

**TEKFEN HOLDİNG ANONİM ŐİRKETİ  
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE NINE MONTH  
INTERIM PERIOD  
ENDED 30 SEPTEMBER 2019

(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 2019**

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

<b>ASSETS</b>	<b>Notes</b>	<b>Unreviewed 30 September 2019</b>	<b>Audited 31 December 2018</b>
<b>Current Assets</b>		<b>8.686.037</b>	<b>8.922.623</b>
Cash and cash equivalents	7	3.977.026	4.581.600
Financial investments		296.028	132.101
Trade receivables	8	1.399.986	1.444.284
- Related party receivables		16.708	57.836
- Trade receivables		1.383.278	1.386.448
Other receivables		53.293	80.137
- Related party receivables		1.256	58.797
- Other receivables		52.037	21.340
Contract assets arising from ongoing construction works	9	512.174	348.014
Derivative instruments	21	47	37.639
Inventories	10	1.739.100	1.370.565
Prepaid expenses		355.442	506.939
- Prepaid expenses		355.442	506.939
Assets related with current tax		123.214	197.854
Other current assets		201.981	189.351
- Other current assets		201.981	189.351
		<b>8.658.291</b>	<b>8.888.484</b>
Assets classified as held for sale		27.746	34.139
<b>Non-Current Assets</b>		<b>3.555.471</b>	<b>3.112.897</b>
Financial investments		385.879	268.519
Trade receivables	8	244.309	194.565
- Trade receivables		244.309	194.565
Other receivables		8.155	6.551
- Other receivables		8.155	6.551
Investments valued by equity method	11	106.369	144.640
Investment property	12	119.168	108.349
Property, plant and equipment	12	2.061.168	1.989.226
Right-of-use assets	3(d)	68.130	-
Intangible assets	12	193.324	115.012
- Goodwill		152.786	79.896
- Other intangible assets		40.538	35.116
Prepaid expenses		19.864	680
- Prepaid expenses		19.864	680
Deferred tax assets		140.885	127.232
Other non-current assets		208.220	158.123
- Other non-current assets		208.220	158.123
<b>TOTAL ASSETS</b>		<b>12.241.508</b>	<b>12.035.520</b>

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

Translated into English from the report originally issued in Turkish.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2019

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

<b>LIABILITIES</b>	<b>Notes</b>	<b>Unreviewed 30 September 2019</b>	<b>Audited 31 December 2018</b>
<b>Current Liabilities</b>		<b>6.143.296</b>	<b>6.762.257</b>
Short-term borrowings	13	583.766	740.233
Short-term portion of long-term borrowings		183.372	155.621
Trade payables	8	2.903.432	2.863.769
- <i>Related party payables</i>		2.635	29.518
- <i>Trade payables</i>		2.900.797	2.834.251
Payables related to employee benefits		88.160	89.288
Other payables		112.758	81.672
- <i>Related party payables</i>		15.083	539
- <i>Other payables</i>		97.675	81.133
Contract liabilities arising from ongoing construction works	9	794.015	1.003.858
Derivative instruments	21	40.472	-
Deferred revenue		926.988	1.273.216
- <i>Deferred revenue</i>		926.988	1.273.216
Current tax liability		143.530	236.761
Short-term provisions	14	361.378	307.941
- <i>Short-term provisions attributable to employee benefits</i>		118.282	111.070
- <i>Other short-term provisions</i>		243.096	196.871
Other short-term liabilities		5.425	9.898
- <i>Other short-term liabilities</i>		5.425	9.898
<b>Non-Current Liabilities</b>		<b>707.011</b>	<b>848.868</b>
Long-term borrowings	13	69.896	222.327
Trade payables	8	152.555	327.477
- <i>Trade payables</i>		152.555	327.477
Other payables		78.100	86.566
- <i>Other payables</i>		78.100	86.566
Government incentives and grants		1.132	1.132
Deferred revenue		91	-
- <i>Deferred revenue</i>		91	-
Long-term provisions	14	75.003	73.828
- <i>Long-term provisions attributable to employee benefits</i>		74.945	73.741
- <i>Other long-term provisions</i>		58	87
Deferred tax liabilities		330.234	137.538
<b>TOTAL LIABILITIES</b>		<b>6.850.307</b>	<b>7.611.125</b>
<b>EQUITY</b>		<b>5.391.201</b>	<b>4.424.395</b>
<b>Equity Attributable To Owners Of The Parent</b>	5, 17	<b>5.345.709</b>	<b>4.367.587</b>
Paid in capital		370.000	370.000
Capital structure adjustment		3.475	3.475
Premiums in capital stock		300.984	300.984
Accumulated other comprehensive income (loss) that will not be reclassified to profit or loss		2.346	(1.346)
- <i>Gain (loss) on revaluation and remeasurement</i>		2.346	(1.346)
Accumulated other comprehensive income that will be reclassified to profit or loss		449.509	474.992
- <i>Currency translation reserve</i>		375.684	352.708
- <i>Hedging reserve</i>		(31.526)	29.353
- <i>Gain on revaluation and reclassification</i>		105.351	92.931
Legal reserves		278.423	231.271
Prior years' income		2.500.684	1.585.150
Net profit for the period		1.440.288	1.403.061
<b>Non-controlling Interests</b>		<b>45.492</b>	<b>56.808</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>12.241.508</b>	<b>12.035.520</b>

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# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

	Notes	Unreviewed 1 January- 30 September 2019	Unreviewed 1 July- 30 September 2019	Unreviewed 1 January - 30 September 2018	Unreviewed 1 July- 30 September 2018
Revenue		11.296.815	2.990.932	8.358.471	3.255.963
Cost of revenue (-)		(9.149.254)	(2.476.368)	(7.143.432)	(2.773.258)
<b>GROSS PROFIT</b>		<b>2.147.561</b>	<b>514.564</b>	<b>1.215.039</b>	<b>482.705</b>
General administrative expenses (-)		(324.863)	(118.265)	(230.917)	(90.425)
Marketing expenses (-)		(240.299)	(63.314)	(158.445)	(55.228)
Research and development expenses (-)		(3.891)	(1.045)	(1.281)	(513)
Other operating income	19	422.573	113.216	479.391	321.629
Other operating expenses (-)	19	(402.603)	(122.913)	(834.879)	(552.133)
Share on profit of investments valued by equity method	11	8.136	882	21.925	1.842
<b>OPERATING PROFIT</b>		<b>1.606.614</b>	<b>323.125</b>	<b>490.833</b>	<b>107.877</b>
Investment income		24.579	10.570	23.999	1.213
Investment expense (-)		(4.968)	(14)	(1.671)	(482)
<b>PROFIT BEFORE FINANCIAL INCOME (EXPENSES)</b>		<b>1.626.225</b>	<b>333.681</b>	<b>513.161</b>	<b>108.608</b>
Financial income	20	558.037	140.064	1.093.476	701.441
Financial expenses (-)	20	(390.372)	(140.480)	(437.762)	(285.534)
<b>PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION</b>		<b>1.793.890</b>	<b>333.265</b>	<b>1.168.875</b>	<b>524.515</b>
<b>Tax Expense from Continuing Operations (-)</b>		<b>(357.541)</b>	<b>(76.277)</b>	<b>(187.186)</b>	<b>(77.718)</b>
Tax expense for the period (-)		(189.477)	(39.370)	(158.615)	(81.804)
Deferred tax (expense) income		(168.064)	(36.907)	(28.571)	4.086
<b>PROFIT FROM CONTINUING OPERATIONS FOR THE PERIOD</b>		<b>1.436.349</b>	<b>256.988</b>	<b>981.689</b>	<b>446.797</b>
<b>Distribution of Profit for the Period</b>					
Non-controlling interests		(3.939)	(1.414)	(236)	(566)
Owners of the parent		1.440.288	258.402	981.925	447.363
<b>Earnings Per Share</b>	18	3,893	0,698	2,654	1,209

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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 2019

