in abroad is 100 days (31 December 2015: 116 days), for domestic projects is 52 days (31 December 2015: 39 days), for Agriculture group is 41 days (31 December 2015: 40 days), for Real Estate group for short term trade receivables are 148 days (31 December 2015: short term trade receivables is 166 days, long term trade receivables are 447 days) and for other segment is approximately 31 days (31 December 2015: 39 days).

The amount of overdue receivables included in short and long term trade receivables from non-related parties is 206.626 (31 December 2015: 345.282). 8.667 (31 December 2015: 45.074) and 192.609 (31 December 2015: 290.473) of these receivables are overdue by 1-3 months and by 3-12 months, respectively. Provision for these total overdue trade receivables amounts to 28.098 (31 December 2015: 25.396).

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

	2016	2015
Provision as at 1 January	(26.068)	(56.292)
Charge for the period	(2.716)	8.097
Collected	43	4
Write off of bad debt	-	28.694
Currency translation effect	(542)	(6.371)
Provision as at 30 September	<u>(29.283)</u>	<u>(25.868)</u>

Doubtful receivable charge for the period has been charged to general administrative expenses (2015: Doubtful receivable income has been realized due to the receivables written off in the previous periods becoming collectable. 8.906 of doubtful receivable income has been charge to cost of revenue as income and 809 to general administrative expenses as expense).

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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 2016	31 December 2015
Short term trade payables		
Trade payables from Contracting group operations	512.037	612.964
Trade payables from Agriculture group operations	565.201	473.736
Trade payables from Real Estate group operations	9.965	6.879
Payables from Other group operations	10.579	11.192
Due to related parties	2.170	490
Retention payables (Note: 10)	83.714	106.423
Other trade payables	49	63
	<u>1.183.715</u>	<u>1.211.747</u>
	30 September 2016	31 December 2015
Long term trade payables		
Retention payables (Note: 10)	5.453	1.830
Trade payables from Contracting group operations	371	439
	<u>5.824</u>	<u>2.269</u>

Notes payables amounting to 168 (31 December 2015: 5.960), and foreign currency differences amounting to 96.710 (31 December 2015: 76.825) are included in short and long term trade payables, there are not any postdated cheques in the current period (31 December 2015: None).

For Agriculture Group, payables attributable to inventory supplied through imports constitute 96% (31 December 2015: 92%) of trade payables as at balance sheet date and average payable period for these import purchases is 153 days (31 December 2015: 179 days) whereas average payable period for domestic purchases is 30 days (31 December 2015: 30 days). For Contracting group, import purchases through letter of credit constitute 8% (31 December 2015: 5%) of trade payables as at balance sheet date. The average payable period for these import purchases is 90 days (31 December 2015: 91 days) whereas the average payable period for other purchases is 122 days (31 December 2015: 158 days). The average payable period for Real Estate group is 33 days (31 December 2015: 33 days). For the other operations of the Group, the average payable period is 59 days (31 December 2015: 46 days).

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

9. INVENTORIES

	30 September 2016	31 December 2015
Raw materials	116.201	116.391
Work in progress	112.956	177.366
Finished goods	58.281	83.766
Trading goods	78.694	62.246
Goods in transit	30.145	82.028
Inventory from real estate projects	318.447	214.030
Inventory at construction sites	90.343	120.434
Other inventories	41.812	35.185
Allowance for impairment on inventory (-)	-	-
	<u>846.879</u>	<u>891.446</u>

During the nine month interim period ended 30 September 2016, borrowing costs capitalized in inventory amount to 8.823 (31 December 2015: 8.343).

Movement of allowance for impairment of inventory	2016	2015
Provision as of 1 January	-	(1.039)
Provision released	-	1.039
Provision as of 30 September	<u>-</u>	<u>-</u>

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 2015: None).

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

10. CONSTRUCTION CONTRACTS

	30 September 2016	31 December 2015
Cost incurred on uncompleted contracts	11.061.157	11.281.208
Recognised gain less losses (net)	568.756	290.938
	<u>11.629.913</u>	<u>11.572.146</u>
Less: Billings to date (-)	(11.479.594)	(11.283.106)
	<u>150.319</u>	<u>289.040</u>

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

	30 September 2016	31 December 2015
From customers under construction contracts	492.208	451.340
To customers under construction contracts	(341.889)	(162.300)
	<u>150.319</u>	<u>289.040</u>

	30 September 2016	31 December 2015
<u>Receivables from uncompleted contracts</u>		
Contracts undersigned abroad	468.334	435.212
Contracts undersigned in Turkey	23.874	16.128
	<u>492.208</u>	<u>451.340</u>
<u>Payables to uncompleted contracts</u>		
Contracts undersigned abroad	(67.988)	(57.493)
Contracts undersigned in Turkey	(273.901)	(104.807)
	<u>(341.889)</u>	<u>(162.300)</u>
	<u>150.319</u>	<u>289.040</u>

The Group has 46.630 of advances given to subcontractors and other suppliers for construction projects classified in short term prepaid expenses (31 December 2015: 35.497). Also, the Group has 281.996 of advances received for contracting projects classified in short term deferred revenue (31 December 2015: 347.417).

As of 30 September 2016, the Group has 89.167 of retention payables to subcontractors (31 December 2015: 108.253). Also, the amount of retention receivables is 174.601 (31 December 2015: 172.118) (Note: 8).

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(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 September		31 December 2015		Power to appoint	Industry
		%	Amount	%	Amount		
H-T Fidecilik	Turkey	50%	10.704	50%	7.548	50%	Agriculture
Azfen	Azerbaijan	40%	24.852	40%	78.465	40%	Construction
Black Sea Gübre	Turkey	30%	1.113	30%	807	30%	Fertilizer Trade
Florya Gayrimenkul	Turkey	50%	60.303	50%	61.028	50%	Real Estate
			<u>96.972</u>		<u>147.848</u>		

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

	2016	2015
Opening balance as at 1 January	147.848	149.307
Group's share on profit	37.754	39.885
Dividends received	(87.971)	(10.952)
Capital increases	-	900
Currency translation effect	68	(858)
Profit eliminations	(727)	(141)
Closing balance as at 30 September	<u>96.972</u>	<u>178.141</u>

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

H-T Fidecilik	3.158	1.422
Azfen	34.290	38.474
Black Sea Gübre	306	(4)
Florya Gayrimenkul	-	(7)
Shares on profit of joint ventures consolidated by equity method	<u>37.754</u>	<u>39.885</u>

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

Information related to financial position:

30 September 2016	H-T Fidecilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Total
Cash and cash equivalents	57	90.609	81.427	141	172.234
Other current assets	43.273	542.738	5.843	56.100	647.954
Non current assets	17.364	91.187	59	109.800	218.410
Total Assets	60.694	724.534	87.329	166.041	1.038.598
Short term financial debts	24.211	-	-	-	24.211
Other short term liabilities	13.943	662.404	83.594	42.977	802.918
Long term financial debts	48	-	-	-	48
Other long term liabilities	1.084	-	26	2.458	3.568
Total Liabilities	39.286	662.404	83.620	45.435	830.745
Net Assets	21.408	62.130	3.709	120.606	207.853
Group's Ownership Rate	50,00%	40,00%	30,00%	50,00%	
Group's Share on Net Assets	10.704	24.852	1.113	60.303	96.972

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

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

Information related to financial position (cont'd):

31 December 2015	H-T Fidecilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Total
Cash and cash equivalents	21	53.183	2.257	125	55.586
Other current assets	30.959	436.949	450	70.841	539.199
Non current assets	17.292	81.875	196	59.834	159.197
Total Assets	48.272	572.007	2.903	130.800	753.982
Short term financial debts	20.958	-	-	-	20.958
Other short term liabilities	11.297	375.846	201	6.286	393.630
Long term financial debts	3	-	-	-	3
Other long term liabilities	919	-	13	2.458	3.390
Total Liabilities	33.177	375.846	214	8.744	417.981
Net Assets	15.095	196.161	2.689	122.056	336.001
Group's Ownership Rate	50,00%	40,00%	30,00%	50,00%	
Group's Share on Net Assets	7.548	78.465	807	61.028	147.848

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

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

Information related to profit or loss statement:

<u>1 January - 30 September 2016</u>	<u>H-T Fidecilik</u>	<u>Azfen</u>	<u>Black Sea Gübre</u>	<u>Florya Gayrimenkul</u>	<u>Total</u>
Revenue	45.174	1.261.580	225.514	-	1.532.268
Depreciation and amortization expense	1.261	17.989	94	-	19.344
Operating profit	9.055	110.870	708	-	120.633
Financial income	3	-	3.494	1	3.498
Financial expense (-)	(1.690)	-	(3.129)	(1)	(4.820)
Tax expense (-)	(1.052)	(25.143)	(54)	-	(26.249)
Profit for the Period	6.315	85.726	1.020	-	93.061
Group's Ownership Rate	50,00%	40,00%	30,00%	50,00%	
Group's Share on Profit for the Period	3.158	34.290	306	-	37.754
<u>1 July - 30 September 2016</u>	<u>H-T Fidecilik</u>	<u>Azfen</u>	<u>Black Sea Gübre</u>	<u>Florya Gayrimenkul</u>	<u>Total</u>
Revenue	17.307	426.812	161.951	-	606.070
Depreciation and amortization expense	428	6.514	32	-	6.974
Operating profit	3.789	22.613	717	-	27.119
Financial income	2	-	3.154	1	3.157
Financial expense (-)	(582)	-	(2.427)	(1)	(3.010)
Tax expense (-)	(445)	(6.109)	(2)	-	(6.556)
Profit for the Period	2.763	16.503	1.443	-	20.709
Group's Ownership Rate	50,00%	40,00%	30,00%	50,00%	
Group's Share on Profit for the Period	1.382	6.601	433	-	8.416

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

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

<u>1 January - 30 September 2015</u>	<u>H-T Fidecilik</u>	<u>Azfen</u>	<u>Black Sea Gübre</u>	<u>Florya Gayrimenkul</u>	<u>Total</u>
Revenue	36.577	1.100.059	98.168	-	1.234.804
Depreciation and amortization expense	1.137	17.525	94	-	18.756
Operating profit (loss)	4.449	90.078	(6.529)	-	87.998
Financial income	4	36.398	8.665	1	45.068
Financial expense (-)	(1.192)	-	(2.130)	(1)	(3.323)
Tax expense (-)	(419)	(30.291)	(18)	(13)	(30.741)
Profit (Loss) for the Period	2.843	96.186	(12)	(14)	99.003
Group's Ownership Rate	50,00%	40,00%	30,00%	50,00%	
Group's Share on Profit (Loss) for the Period	1.422	38.474	(4)	(7)	39.885
<u>1 July - 30 September 2015</u>	<u>H-T Fidecilik</u>	<u>Azfen</u>	<u>Black Sea Gübre</u>	<u>Florya Gayrimenkul</u>	<u>Total</u>
Revenue	16.108	345.983	39.695	-	401.786
Depreciation and amortization expense	388	7.353	36	-	7.777
Operating profit (loss)	2.866	25.548	(5.115)	-	23.299
Financial income	2	5.565	6.287	1	11.855
Financial expense (-)	(449)	-	(1.041)	-	(1.490)
Tax expense (-)	(338)	(7.641)	-	(7)	(7.986)
Profit (Loss) for the Period	2.081	23.473	132	(7)	25.679
Group's Ownership Rate	50,00%	40,00%	30,00%	50,00%	
Group's Share on Profit (Loss) for the Period	1.041	9.389	40	(4)	10.466

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

	Property, Plant and Equipment	Intangible Assets	Investment Property
Cost Value			
Opening balance as of 1 January 2016	2.945.143	38.663	120.392
Currency translation effect	36.348	667	(26)
Additions	99.527	1.571	37.647
Disposals	(28.859)	-	-
Closing balance as of 30 September 2016	3.052.159	40.901	158.013
Accumulated Depreciation and Amortization			
Opening balance as of 1 January 2016	(1.565.899)	(24.059)	(31.562)
Currency translation effect	(28.198)	(591)	-
Charge for the period	(86.394)	(1.532)	(2.160)
Disposals	27.845	-	-
Closing balance as of 30 September 2016	(1.652.646)	(26.182)	(33.722)
Carrying value as of 30 September 2016	1.399.513	14.719	124.291
Cost Value			
Opening balance as of 1 January 2015	2.628.497	23.402	107.579
Currency translation effect	293.423	5.185	(83)
Additions	269.228	2.192	1.403
Disposals	(38.205)	(1)	-
Transfers	(23.468)	(124)	12.825
Closing balance as of 30 September 2015	3.129.475	30.654	121.724
Accumulated Depreciation and Amortization			
Opening balance as of 1 January 2015	(1.442.738)	(18.688)	(29.245)
Currency translation effect	(216.044)	(4.448)	-
Charge for the period	(73.134)	(1.313)	(2.115)
Disposals	35.082	1	-
Transfers	6.076	96	513
Closing balance as of 30 September 2015	(1.690.758)	(24.352)	(30.847)
Carrying value as of 30 September 2015	1.438.717	6.302	90.877