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

	Unreviewed 1 January- 30 September 2019	Unreviewed 1 July- 30 September 2019	Unreviewed 1 January - 30 September 2018	Unreviewed 1 July- 30 September 2018
<b>PROFIT FOR THE PERIOD</b>	<b>1.436.349</b>	<b>256.988</b>	<b>981.689</b>	<b>446.797</b>
<b>OTHER COMPREHENSIVE INCOME:</b>				
<b><u>Items that will not be reclassified to profit or loss</u></b>	<b>3.692</b>	<b>3.255</b>	<b>2.168</b>	<b>(1.451)</b>
Profit (loss) on revaluation of defined benefit plans	4.615	4.069	2.710	(1.814)
Taxes based on other comprehensive income that will not be reclassified to profit or loss	(923)	(814)	(542)	363
- <i>Deferred tax (expense) income</i>	(923)	(814)	(542)	363
<b><u>Items that will be reclassified to profit or loss</u></b>	<b>(20.401)</b>	<b>(66.563)</b>	<b>504.658</b>	<b>365.986</b>
Currency translation reserve differences	28.058	(40.540)	359.371	246.088
Gains (loss) from fair value through other comprehensive income financial assets	13.074	708	(9.143)	694
Other comprehensive income (expenses) related to cash flow hedging (-)	(78.050)	(34.224)	197.401	152.870
Taxes based on other comprehensive income that will be reclassified to profit or loss	16.517	7.493	(42.971)	(33.666)
- <i>Deferred tax (expense) income</i>	16.517	7.493	(42.971)	(33.666)
<b>OTHER COMPREHENSIVE INCOME (EXPENSE)</b>	<b>(16.709)</b>	<b>(63.308)</b>	<b>506.826</b>	<b>364.535</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1.419.640</b>	<b>193.680</b>	<b>1.488.515</b>	<b>811.332</b>
<b>Distribution of Total Comprehensive Income for The Period</b>				
Non-controlling interests	1.143	(221)	23.978	16.896
Owners of the parent	1.418.497	193.901	1.464.537	794.436

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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 2019

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

				Items not to be reclassified to profit or loss	Items to be reclassified to profit or loss			Retained Earnings			Equity attributable to owners of the parent	Non- controlling interests	Equity
	Paid in capital	Capital structure adjustment	Premiums in capital stock	Gain (loss) on revaluation and remeasurement	Currency translation reserve	Gains (loss) on hedging	Gain (loss) on revaluation and reclassification	Legal reserves	Prior years' income	Net profit for the period			
<b>Unreviewed</b>													
<b>Opening balance as of 1 January 2018</b>	370.000	3.475	300.984	(2.349)	154.480	(2.408)	67.240	197.180	1.115.816	771.299	2.975.717	32.597	3.008.314
Effect of changes in accounting policies	-	-	-	-	-	-	10.120	-	(4.729)	-	5.391	-	5.391
<b>Revised balance as of 1 January 2018</b>	370.000	3.475	300.984	(2.349)	154.480	(2.408)	77.360	197.180	1.111.087	771.299	2.981.108	32.597	3.013.705
Transfers	-	-	-	-	-	-	-	34.091	737.208	(771.299)	-	-	-
Total comprehensive income (loss)	-	-	-	2.168	335.157	153.973	(8.686)	-	-	981.925	1.464.537	23.978	1.488.515
- Profit (loss) for the period	-	-	-	-	-	-	-	-	-	981.925	981.925	(236)	981.689
- Other comprehensive income (expense)	-	-	-	2.168	335.157	153.973	(8.686)	-	-	-	482.612	24.214	506.826
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)
<b>Closing balance as of 30 September 2018</b>	370.000	3.475	300.984	(181)	489.637	151.565	68.674	231.271	1.581.653	981.925	4.179.003	64.036	4.243.039
<b>Unreviewed</b>													
<b>Opening balance as of 1 January 2019</b>	370.000	3.475	300.984	(1.346)	352.708	29.353	92.931	231.271	1.585.150	1.403.061	4.367.587	56.808	4.424.395
Transfers	-	-	-	-	-	-	-	47.152	1.355.909	(1.403.061)	-	-	-
Total comprehensive income (loss)	-	-	-	3.692	22.976	(60.879)	12.420	-	-	1.440.288	1.418.497	1.143	1.419.640
- Profit (loss) for the period	-	-	-	-	-	-	-	-	-	1.440.288	1.440.288	(3.939)	1.436.349
- Other comprehensive income (expense)	-	-	-	3.692	22.976	(60.879)	12.420	-	-	-	(21.791)	5.082	(16.709)
Dividends	-	-	-	-	-	-	-	-	(450.972)	-	(450.972)	-	(450.972)
Increase (decrease) due to changes in the proportion of shares in subsidiaries that doesn't result in loss of control	-	-	-	-	-	-	-	-	4.459	-	4.459	(12.459)	(8.000)
Other changes	-	-	-	-	-	-	-	-	6.138	-	6.138	-	6.138
<b>Closing balance as of 30 September 2019</b>	370.000	3.475	300.984	2.346	375.684	(31.526)	105.351	278.423	2.500.684	1.440.288	5.345.709	45.492	5.391.201

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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 2019

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

Notes	Unreviewed 1 January - 30 September 2019	Unreviewed 1 January - 30 September 2018
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>647.117</b>	<b>2.099.560</b>
Profit for the Period	1.436.349	981.689
Adjustments to Reconcile Net Profit	600.230	330.484
- Depreciation and Amortization	12,3(d) 212.547	135.613
- Impairment/Reversed Provision	12 4.704	-
- Provision Adjustments	8, 14 115.239	96.950
- Dividend Income and Expenses	(9.177)	(8.162)
- Bargain Purchase Gain Adjustments	4 (585)	(15.631)
- Interest Income and Expense Adjustments	20 (63.035)	(44.612)
- Gain/Loss on Fair Valuation	(11.234)	-
- Group's Share on Profit of Investments in Associates Accounted by Equity Method	11 (8.136)	(21.925)
- Allowance for Taxation	357.541	187.186
- Adjustments for Gain/Loss on Sale of Fixed Assets	12 (3.320)	1.065
- Adjustments for Other Items Causing Cash Flows from Investment or Financing Activities	5.686	-
Movements in Working Capital	(1.155.952)	912.956
- Changes in Financial Investments	(163.927)	319.415
- Changes in Trade Receivables	8 2.512	134.386
- Changes in Other Assets	(10.191)	(85.873)
- Changes in Contract Assets Arising from Ongoing Construction Works	9 (164.160)	(260.014)
- Changes in Inventories	10 (241.448)	(403.324)
- Changes in Prepaid Expenses	144.584	(389.445)
- Changes in Trade Payables	8 (158.635)	1.290.076
- Changes in Payables Related to Employee Benefits	(1.609)	51.691
- Changes in Contract Liabilities Arising from Ongoing Construction Works	9 (209.843)	401.226
- Changes in Other Liabilities	(6.635)	31.379
- Changes in Deferred Revenue	(346.600)	(176.561)
Cash Generated by Operating Activities	880.627	2.225.129
Interest Paid	(67.655)	(41.354)
Interest Received	125.637	106.089
Provision Paid Related to Employee Benefits	14 (84.009)	(60.460)
Other Provision Paid	14 (715)	(1.068)
Tax Paid/Return	(206.768)	(128.776)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(269.436)</b>	<b>(289.007)</b>
Acquisition of Non-controlling Interests' Shares	(8.000)	-
Payments due to Share Acquisition or Capital Increase of Associates or Joint Ventures	11 (957)	(630)
Cash Outflows for Acquisition of Shares in Other Entities or Shares in Funds or Borrowing Instruments	(125.323)	(208.537)
Proceeds from Sales of Tangible and Intangible Assets	12 5.547	3.518
Acquisition of Tangible and Intangible Assets	12 (162.205)	(177.689)
Acquisition of Investment Properties	12 (1.770)	(707)
Proceeds from Sales of Assets Held for Sale	-	330
Advances and Debts Given	(13.810)	67
Dividend Received	37.082	94.641
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(996.315)</b>	<b>(614.412)</b>
Proceeds from Borrowings	386.034	529.863
Repayments of Borrowings	(928.728)	(890.619)
Payments of Lease Obligations	(2.649)	(4.963)
Dividend Paid	5 (450.972)	(248.693)
<b>CHANGE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION RESERVE EFFECT</b>	<b>(618.634)</b>	<b>1.196.141</b>
<b>D. CURRENCY TRANSLATION RESERVE EFFECT ON CASH AND CASH EQUIVALENTS</b>	14.060	543.628
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>	<b>(604.574)</b>	<b>1.739.769</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	4.581.600	2.985.833
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	<b>3.977.026</b>	<b>4.725.602</b>

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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 2019

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

### 1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

As of 30 September 2019, the Group has 17.966 employees (31 December 2018: 19.180) including the personnel of subcontractors. Registered address of the Company is Kültür Mahallesi, Budak Sokak, Tekfen Sitesi A Blok, No: 7, Beşiktaş, İstanbul, Türkiye.