Property, plant and equipment include fixed assets with carrying value of 15.516 purchased through financial lease (30 September 2015: 91.564). These property, plant and equipment purchased through financial lease 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 2015: 6.759). For the period ended as of 30 September 2016, additional capitalized borrowing costs amounting to 2.637 (30 September 2015: 68.847 additional capitalized borrowing costs) are included in property, plant and equipment. The rate used to determine the amount of borrowing costs eligible for capitalization is 18,75% (30 September 2015:18,64%).

The fair value of the Group's investment property has been arrived based on a valuation carried out by independent expertise not connected with the Group which is one of the accredited independent valuers by Capital Market Board. The fair values of the lands were determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair market value of the investment properties as of 30 September 2016 is 581.401 (30 September 2015: 464.340) according to the valuation carried out by independent expert.

13. SHORT AND LONG TERM FINANCIAL DEBTS

The Company's bank loans are reclassified as long term whose maturities passed 30 September 2017 according to their opening dates. Annual weighted average interest rate of the existing short term loans is 3,58% for US Dollars, 2,36% for EUR and 14,44% for TL (31 December 2015: 2,87% for US Dollars, 2,44% for EUR and 10,38% 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 2,78% for EUR (31 December 2015: USD None, EUR 2,90%).

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13. SHORT AND LONG TERM FINANCIAL DEBTS (cont'd)

The subsidiary of the Company, Toros Tarım, has borrowed ECA (SACE) bank loan from Unicredit Bank Austria AG in August, 2013 for sulfuric acid facility in Samsun factory. The duration of repayments for Unicredit Bank Austria AG loan will last 7 years, including no principal payment within the first two years and ten equal payments in five years where duration of repayments for Deutsche Bank AG loan will last 6,5 years with ten 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 criteris obliged due to the agreement as of 30 September 2016. As of 30 September 2016, remaining balance of the loans used from Unicredit Bank Austria AG and Deutsche Bank AG after principle payments is 149.529 (44.492 Thousand EUR) and 152.029 (45.236 Thousand EUR) respectively. Principle payments made to the loans from Unicredit Bank Austria AG an Deutsche Bank AG as of nine month period ended 30 September 2016 is 37.382 (11.123 Thousand EUR) and 35.467 (10.553 Thousand EUR) respectively. In the subsequent period, there are not any new loans use and any payment loan.

14. SHORT AND LONG TERM PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	30 September 2016	31 December 2015
Short term provisions	53.072	97.687
Long term provisions	79.992	61.052
Total provisions	<u>133.064</u>	<u>158.739</u>
Employment termination benefits provision	82.705	65.510
Unused vacation pay liability provision	16.318	13.594
Premium provision	10.650	14.284
Total provisions attributable to employee benefits	<u>109.673</u>	<u>93.388</u>
Provision for litigation	15.430	64.904
Other liability provisions	7.961	447
Other provisions	<u>23.391</u>	<u>65.351</u>
Total provisions	<u>133.064</u>	<u>158.739</u>