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

#### Changes in the Group's subsidiaries and joint arrangements as of 30 September 2019:

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

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

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

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

A share acquisition agreement was signed on 13 May 2019 between the shareholders of Gönen Yenilenebilir Enerji Üretim A.Ş. ("Gönen") and Toros Tarım, a subsidiary of the Group, concerning acquisition of 70% of the paid in capital of Gönen (Note: 4).

A share acquisition agreement was signed on 29 July 2019 between the shareholders of Toros Agroport Romania S.A. ("Toros Agroport", former title Agrium-Agroport Romania S.A.), and Toros Tarım and Toros Terminal Hizmetleri ve Denizcilik A.Ş. ("Toros Terminal"), subsidiaries of the Group, concerning acquisition of 100% of the paid in capital of Agrium-Agroport (Note: 4).

A share acquisition agreement was signed on 21 December 2018 between the shareholders of Denkmal in Dahlem Otto-Hahn-Platz GmbH ("Denkmal Dahlem") and HMB Hallesche Mitteldeutsche Bau-Aktiengesellschaft ("HMB"), a subsidiary of the Group, concerning acquisition of 80% of the paid in capital of Denkmal Dahlem. Transfer of 45% of the shares was completed on 28 December 2018 and transfer of the remaining 35% of the shares was completed in the current period (Note: 4).

Rusfen Limited Liability Company was established and registered on 14 August 2019. The Group owns the whole shares of Rusfen Limited Liability Company.

Techinvestments MMC was established and registered on 9 August 2019. The Group owns the whole shares of Techinvestments MMC.

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

It has been decided to merge Tekfen Emlak Geliştirme Yatırım ve Ticaret A.Ş., a wholly-owned subsidiary of the Group, under the entity of Tekfen İnşaat ve Tesisat A.Ş., a subsidiary of the Group.

#### Approval of condensed consolidated financial statements:

The condensed consolidated financial statements are approved and published by the Board of Directors as of 24 October 2019.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

#### 2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company and its subsidiaries registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with the accounting principles in line with the Turkish Commercial Code (“TCC”) and Tax Legislation. Subsidiaries those are registered in foreign countries maintain their books of account and prepare their statutory financial statements in local currencies and in accordance with the prevailing accounting principles in their registered countries.

The accompanying condensed consolidated financial statements have been prepared in accordance with the Communiqué Series II, 14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board (“CMB”) on 13 June 2013 which is published on

Official Gazette numbered 28676. Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS”/“TFRS”) and additions and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority (“POA”) are predicated on in accordance with article 5th of the Communiqué.

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

The Group has preferred to disclose its interim consolidated financial statements as of 30 September 2019 in condensed format in accordance with TAS 34 “Interim Financial Reporting” standard. The descriptions and disclosures which are needed in the financial statements prepared annually complying with TAS are summarized appropriately in accordance with TAS 34 or not mentioned.

The accompanying condensed consolidated financial statements have to be considered with the consolidated financial statements which are independently audited as of 31 December 2018 and the related disclosures. Interim periods’ financial statements cannot be the sole indicator of the year-end results by themselves.

For the condensed consolidated financial statements, except the ones stated in note 3(d), The Group continues to apply the same accounting policies and accounting estimate methods which are mentioned in the consolidated financial statements as of 31 December 2018.

Exchange rates used in the consolidation process as of 30 September 2019 are; 1 USD= 5,6591 TL, 1 EUR= 6,1836 TL, 1 MAD= 0,5810 TL, 1 SAR= 1,5091 TL, 1 QAR= 1,5504 TL (Exchange rates as of 31 December 2018 are; 1 USD= 5,2609 TL, 1 EUR= 6,0280 TL, 1 MAD= 0,5520 TL, 1 SAR= 1,4029 TL, 1 QAR= 1,4413 TL).

#### Comparative Information and Revision of Prior Period Financial Statements

In the scope of TFRS 3 “Business Combinations”, it is permitted to finalize fair value appraisal of the identifiable assets and liabilities of the acquired companies in a time period of one year. Fair value appraisal process has been finalized as of 31 December 2018 for Alanar Meyve and Alanar Fidan acquisitions recognized as of 14 February 2018 as a result of fair value calculation of the fixed assets of the companies. Accordingly, condensed consolidated financial statements of 30 September 2018 which has been prepared by recognizing provisional goodwill has been revised in accordance with article 45 of TFRS 3 Business Combinations. Effects of revision are as follows:

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

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

#### Comparative Information and Revision of Prior Period Financial Statements

	(Previously reported) Unreviewed 1 January - 30 September 2018	Effect of TFRS 3 revision	(Revised) Unreviewed 1 January - 30 September 2018
Revenue	8.358.471	-	8.358.471
Cost of revenue (-)	(7.141.074)	(2.358)	(7.143.432)
<b>GROSS PROFIT</b>	<b>1.217.397</b>	<b>(2.358)</b>	<b>1.215.039</b>
General administrative expenses (-)	(230.917)	-	(230.917)
Marketing expenses (-)	(158.445)	-	(158.445)
Research and development expenses (-)	(1.281)	-	(1.281)
Other operating income	479.391	-	479.391
Other operating expenses (-)	(834.879)	-	(834.879)
Share on profit of investments valued by equity method	21.925	-	21.925
<b>OPERATING PROFIT</b>	<b>493.191</b>	<b>(2.358)</b>	<b>490.833</b>
Investment income	8.368	15.631	23.999
Investment expense (-)	(1.671)	-	(1.671)
<b>PROFIT BEFORE FINANCIAL INCOME (EXPENSES)</b>	<b>499.888</b>	<b>13.273</b>	<b>513.161</b>
Financial income	1.093.476	-	1.093.476
Financial expenses (-)	(437.762)	-	(437.762)
<b>PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION</b>	<b>1.155.602</b>	<b>13.273</b>	<b>1.168.875</b>
<b>Tax Expense from Continuing Operations (-)</b>	<b>(187.658)</b>	<b>472</b>	<b>(187.186)</b>
Tax expense for the period (-)	(158.615)	-	(158.615)
Deferred tax (expense) income	(29.043)	472	(28.571)
<b>PROFIT FROM CONTINUING OPERATIONS FOR THE PERIOD</b>	<b>967.944</b>	<b>13.745</b>	<b>981.689</b>
<b>Distribution of Profit for the Period</b>			
Non-controlling interests	(48)	(188)	(236)
Owners of the parent	967.992	13.933	981.925
<b>Earnings Per Share</b>	<b>2,616</b>		<b>2,654</b>

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2019

(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 TAS affecting the notes and amounts in the condensed consolidated financial statements:**

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

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

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

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

- TFRS 17 “Insurance Contracts”, effective for annual periods beginning after 1 January 2021.
- TFRS 3 (amendments), “Definition of a Business”, effective for annual periods beginning after 1 January 2020.
- TAS 1, TAS 8 (amendments), “Definition of Material”, effective for annual periods beginning after 1 January 2020.

The Group evaluates the effects of the standards issued as of 30 September 2019 and the standards not yet effective as of 30 September 2019 on its consolidated financial position and performance.

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

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

Right of Use Assets	2019	2018
Opening balance as of 1 January	90.979	-
Additions	14.121	-
Charge for the period	(36.970)	-
Closing balance as of 30 September	68.130	-

**TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2019**

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

**3. ADOPTION OF NEW AND REVISED STANDARDS (cont’d)****(d) First Time Adoption of TFRS 16 (cont’d):**

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

	<b>30 September 2019</b>		
	<b>Before TFRS 16 Effects</b>	<b>TFRS 16 Effects</b>	<b>After TFRS 16 Effects</b>
<b>Current Assets</b>	<b>8.689.441</b>	<b>(3.404)</b>	<b>8.686.037</b>
Trade receivables	1.399.986	-	1.399.986
Prepaid expenses	358.846	(3.404)	355.442
Other current assets items	6.930.609	-	6.930.609
<b>Non-Current Assets</b>	<b>3.486.041</b>	<b>69.430</b>	<b>3.555.471</b>
Right-of-use assets	-	68.130	68.130
Prepaid expenses	19.864	-	19.864
Deferred tax assets	139.585	1.300	140.885
Other non-current assets items	3.326.592	-	3.326.592
<b>TOTAL ASSETS</b>	<b>12.175.482</b>	<b>66.026</b>	<b>12.241.508</b>
<b>Current Liabilities</b>	<b>6.111.284</b>	<b>32.012</b>	<b>6.143.296</b>
Short-term portion of long-term borrowings	151.360	32.012	183.372
Other short-term liabilities items	5.959.924	-	5.959.924
<b>Non-Current Liabilities</b>	<b>667.311</b>	<b>39.700</b>	<b>707.011</b>
Long-term borrowings	30.196	39.700	69.896
Other long-term liabilities items	637.115	-	637.115
<b>EQUITY</b>	<b>5.396.887</b>	<b>(5.686)</b>	<b>5.391.201</b>
<b>Equity Attributable To Owners Of The Parent</b>	<b>5.351.395</b>	<b>(5.686)</b>	<b>5.345.709</b>
Prior years’ income	2.500.684	-	2.500.684
Net profit for the period	1.445.974	(5.686)	1.440.288
Other equity items	1.404.737	-	1.404.737
<b>Non-controlling Interests</b>	<b>45.492</b>	<b>-</b>	<b>45.492</b>
<b>TOTAL LIABILITIES</b>	<b>12.175.482</b>	<b>66.026</b>	<b>12.241.508</b>

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

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

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

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

	<b>1 January - 30 September 2019</b>		
	<b>Before TFRS 16</b>		<b>After TFRS 16</b>
	<b>Effects</b>	<b>TFRS 16 Effects</b>	<b>Effects</b>
Revenue	11.296.815	-	11.296.815
Cost of revenue (-)	(9.154.647)	5.393	(9.149.254)
<b>GROSS PROFIT</b>	<b>2.142.168</b>	<b>5.393</b>	<b>2.147.561</b>
General administrative expenses (-)	(324.299)	(564)	(324.863)
Marketing expenses (-)	(240.382)	83	(240.299)
Research and development expenses (-)	(3.891)	-	(3.891)
Other operating income/(expenses),net	19.970	-	19.970
Share on profit of investments valued by equity method	8.136	-	8.136
<b>OPERATING PROFIT</b>	<b>1.601.702</b>	<b>4.912</b>	<b>1.606.614</b>
Investment income/(expenses),net	19.611	-	19.611
<b>PROFIT BEFORE FINANCIAL INCOME (EXPENSES)</b>	<b>1.621.313</b>	<b>4.912</b>	<b>1.626.225</b>
Financial income/(expenses),net	179.563	(11.898)	167.665
<b>PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION</b>	<b>1.800.876</b>	<b>(6.986)</b>	<b>1.793.890</b>
Tax Expense from Continuing Operations (-)	(358.841)	1.300	(357.541)
<b>PROFIT FROM CONTINUING OPERATIONS FOR THE PERIOD</b>	<b>1.442.035</b>	<b>(5.686)</b>	<b>1.436.349</b>
<b>Distribution of Profit for the Period</b>			
Non-controlling interests	(3.939)	-	(3.939)
Owners of the parent	1.445.974	(5.686)	1.440.288

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

##### Business Combinations

###### (a) Gate

Tekfen İnşaat, which holds %50 of the shares of Gate, 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 121.937 (21.547.000 USD). After the acquisition, direct share participation rate of Tekfen İnşaat in Gate has reached 100%. Goodwill arising from business combination has been recognized in accordance with TFRS in the condensed consolidated financial statements as of 30 September 2019 (Note 12).

###### (b) CFS

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

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

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

#### Business Combinations (cont’d)

##### (c) Gönen

A share acquisition agreement was signed on 13 May 2019 between the shareholders of Gönen and Toros Tarım, a subsidiary of the Group, concerning acquisition of 70% of the paid in capital of Gönen. Share transfer transaction was completed on 31 July 2019. Temporary Goodwill arising from business combination has been recognized in accordance with TFRS in the condensed consolidated financial statements as of 30 September 2019. The payment of balance amounting to 26.030 regarding the share acquisition was made on 2 October 2019 (Note: 12).

##### (d) Denkmal Dahlem

A share acquisition agreement was signed on 21 December 2018 between the shareholders of Denkmal Dahlem and HMB, a subsidiary of the Group, concerning acquisition of 80% of the paid in capital of Denkmal Dahlem. Share transfer transaction was completed on 30 July 2019. Temporary Goodwill arising from business combination has been recognized in accordance with TFRS in the condensed consolidated financial statements as of 30 September 2019 (Note: 12).

##### (e) Toros Agroport

A share acquisition agreement was signed on 29 July 2019 between the shareholders of Toros Agroport and Toros Tarım and Toros Terminal, subsidiaries of the Group, concerning acquisition of 100% of the paid in capital of Toros Agroport. Share transfer transaction was completed on 5 September 2019. Information related to business combination is as follows:

<u>Subsidiary Acquired</u>	<u>Nature of Business</u>	<u>Date of Acquisition</u>	<u>Ratio of Shares Acquired</u>	<u>Acquisition Price</u>
Toros Agroport	Agriculture	5 September 2019	100%	4.878

Breakdown of the acquisition price is as follows:

	<b>Toros Agroport</b>
Paid in cash	4.878
Acquisition liability	-
<b>Acquisition price</b>	<b>4.878</b>

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

	<b>Toros Agroport</b>
<b>Current assets</b>	<b>34.976</b>
Cash and cash equivalents	718
Other current assets	34.258
<b>Non-current assets</b>	<b>2.437</b>
Tangible and intangible assets	2.368
Other non-current assets	69
<b>Current liabilities</b>	<b>31.950</b>
<b>Non-current liabilities</b>	<b>-</b>
<b>Net assets</b>	<b>5.463</b>

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

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

##### Business Combinations (cont’d)

##### (e) Toros Agroport (cont’d)

As a result of the acquisition, the Group obtained control of Toros Agroport so that bargain purchase gain arisen. Temporary bargain purchase gain arising from the acquisition is as follows:

	<b>Toros Agroport</b>
Acquisition price	4.878
Non-controlling interest	-
Less: Fair value of net assets of the acquired company	(5.463)
<b>Bargain purchase gain</b>	<b>(585)</b>

Net cash outflow concerning the acquisition is as follows:

	<b>Toros Agroport</b>
Paid in cash	4.878
Less: Cash and cash equivalents of the acquired company	(718)
<b>Net cash outflow</b>	<b>4.160</b>

##### Other

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

A contract has been signed between Azfen, which is consolidated to the Group’s financial statements with equity method, and BP Exploration (Caspian Sea) to manufacture, assemble and deliver a single integrated deck comprising a topside platform, drilling facilities and living quarters, with a total weight of 16.936 tons. Group’s share of the contract amounts to 1.103.525 (195.000.000 USD) and duration is 38 months.

CFS Petrokimya Sanayi AŞ, a subsidiary of the Group, has initiated preliminary and associated studies related to a plan to construct a polypropylene production plant with an annual production capacity of 500,000 tons on property that belongs to Toros Tarım in Mersin.

#### 5. SIGNIFICANT CHANGES IN EQUITY

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

The positive change of 12.420 in the fair values of the financial investments of the Group has been directly recognized in equity (30 September 2018: negative change of 8.686).

##### Legal Reserves:

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

##### Profit Distribution:

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

##### Hedging Reserve

The negative change of 60.879 (30 September 2018: positive 153.973) in the fair values of the effective derivative instruments which the Group uses for cash flow hedging has been recognized in equity.



## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

#### 6. SEGMENTAL REPORTING

##### a) Segmental results:

	1 January - 30 September 2019				
	Contracting	Agriculture	Real Estate	Other	Total
Revenue	8.143.084	3.015.354	103.084	35.293	11.296.815
Cost of revenue (-)	(6.726.210)	(2.340.001)	(77.476)	(5.567)	(9.149.254)
<b>GROSS PROFIT</b>	<b>1.416.874</b>	<b>675.353</b>	<b>25.608</b>	<b>29.726</b>	<b>2.147.561</b>
General administrative expenses (-)	(168.466)	(45.365)	(11.847)	(99.185)	(324.863)
Marketing expenses (-)	(4.109)	(231.262)	(4.928)	-	(240.299)
Research and development expenses (-)	(460)	(3.431)	-	-	(3.891)
Other operating income	148.304	269.129	647	4.493	422.573
Other operating expenses (-)	(117.781)	(271.117)	(8.934)	(4.771)	(402.603)
Share on profit (loss) of investments valued by equity method	4.005	4.134	(3)	-	8.136
<b>OPERATING PROFIT (LOSS)</b>	<b>1.278.367</b>	<b>397.441</b>	<b>543</b>	<b>(69.737)</b>	<b>1.606.614</b>
Investment income	2.937	1.329	18	20.295	24.579
Investment expense (-)	(4.946)	(1)	(1)	(20)	(4.968)
<b>PROFIT BEFORE FINANCIAL INCOME (EXPENSES)</b>	<b>1.276.358</b>	<b>398.769</b>	<b>560</b>	<b>(49.462)</b>	<b>1.626.225</b>
Financial income	63.654	118.821	35.739	339.823	558.037
Financial expenses (-)	(16.500)	(111.724)	(36.125)	(226.023)	(390.372)
<b>PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION</b>	<b>1.323.512</b>	<b>405.866</b>	<b>174</b>	<b>64.338</b>	<b>1.793.890</b>
Tax (expense) income from continuing operations	(261.459)	(71.538)	309	(24.853)	(357.541)
<b>PROFIT FROM CONTINUING OPERATIONS FOR THE PERIOD</b>	<b>1.062.053</b>	<b>334.328</b>	<b>483</b>	<b>39.485</b>	<b>1.436.349</b>

For the nine month interim period ended 30 September 2019, revenue amounting 4.236.562 was obtained from a non-related client of construction segment which constitute 37,5% of the Group's revenue.

The Group has 94.685 of revenue and 51.775 of operating income from terminal operations classified as agricultural operation for the period of 1 January – 30 September 2019.

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

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

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

	1 July - 30 September 2019				
	Contracting	Agriculture	Real Estate	Other	Total
Revenue	2.226.174	716.706	36.342	11.710	2.990.932
Cost of revenue (-)	(1.879.901)	(569.064)	(25.256)	(2.147)	(2.476.368)
<b>GROSS PROFIT</b>	<b>346.273</b>	<b>147.642</b>	<b>11.086</b>	<b>9.563</b>	<b>514.564</b>
General administrative expenses (-)	(73.232)	(14.629)	(3.691)	(26.713)	(118.265)
Marketing expenses (-)	(3.015)	(58.439)	(1.860)	-	(63.314)
Research and development expenses (-)	(148)	(897)	-	-	(1.045)
Other operating income	16.677	95.226	277	1.036	113.216
Other operating expenses (-)	(33.298)	(88.493)	(17)	(1.105)	(122.913)
Share on profit (loss) of investments valued by equity method	(700)	1.583	(1)	-	882
<b>OPERATING PROFIT (LOSS)</b>	<b>252.557</b>	<b>81.993</b>	<b>5.794</b>	<b>(17.219)</b>	<b>323.125</b>
Investment income	441	866	2	9.261	10.570
Investment expense (-)	(12)	(1)	(1)	-	(14)
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)</b>	<b>252.986</b>	<b>82.858</b>	<b>5.795</b>	<b>(7.958)</b>	<b>333.681</b>
Financial income	11.438	39.801	9.651	79.174	140.064
Financial expense (-)	(2.562)	(42.947)	(13.999)	(80.972)	(140.480)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION</b>	<b>261.862</b>	<b>79.712</b>	<b>1.447</b>	<b>(9.756)</b>	<b>333.265</b>
Tax (expense) income from continuing operations	(59.334)	(17.091)	(216)	364	(76.277)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD</b>	<b>202.528</b>	<b>62.621</b>	<b>1.231</b>	<b>(9.392)</b>	<b>256.988</b>

The Group has 29.728 of revenue and 12.000 of operating income from terminal operations classified as agricultural operation for the period of 1 July – 30 September 2019.

Translated into English from the report originally issued in Turkish.

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

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

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

	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)	(1.588.847)	(67.447)	(5.024)	(7.143.432)
<b>GROSS PROFIT</b>	<b>608.905</b>	<b>566.692</b>	<b>14.048</b>	<b>25.394</b>	<b>1.215.039</b>
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 by equity method	21.494	435	(4)	-	21.925
<b>OPERATING PROFIT (LOSS)</b>	<b>491.131</b>	<b>30.139</b>	<b>(5.706)</b>	<b>(24.731)</b>	<b>490.833</b>
Investment income	-	15.893	34	8.072	23.999
Investment expense (-)	(651)	(91)	(761)	(168)	(1.671)
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)</b>	<b>490.480</b>	<b>45.941</b>	<b>(6.433)</b>	<b>(16.827)</b>	<b>513.161</b>
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)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION</b>	<b>544.346</b>	<b>218.314</b>	<b>(32.013)</b>	<b>438.228</b>	<b>1.168.875</b>
Tax (expense) income from continuing operations	(72.233)	(12.654)	6.562	(108.861)	(187.186)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD</b>	<b>472.113</b>	<b>205.660</b>	<b>(25.451)</b>	<b>329.367</b>	<b>981.689</b>

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)	(501.156)	(33.149)	(1.693)	(2.773.258)
<b>GROSS PROFIT</b>	<b>256.010</b>	<b>209.385</b>	<b>8.116</b>	<b>9.194</b>	<b>482.705</b>
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 by equity method	1.252	590	-	-	1.842
<b>OPERATING PROFIT (LOSS)</b>	<b>181.993</b>	<b>(64.597)</b>	<b>(1.106)</b>	<b>(8.413)</b>	<b>107.877</b>
Investment income	-	127	34	1.052	1.213
Investment expense (-)	(358)	(53)	(2)	(69)	(482)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION</b>	<b>181.635</b>	<b>(64.523)</b>	<b>(1.074)</b>	<b>(7.430)</b>	<b>108.608</b>
Financial income	35.665	296.135	2.558	367.083	701.441
Financial expense (-)	(9.002)	(186.707)	(9.750)	(80.075)	(285.534)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION</b>	<b>208.298</b>	<b>44.905</b>	<b>(8.266)</b>	<b>279.578</b>	<b>524.515</b>
Tax (expense) income from continuing operations	(15.196)	940	1.860	(65.322)	(77.718)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD</b>	<b>193.102</b>	<b>45.845</b>	<b>(6.406)</b>	<b>214.256</b>	<b>446.797</b>

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

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

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

Balance sheet	30 September 2019				
	Contracting	Agriculture	Real Estate	Other	Total
Total assets	6.422.499	3.550.611	450.553	1.817.845	12.241.508
Current and non-current liabilities	4.656.340	1.803.848	231.162	158.957	6.850.307
Equity attributable to owners of the parent	1.760.506	1.916.893	(30.754)	1.699.064	5.345.709
Non-controlling interests	46.586	(1.106)	-	12	45.492

  

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

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## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

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

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

	1 January - 30 September 2019				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures	64.005	88.171	53	11.746	163.975
Depreciation and amortization expense for the period (*)	147.168	59.437	1.301	4.641	212.547
Intra-segment revenue	114.692	50.781	27	5.979	171.479
Inter-segment revenue	147	1.034	1.365	18.099	20.645
	1 July - 30 September 2019				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures	12.122	33.872	5	2.445	48.444
Depreciation and amortization expense for the period (*)	49.324	17.570	421	1.696	69.011
Intra-segment revenue	51.951	17.742	9	2.012	71.714
Inter-segment revenue	147	236	541	6.321	7.245
	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	51.793	967	3.251	135.613
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	15.733	315	1.125	50.725
Intra-segment revenue	121.806	25.556	6	1.944	149.312
Inter-segment revenue	-	330	360	5.327	6.017

(\*) Depreciation expense of 684 is added to the cost of inventory (30 September 2018: 3.362 added to 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 2019)	5.134.868	834.498	-	5.497.277	22.296	(192.124)	11.296.815
Total Assets (30 September 2019)	13.298.977	2.864.302	834	3.894.587	1.303.766	(9.120.958)	12.241.508
Capital Expenditures (1 January - 30 September 2019)	120.142	22.963	-	20.757	113	-	163.975

	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 July - 30 September 2019)	1.385.666	310.321	-	1.364.729	9.175	(78.959)	2.990.932
Capital Expenditures (1 July - 30 September 2019)	39.767	4.154	-	4.489	34	-	48.444

	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 (31 December 2018)	12.862.220	2.908.298	10.059	3.904.142	277.311	(7.926.510)	12.035.520
Capital Expenditures (1 January - 30 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

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

#### 7. CASH AND CASH EQUIVALENTS

Time deposits with maturity of three months or less constitute the part of the cash and cash equivalents amounting to 3.044.480 (31 December 2018: 4.290.273). Demand deposits and other cash equivalents with maturity of three months or less constitute the rest of the cash and cash equivalents.