	Employment Termination Benefits Provision	Unused Vacation Pay Liability Provision	Premium Provision	Total Provisions Attributable to Employee Benefits
Opening balance as of 1 January 2016	65.510	13.594	14.284	93.388
Currency translation effect	1.476	274	(209)	1.541
Charge for the period	29.313	7.557	9.666	46.536
Interest expense	1.115	-	-	1.115
Provision paid during the period	(13.765)	(4.696)	(12.109)	(30.570)
Provision released	(202)	(411)	(982)	(1.595)
Actuarial gain	(742)	-	-	(742)
Closing balance as of 30 September 2016	<u>82.705</u>	<u>16.318</u>	<u>10.650</u>	<u>109.673</u>
Opening balance as of 1 January 2015	53.970	15.526	13.818	83.314
Currency translation effect	6.747	1.924	1.527	10.198
Charge for the period	19.055	7.139	10.103	36.297
Interest expense	667	-	-	667
Provision paid during the period	(24.402)	(8.972)	(14.791)	(48.165)
Provision released	(139)	(621)	-	(760)
Actuarial gain	(1.711)	-	-	(1.711)
Closing balance as of 30 September 2015	<u>54.187</u>	<u>14.996</u>	<u>10.657</u>	<u>79.840</u>

The amount payable to employee calculated by one month salary is limited to a maximum 4.297,21 TL (31 December 2015: 4.092,53TL) as of 30 September 2016.

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

	Provision for Litigation	Other Liability Provisions	Total Other Provisions
Opening balance as of 1 January 2016	64.904	447	65.351
Currency translation effect	1.152	183	1.335
Charge for the period	6.312	7.331	13.643
Provision paid during the period	(56.438)	-	(56.438)
Provision released	(500)	-	(500)
Closing balance as of 30 September 2016	<u>15.430</u>	<u>7.961</u>	<u>23.391</u>
Opening balance as of 1 January 2015	23.152	4.375	27.527
Currency translation effect	4.784	621	5.405
Charge for the period	9.197	139	9.336
Provision paid during the period	(592)	(3.674)	(4.266)
Provision released	(6)	(796)	(802)
Closing balance as of 30 September 2015	<u>36.535</u>	<u>665</u>	<u>37.200</u>

Litigations:

As of 30 September 2016, lawsuit filed against the Group is totally 73.045 (31 December 2015: 122.083) and it has been decided to accrue 15.430 (31 December 2015: 64.904) 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

As explained in detail in the audited notes to the consolidated financial statements of 31 December 2015, the Group resolved to proceed with an International Arbitration claim for recovery of 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”. Additionally, 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. Letters of guarantees given related to Libya project to various institutions amount to 143.

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15. COMMITMENTS AND OBLIGATIONS

The guarantee, pledge and mortgage (“GPM”) position tables of the Group as of 30 September 2016 and 31 December 2015 are as follows:

	Equivalent of Thousands TL	Thousands of US Dollars	Thousands of EUR	Other (Equivalent of Thousands TL)
30 September 2016				
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	5.957.228	1.686.326	68.593	674.637
-Guarantee	5.952.728	1.686.326	68.593	670.137
-Pledge	-	-	-	-
-Mortgage	4.500	-	-	4.500
C. GPM given in order to guarantee third parties' debts for the routine trade operations	122.601	-	-	122.601
-Guarantee	122.601	-	-	122.601
-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 2016	6.079.829	1.686.326	68.593	797.238
31 December 2015				
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	5.696.722	1.664.489	59.691	667.380
-Guarantee	5.692.222	1.664.489	59.691	662.880
-Pledge	-	-	-	-
-Mortgage	4.500	-	-	4.500
C. GPM given in order to guarantee third parties' debts for the routine trade operations	96.609	-	-	96.609
-Guarantee	96.609	-	-	96.609
-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 2015	5.793.331	1.664.489	59.691	763.989

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

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

16. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Dividend receivables amounting to 45.757 gained from related parties whose Ordinary General Assemblies were held on 30 September 2016 or before is recognized under other receivables from related parties account.

Transactions with related parties are distinct and measurable.

17. EQUITY

Capital / Capital Structure Adjustment

The capital structure as of 30 September 2016 and 31 December 2015 is as follows:

Shareholders	(%)	30 September 2016	(%)	31 December 2015
Berker family	19,30%	71.426	19,30%	71.426
Gökyiğit family	19,30%	71.426	19,30%	71.426
Akçağlılar family (*)	10,87%	40.216	10,87%	40.216
Other (**)	4,21%	15.593	4,21%	15.593
Publicly traded (***)	46,31%	171.339	46,31%	171.339
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>

(*) After the balance sheet date, 15.604.972 (4,22 %) shares at 1 TL par value owned by founding shareholder family Akçağlılar were sold.