#### 8. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

	30 September 2019	31 December 2018
<u>Short-term trade receivables</u>		
Receivables from Contracting group operations	728.502	806.231
Receivables from Agriculture group operations	368.435	212.235
Receivables from Real Estate group operations	28.802	31.223
Receivables from Other group operations	5.614	7.425
Provision for doubtful receivables (-)	(77.191)	(39.568)
Retention receivables (Note: 9)	312.428	361.038
Due from related parties	16.708	57.836
Other	16.688	7.864
	<u>1.399.986</u>	<u>1.444.284</u>
<u>Long-term trade receivables</u>		
Retention receivables (Note: 9)	232.412	177.941
Receivables from Real Estate group operations	11.897	16.624
	<u>244.309</u>	<u>194.565</u>

Postdated cheques amounting to 177.239 (31 December 2018: 79.168), notes receivables amounting to 39.823 (31 December 2018: 44.697), negative foreign currency differences amounting to 394 (31 December 2018: negative foreign currency differences amounting to 2.581) are included in short and long-term trade receivables. There are no due date differences included in short and long-term trade receivables (31 December 2018: None).

Average maturity date for trade receivables varies between the segments. Average maturity date for Contracting group, for projects in abroad is 50 days (31 December 2018: 82 days), for domestic projects is 29 days (31 December 2018: 44 days), for Agriculture group is 42 days (31 December 2018: 47 days), for Real Estate group for short-term trade receivables are 133 days, long-term trade receivables are 660 days (31 December 2018: short-term trade receivables is 148 days, long-term trade receivables are 764 days) and for other segment is approximately 20 days (31 December 2018: 24 days).

As of 30 September 2019, receivables amounting 400.345 was obtained from a non-related client which constitute 25% of the Group’s receivables (31 December 2018: 425.220, 27%).

As of 30 September 2019, 77.191 of provision for doubtful receivables was determined based on past uncollectible receivable cases encountered and future expectations (30 September 2018: 41.303).

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

	2019	2018
Provision as of 1 January	(39.568)	(32.998)
Effect of changes in accounting policies	-	(5.685)
Effect of business combinations	(37.789)	(410)
Charge for the period	(1.303)	(486)
Collected	1.619	421
Provision released	188	3.811
Write off of bad debt	17	6
Currency translation effect	(355)	(5.962)
Provision as of 30 September	<u>(77.191)</u>	<u>(41.303)</u>



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

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

1.209 of doubtful receivable expense has been charged to general administrative expenses where 94 has been deducted from short-term deferred revenue (2018: All of doubtful receivable expense has been charged to general administrative expenses).

##### b) Trade Payables:

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

	30 September 2019	31 December 2018
<b>Short-term trade payables</b>		
Payables from Contracting group operations	1.297.093	1.592.437
Payables from Agriculture group operations	1.116.548	1.113.727
Payables from Real Estate group operations	3.311	3.090
Payables from Other group operations	17.648	24.151
Due to related parties	2.635	29.518
Retention payables (Note: 9)	442.108	100.653
Other	24.089	193
	<u>2.903.432</u>	<u>2.863.769</u>
<b>Long-term trade payables</b>		
Payables from Agriculture group operations	47.614	46.416
Retention payables (Note: 9)	92.980	280.281
Payables from Contracting group operations	11.961	780
	<u>152.555</u>	<u>327.477</u>

Notes payables amounting to 804 (31 December 2018: 784), and foreign currency differences amounting to 184.357 (31 December 2018: 520.220) are included in short and long-term trade payables. There are not any postdated cheques in the current period (31 December 2018: None).

For Agriculture Group, payables attributable to inventory supplied through imports constitute 96% (31 December 2018: 95%) of trade payables as at balance sheet date and average payable period for these import purchases is 172 days (31 December 2018: 107 days) whereas average payable period for domestic purchases is 28 days (31 December 2018: 30 days). For Contracting group, import purchases through letter of credit constitute 0,1% (31 December 2018: 1%) of trade payables as at balance sheet date. The average payable period for these import purchases is 108 days (31 December 2018: 137 days) whereas the average payable period for other purchases is 83 days (31 December 2018: 79 days). The average payable period for Real Estate group is 42 days (31 December 2018: 38 days). For the other operations of the Group, the average payable period is 73 days (31 December 2018: 67 days).

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

	30 September 2019	31 December 2018
Cost incurred on ongoing contracts	31.407.706	22.386.831
Recognised gain less losses (net)	3.996.215	2.067.774
	<u>35.403.921</u>	<u>24.454.605</u>
Less: Billings to date (-)	(35.685.762)	(25.110.449)
	<u>(281.841)</u>	<u>(655.844)</u>

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

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

	30 September 2019	31 December 2018
Contract assets arising from ongoing construction works	512.174	348.014
Contract liabilities arising from ongoing construction works	(794.015)	(1.003.858)
	<u>(281.841)</u>	<u>(655.844)</u>
	30 September 2019	31 December 2018
<u>Contract assets arising from ongoing construction works</u>		
Contracts undersigned abroad	415.513	295.951
Contracts undersigned in Turkey	96.661	52.063
	<u>512.174</u>	<u>348.014</u>
<u>Contract liabilities arising from ongoing construction works</u>		
Contracts undersigned abroad	(772.159)	(907.743)
Contracts undersigned in Turkey	(21.856)	(96.115)
	<u>(794.015)</u>	<u>(1.003.858)</u>
	<u>(281.841)</u>	<u>(655.844)</u>

The Group has 226.189 of advances given to subcontractors and other suppliers for construction projects classified in short-term prepaid expenses (31 December 2018: 389.274). Also, the Group has 814.137 of advances received for contracting projects classified in deferred revenue (31 December 2018: 1.229.353).

As of 30 September 2019, the Group has 535.088 of retention payables to subcontractors (31 December 2018: 380.934). Also, the amount of retention receivables is 544.840 (31 December 2018: 538.979) (Note: 8).

#### 10. INVENTORIES

	30 September 2019	31 December 2018
Raw materials	175.423	217.894
Work in progress	413.544	358.159
Finished goods	101.647	37.502
Trading goods	230.191	169.888
Goods in transit	125.454	13.817
Inventory from real estate projects	175.122	216.287
Inventory at construction sites	451.105	300.278
Other inventories	66.614	56.740
	<u>1.739.100</u>	<u>1.370.565</u>

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

The Group does not have any inventories whose net realizable value is less than its current cost. Accordingly, there is not any provision for allowance for impairment on inventory (30 September 2018: None).

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#### 11. INVESTMENTS VALUED BY EQUITY METHOD

Joint Ventures	Location of foundation and operation	30 September 2019		31 December 2018		Power to appoint	Industry
		Participation Rate	Amount	Participation Rate	Amount		
H-T Fidecilik	Turkey	50%	15.138	50%	10.530	50%	Agriculture
Azfen	Azerbaijan	40%	1.185	40%	24.597	40%	Construction
Black Sea Gübre	Turkey	30%	883	30%	1.077	30%	Fertilizer Trade
Florya Gayrimenkul	Turkey	50%	89.163	50%	88.252	50%	Real Estate
Denkmal Dahlem (*)	Germany	-	-	45%	20.184	45%	Construction
			<u>106.369</u>		<u>144.640</u>		

(\*) Classified to subsidiaries during the period (Note: 4).

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

	2019	2018
Opening balance as of 1 January	144.640	194.510
Group's share on profit	8.136	21.925
Group's share on other comprehensive income	280	157
Dividends received	(29.161)	(90.678)
Capital increases	957	630
Effect of joint ventures classified as subsidiaries	(20.184)	-
Currency translation effect	1.744	34.554
Profit eliminations	(43)	(15)
Closing balance as of 30 September	<u>106.369</u>	<u>161.083</u>

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

H-T Fidecilik	4.328	297
Azfen	4.005	21.494
Black Sea Gübre	(194)	138
Florya Gayrimenkul	(3)	(4)
Shares on profit of joint ventures consolidated by equity method	<u>8.136</u>	<u>21.925</u>

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

Information related to balance sheet:

30 September 2019	H-T Fidecilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Denkmal Dahlem	Total
Cash and cash equivalents	156	121.584	2.081	23	-	123.844
Other current assets	68.161	321.297	916	59.517	-	449.891
Non-current assets	19.736	78.771	9	123.150	-	221.666
<b>Total Assets</b>	<b>88.053</b>	<b>521.652</b>	<b>3.006</b>	<b>182.690</b>	<b>-</b>	<b>795.401</b>
Short-term borrowings	41.189	-	-	-	-	41.189
Other short-term liabilities	14.135	518.690	45	1.877	-	534.747
Other long-term liabilities	2.453	-	19	2.488	-	4.960
<b>Total Liabilities</b>	<b>57.777</b>	<b>518.690</b>	<b>64</b>	<b>4.365</b>	<b>-</b>	<b>580.896</b>
Net Assets	30.276	2.962	2.942	178.325	-	214.505
Group's Ownership Rate	50%	40%	30%	50%	-	
Group's Share on Net Assets	15.138	1.185	883	89.163	-	106.369
<b>31 December 2018</b>	<b>H-T Fidecilik</b>	<b>Azfen</b>	<b>Black Sea Gübre</b>	<b>Florya Gayrimenkul</b>	<b>Denkmal Dahlem</b>	<b>Total</b>
Cash and cash equivalents	95	87.257	2.854	2	319	90.527
Other current assets	54.576	289.362	784	58.342	155.378	558.442
Non-current assets	21.293	58.207	9	121.766	1.905	203.180
<b>Total Assets</b>	<b>75.964</b>	<b>434.826</b>	<b>3.647</b>	<b>180.110</b>	<b>157.602</b>	<b>852.149</b>
Short-term borrowings	30.814	-	-	-	60.714	91.528
Other short-term liabilities	22.107	362.874	40	1.122	1.039	387.182
Long-term borrowings	138	-	-	-	-	138
Other long-term liabilities	1.846	10.460	17	2.484	50.995	65.802
<b>Total Liabilities</b>	<b>54.905</b>	<b>373.334</b>	<b>57</b>	<b>3.606</b>	<b>112.748</b>	<b>544.650</b>
Net Assets	21.059	61.492	3.590	176.504	44.854	307.499
Group's Ownership Rate	50%	40%	30%	50%	45%	
Group's Share on Net Assets	10.530	24.597	1.077	88.252	20.184	144.640

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

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

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

1 January - 30 September 2019	H-T Fidecilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Denkmal Dahlem	Total
Revenue	78.272	291.559	-	-	-	369.831
Depreciation and amortization expense (-)	(1.896)	(25.829)	(1)	-	-	(27.726)
Operating profit (loss)	16.429	12.520	(918)	-	-	28.031
Financial income	133	-	578	-	-	711
Financial expense (-)	(5.539)	-	(305)	-	-	(5.844)
Tax expense (-)	(2.427)	(2.509)	-	(4)	-	(4.940)
Profit (Loss) for the Period	8.655	10.012	(645)	(6)	-	18.016
Group's Ownership Rate	50%	40%	30%	50%	-	
Group's Share on Profit (Loss) for the Period	4.328	4.005	(194)	(3)	-	8.136

1 July - 30 September 2019	H-T Fidecilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Denkmal Dahlem	Total
Revenue	29.121	156.663	-	-	-	185.784
Depreciation and amortization expense (-)	(625)	(7.601)	-	-	76	(8.150)
Operating profit (loss)	6.061	(4.339)	(284)	-	1.054	2.492
Financial income	110	-	127	-	-	237
Financial expense (-)	(1.911)	-	(151)	-	476	(1.586)
Tax (expense) income	(909)	866	-	-	-	(43)
Profit (Loss) for the Period	3.350	(3.472)	(308)	(2)	1.530	1.098
Group's Ownership Rate	50%	40%	30%	50%	45%	
Group's Share on Profit (Loss) for the Period	1.675	(1.389)	(92)	(1)	689	882

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

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

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

1 January - 30 September 2018	H-T Fidecilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Denkmal Dahlem	Total
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

1 July - 30 September 2018	H-T Fidecilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Denkmal Dahlem	Total
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

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

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

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

	Property, Plant and Equipment	Other Intangible Assets	Investment Property
<b>Cost Value</b>			
Opening balance as of 1 January 2019	4.691.268	84.622	142.130
Currency translation effect	191.400	3.832	2.729
Additions	153.138	9.067	1.770
Acquired through business combination	43.807	1.496	-
Disposals	(153.762)	-	-
Transfers from assets classified as held for sale	-	-	7.594
Transfers from inventory	-	-	247
Closing balance as of 30 September 2019	<u>4.925.851</u>	<u>99.017</u>	<u>154.470</u>
<b>Accumulated Depreciation and Amortization</b>			
Opening balance as of 1 January 2019	(2.702.042)	(49.506)	(33.781)
Currency translation effect	(140.701)	(3.004)	-
Allowance for impairment	(4.704)	-	-
Charge for the period	(168.771)	(5.969)	(1.521)
Disposals	151.535	-	-
Closing balance as of 30 September 2019	<u>(2.864.683)</u>	<u>(58.479)</u>	<u>(35.302)</u>
Carrying value as of 30 September 2019	<u>2.061.168</u>	<u>40.538</u>	<u>119.168</u>
<b>Cost Value</b>			
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	136.538	206	-
Disposals	(4.136)	-	(2.680)
Transfers	1.575	261	(1.836)
Closing balance as of 30 September 2018	<u>4.978.146</u>	<u>79.796</u>	<u>146.708</u>
<b>Accumulated Depreciation and Amortization</b>			
Opening balance as of 1 January 2018	(2.012.385)	(34.718)	(31.645)
Currency translation effect	(752.293)	(16.248)	-
Charge for the period	(134.345)	(2.621)	(2.009)
Disposals	2.178	-	55
Transfers	(451)	-	451
Closing balance as of 30 September 2018	<u>(2.897.296)</u>	<u>(53.587)</u>	<u>(33.148)</u>
Carrying value as of 30 September 2018	<u>2.080.850</u>	<u>26.209</u>	<u>113.560</u>

The fair value of the Group's investment property has been determined based on a valuation carried out by independent expertise which has no connection with the Group and is one of the independent valuers accredited by Capital Market Board. Valuation work has been concluded based on fair value of similar properties. The fair value of the investment properties as of 30 September 2019 is 501.392 (30 September 2018: 501.967) according to the valuation carried out by independent expert. There are not any restrictions on the realizability of property, plant and equipment, intangible assets and investment property or any remittances of income and proceeds of disposal.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

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

##### (b) Goodwill

<u>Subsidiaries Acquired</u>	<u>Nature of Business</u>	<u>Date of Acquisition</u>	<u>Ratio of Shares Acquired</u>	<u>Acquisition Price</u>
Gate İnşaat Taahhüt San. ve Tic. A.Ş.	Construction	25 July 2018	50%	121.937
CFS Petrokimya Sanayi A.Ş.	Other	31 May 2019	100%	3.850
Denkmal in Dahlem Otto-Hahn-Platz GmbH	Construction	30 July 2019	80%	32.353
Gönen Yenilenebilir Enerji Üretim A.Ş.	Agriculture	31 July 2019	70%	42.946
				<b>201.086</b>

Breakdown of the acquisition price is as follows:

	<u>Gate</u>	<u>CFS</u>	<u>Denkmal Dahlem</u>	<u>Gönen Enerji</u>	<u>Total</u>
Paid in cash	121.937	3.850	32.353	16.916	175.056
Acquisition liability	-	-	-	26.030	26.030
<b>Acquisition price</b>	<b>121.937</b>	<b>3.850</b>	<b>32.353</b>	<b>42.946</b>	<b>201.086</b>

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



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

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

#### (b) Goodwill (cont’d)

	Gate	CFS	Denkmal Dahlem	Gönen Enerji	Total
<b>Current assets</b>	<b>231.689</b>	<b>113</b>	<b>158.578</b>	<b>19.361</b>	<b>409.741</b>
Cash and cash equivalents	12.365	13	730	12.132	25.240
Other current assets	219.324	100	157.848	7.229	384.501
<b>Non-current assets</b>	<b>158.081</b>	<b>538</b>	<b>2.022</b>	<b>35.182</b>	<b>195.823</b>
Tangible and intangible assets	78.724	538	2.022	32.612	113.896
Other non-current assets	79.357	-	-	2.570	81.927
<b>Current liabilities</b>	<b>307.951</b>	<b>932</b>	<b>62.083</b>	<b>43.824</b>	<b>414.790</b>
<b>Non-current liabilities</b>	<b>3.690</b>	<b>-</b>	<b>83.503</b>	<b>14.282</b>	<b>101.475</b>
<b>Net assets</b>	<b>78.129</b>	<b>(281)</b>	<b>15.014</b>	<b>(3.563)</b>	<b>89.299</b>