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

(***) 24.983.368 (6,75 %) shares at 1 TL par value of publicly traded shares are under the control of founding shareholder families as of 30 September 2016 (31 December 2015: 24.983.368 share; 6,75 %).

18. EARNINGS PER SHARE

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
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 (loss) for the period attributable to owners of the parent (thousands TL)	209.972	(11.512)	153.803	40.700
Earnings (loss) per share from continuing operations (TL)	0,567	(0,031)	0,416	0,110

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

19. OTHER OPERATING INCOME AND EXPENSES

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Other operating income				
Foreign exchange income from operations	176.213	45.049	151.166	45.886
Due date difference income	18.249	3.883	13.065	3.164
Rent income	3.104	1.013	2.946	1.047
Discount income	2.285	(134)	1.936	451
Scrap sale income	1.127	183	1.242	339
Reversal of litigation provision (Note: 14)	500	1	6	-
Government grants and incentives income	243	146	200	56
Indemnity income	205	(1.412)	2.115	1.746
Project management income	151	151	-	-
Reversal of other provisions (Note: 14)	-	-	709	23
Other income	6.126	1.241	5.926	2.146
	208.203	50.121	179.311	54.858
	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Other operating expenses (-)				
Foreign exchange losses from operations	(195.586)	(60.880)	(257.797)	(103.004)
Due date difference expense	(6.210)	(2.521)	(4.447)	(2.029)
Grants and contributions	(4.058)	(2.281)	(128)	(49)
Litigation provision (Note: 14)	(3.434)	(184)	(9.197)	(579)
Discount expense	(3.045)	(508)	(959)	927
Additional tax expense	(50)	(16)	(60)	(20)
Damages subject to litigation	-	-	(116)	(60)
Other expenses	(6.982)	(1.540)	(7.082)	(3.818)
	(219.365)	(67.930)	(279.786)	(108.632)

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

20. FINANCIAL INCOME AND FINANCIAL EXPENSE

Financial income

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Foreign exchange gains	100.967	42.618	133.450	64.567
Interest income	51.150	16.036	66.705	22.326
Currency translation reserve gains	457	76	5.192	2.017
Other finance income	28	7	76	61
	<u>152.602</u>	<u>58.737</u>	<u>205.423</u>	<u>88.971</u>

Financial expense (-)

	1 January - 30 September 2016	1 July - 30 September 2016	1 January - 30 September 2015	1 July - 30 September 2015
Foreign exchange losses	(95.726)	(32.475)	(90.393)	(59.805)
Interest expense	(30.350)	(10.890)	(28.535)	(10.276)
Other finance expenses	(7.712)	(3.633)	(3.354)	(2.297)
Currency translation reserve losses	(2.983)	(1.092)	(26.939)	(10.454)
Less: Financial expenses included in costs of property, plant and equipment and inventories	11.460	5.393	75.588	50.608
	<u>(125.311)</u>	<u>(42.697)</u>	<u>(73.633)</u>	<u>(32.224)</u>

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2016

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

21. FOREIGN CURRENCY POSITION

30 September 2016	Equivalent of Thousands of TL	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalent of Thousands of TL)
1. Trade Receivables	56.594	5.767	4.141	1	25.396
2. Monetary Financial Assets	604.890	193.622	3.578	8	12.762
3. Other	11.699	456	883	413	5.758
4. CURRENT ASSETS	673.183	199.845	8.602	422	43.916
5. Trade Receivables	29.492	9.844	-	-	-
6. Monetary Financial Assets	494	-	-	-	494
7. Other	13.068	97	3.802	-	-
8. NON CURRENT ASSETS	43.054	9.941	3.802	-	494
9. TOTAL ASSETS	716.237	209.786	12.404	422	44.410
10. Trade Payables	850.205	183.765	13.483	526	252.303
11. Financial Liabilities	91.744	1.745	22.769	-	9.994
12. Monetary Other Liabilities	51.618	637	2.269	-	42.084
12b. Non Monetary Other Liabilities	1.493	467	28	-	-
13. CURRENT LIABILITIES	995.060	186.614	38.549	526	304.381
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	226.759	195	67.298	-	-
16. Monetary Other Liabilities	52.268	911	4	-	49.525
16b. Non Monetary Other Liabilities	-	-	-	-	-
17. NON CURRENT LIABILITIES	279.027	1.106	67.302	-	49.525
18. TOTAL LIABILITIES	1.274.087	187.720	105.851	526	353.906
19. Net foreign currency assets / (liabilities) position	(557.850)	22.066	(93.447)	(104)	(309.496)
20. Monetary items net foreign currency assets / (liabilities) position (1+2+5+6-10-11-12-14-15-16)	(581.124)	21.980	(98.104)	(517)	(315.254)

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

21. FOREIGN CURRENCY POSITION (cont'd)

31 December 2015	Equivalent of Thousands of TL	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalent of Thousands of TL)
1. Trade Receivables	59.596	11.572	2.877	1	16.803
2. Monetary Financial Assets	421.545	139.455	939	6	13.056
3. Other	11.837	467	709	208	7.332
4. CURRENT ASSETS	492.978	151.494	4.525	215	37.191
5. Trade Receivables	21.886	7.527	-	-	-
6. Monetary Financial Assets	358	-	-	-	358
7. Other	22.002	11	6.914	-	-
8. NON CURRENT ASSETS	44.246	7.538	6.914	-	358
9. TOTAL ASSETS	537.224	159.032	11.439	215	37.549
10. Trade Payables	776.322	171.929	6.458	224	254.937
11. Financial Liabilities	79.235	1.029	22.127	-	5.932
12. Monetary Other Liabilities	60.028	3.300	6.428	-	30.007
12b. Non Monetary Other Liabilities	1.743	524	66	-	10
13. CURRENT LIABILITIES	917.328	176.782	35.079	224	290.886
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	269.522	289	84.555	-	-
16. Monetary Other Liabilities	15.142	914	4	-	12.472
17. NON CURRENT LIABILITIES	284.664	1.203	84.559	-	12.472
18. TOTAL LIABILITIES	1.201.992	177.985	119.638	224	303.358
19. Net foreign currency assets / (liabilities) position	(664.768)	(18.953)	(108.199)	(9)	(265.809)
20. Monetary items net foreign currency assets / (liabilities) position (1+2+5+6-10-11-12-14-15-16)	(696.864)	(18.907)	(115.756)	(217)	(273.131)

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2016

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

21. FOREIGN CURRENCY POSITION (cont'd)

Foreign currency sensitivity

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

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

	30 September 2016	
	Profit / Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars changes 5% against TL	
US Dollars net assets / liabilities	3.305	(3.305)
	If Euro changes 5% against TL	
Euro net assets / liabilities	(15.703)	15.703
	If other foreign currencies changes 5% against TL	
Other foreign currency assets / liabilities	(15.495)	15.495
TOTAL	(27.893)	27.893
	31 December 2015	
	Profit / Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars change 5% against TL	
US Dollars net assets / liabilities	(2.755)	2.755
	If Euro changes 5% against TL	
Euro net assets / liabilities	(17.191)	17.191
	If other foreign currencies change 5% against TL	
Other foreign currency assets / liabilities	(13.292)	13.292
TOTAL	(33.238)	33.238

22. SUBSEQUENT EVENTS

Tekfen İnşaat and the Saudi Arabian oil company Saudi Aramco (Saudi Aramco) have signed a memorandum of understanding on 11 October 2016, affirming their intention to work on potential opportunities in order to make it possible for Tekfen İnşaat to bid for and undertake the engineering, procurement, and construction works of Saudi Aramco's future projects.

After the negotiations on the preliminary protocol signed between Tekfen İnşaat and Ministry of Municipality and Environment of the State of Qatar for "Al Khor Expressway" have been completed, final agreement worth 6.238.080 (7,6 Billion Qatari Riyal) on the construction of highly prestigious project which is 34 km in length with 10 lanes, various intersections, viaducts, underpasses and overpasses has been signed. The duration of the project is 36 months.

After the balance sheet date, 15.604.972 (4,22 %) shares at 1 TL par value owned by founding shareholder family Akçağlılar were sold.

A merger by acquisition has taken place between Tekfen Emlak and Topkapı A.Ş.. As a result of the merger, the trade registration of Topkapı A.Ş. has been deleted. Said merger was registered on 4 October 2016.