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

	Gate	CFS	Denkmal Dahlem	Gönen Enerji	Total
Acquisition price	121.937	3.850	32.353	42.946	201.086
Non-controlling interest	-	-	3.003	(1.069)	1.934
Fair value of previously-held interest in the acquired company	39.065	-	-	-	39.065
Less: Fair value of net assets of the acquired company	(78.129)	281	(15.014)	3.563	(89.299)
<b>Goodwill</b>	<b>82.873</b>	<b>4.131</b>	<b>20.342</b>	<b>45.440</b>	<b>152.786</b>

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

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

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

Net cash outflow concerning the acquisitions is as follows:

	<b>Gate</b>	<b>CFS</b>	<b>Denkmal Dahlem</b>	<b>Gönen Enerji</b>	<b>Total</b>
Paid in cash	121.937	3.850	32.353	16.916	175.056
Less: Cash and cash equivalents of the acquired company	(6.183)	(13)	(730)	(12.132)	(19.058)
<b>Net cash outflow</b>	<b>115.754</b>	<b>3.837</b>	<b>31.623</b>	<b>4.784</b>	<b>155.998</b>

Movement of Goodwill is as follows:

	<b>2019</b>	<b>2018</b>
Opening balance as of 1 January	79.896	-
Additions	69.913	90.974
Remeasurement difference	(3.073)	-
Currency translation effect	6.050	-
Closing balance as of 30 September	<b>152.786</b>	<b>90.974</b>

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

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

The Company's bank loans are reclassified as long-term whose maturities passed 30 September 2020 according to their opening dates. Annual weighted average interest rate of the existing short-term loans is 5,88% for US Dollars, 2,59% for EUR and 17,16% for TL (31 December 2018: 5,05% for US Dollars, 1,29% for EUR and 16,52% for TL). There is not any long-term loan in terms of US Dollars and Turkish Liras, weighted average interest rate of the existing long-term loans is 5,54% for EUR (31 December 2018: USD None, EUR 2,64%, TL 17,54%).

Within the scope of TFRS 16 Leases standard implementation, lease liabilities of 32.012 and 39.700 in the aggregate 71.712 included in short-term and long-term borrowings respectively (Note: 3d).

The subsidiary of the Company, Toros Tarım, has borrowed ECA (SACE) and ECA (Hermes) bank loans from Unicredit Bank Austria AG in August 2013 and Deutsche Bank AG in January 2014 for sulfuric acid facility in Samsun factory. The duration of repayments for Unicredit Bank Austria AG loan lasts 7 years, including no principal payment within the first 2 years and 10 equal payments in 5 years where duration of repayments for Deutsche Bank AG loan lasts 6,5 years with 10 equal payments, including no principal payment within first 1,5 years. The interest rates for Unicredit Bank Austria AG and Deutsche Bank AG loans are 6 months Euribor plus 2% and 6 months Euribor plus 0,9% respectively. Toros Tarım fulfilled the financial performance criterias obliged due to the agreement as of 30 September 2019. As of 30 September 2019, remaining balance of the loans used from Unicredit Bank Austria AG and Deutsche Bank AG after principle payments is 68.780 (11.123 Thousand EUR) and 77.821 (12.585 Thousand EUR) respectively. Principle payments made to the loans from Unicredit Bank Austria AG an Deutsche Bank AG for the year ended 30 September 2019 is 68.780 (11.123 Thousand EUR) and 77.821 (12.585 Thousand EUR) respectively.

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

	30 September 2019	31 December 2018
Short-term provisions	361.378	307.941
Long-term provisions	75.003	73.828
Total provisions	436.381	381.769
Employment termination benefits provision	109.873	106.638
Unused vacation pay liability provision	48.315	40.841
Premium provision	35.039	37.332
Total provisions attributable to employee benefits	193.227	184.811
Provision for litigation	14.043	12.803
Other liability provisions	229.111	184.155
Other provisions	243.154	196.958
Total provisions	436.381	381.769

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

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

	Employment Termination Benefits Provision	Unused Vacation Pay Liability Provision	Premium Provision	Total Provisions Attributable to Employee Benefits
Opening balance as of 1 January 2019	106.638	40.841	37.332	184.811
Effect of business combinations	230	151	-	381
Currency translation effect	3.064	1.755	364	5.183
Charge for the period	32.049	18.472	40.553	91.074
Interest expense	2.802	-	-	2.802
Provision paid during the period	(30.608)	(11.972)	(41.429)	(84.009)
Provision released	(64)	(932)	(1.781)	(2.777)
Actuarial gain	(4.238)	-	-	(4.238)
Closing balance as of 30 September 2019	<u>109.873</u>	<u>48.315</u>	<u>35.039</u>	<u>193.227</u>
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>

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

	Provision for Litigation	Other Liability Provisions	Total Other Provisions
Opening balance as of 1 January 2019	12.803	184.155	196.958
Effect of business combinations	220	8.944	9.164
Currency translation effect	317	12.957	13.274
Charge for the period	2.375	48.995	51.370
Provision paid during the period	(683)	(32)	(715)
Provision released	(989)	(25.908)	(26.897)
Closing balance as of 30 September 2019	<u>14.043</u>	<u>229.111</u>	<u>243.154</u>
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>

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

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

##### Litigations:

As of 30 September 2019, lawsuit filed against the Group is totally 194.972 (31 December 2018: 186.701) and it has been decided to accrue 14.043 (31 December 2018: 12.803) of provision for lawsuits that might have high probability of potential outflow from the Group upon the consultation of legal advisors. Based on the legal advice of lawyers, no significant risks is foreseen regarding of lawsuit filed against the Group.

##### *Libya Arbitration Claim*

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

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

The Tekfen TML J.V. will submit the above-mentioned additional petition, will continue the arbitration process, and will begin the process of enforcement of the above-mentioned enforceable figures. The decision of the ICC is final, and the parties have the right to file an annulment action with the Swiss Federal Court in Switzerland, the seat of legal arbitration. Since Tekfen TML J.V. claims the Libyan state is also responsible for the loss, it filed a lawsuit with the Swiss Federal Court for annulment of the decision of the ICC concerning contrary situation. The lawsuit filed with the Swiss Federal Court has been rejected on the grounds that the arbitration agreement could not be extended to the Libyan State. In accordance with the decision of the Arbitral Tribunal, the parties continue conciliation negotiations for the remainder of the proceedings.

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

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

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

#### 15. COMMITMENTS

The guarantee, pledge and mortgage ("GPM") position tables of the Group as of 30 September 2019 and 31 December 2018 are as follows:

	Equivalent of Thousands TL	Thousands of US Dollars	Thousands of EUR	Other (Equivalent of Thousands TL)
<b>30 September 2019</b>				
A. GPM given on behalf of its own legal entity	-	-	-	-
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPM given on behalf of subsidiaries that are included in full consolidation	13.873.811	1.670.557	81.980	3.913.028
-Guarantee	13.564.228	1.670.557	45.580	3.828.528
-Pledge	-	-	-	-
-Mortgage	309.583	-	36.400	84.500
C. GPM given in order to guarantee third parties' debts for the routine trade operations	42.518	-	-	42.518
-Guarantee	42.518	-	-	42.518
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total amounts of other GPM given	-	-	-	-
i. Total amount of GPM given on behalf of parent company	-	-	-	-
ii. Total amount of GPM given on behalf of other group companies that are not included group B and C	-	-	-	-
iii. Total amount of GPM given on behalf of third parties that are not included group C	-	-	-	-
<b>Total as of 30 September 2019</b>	<b>13.916.329</b>	<b>1.670.557</b>	<b>81.980</b>	<b>3.955.546</b>
<b>31 December 2018</b>				
A. GPM given on behalf of its own legal entity	-	-	-	-
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPM given on behalf of subsidiaries that are included in full consolidation	14.706.497	1.958.995	63.763	4.016.059
-Guarantee	14.603.258	1.958.995	47.383	4.011.559
-Pledge	-	-	-	-
-Mortgage	103.239	-	16.380	4.500
C. GPM given in order to guarantee third parties' debts for the routine trade operations	51.517	-	-	51.517
-Guarantee	51.517	-	-	51.517
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total amounts of other GPM given	-	-	-	-
i. Total amount of GPM given on behalf of parent company	-	-	-	-
ii. Total amount of GPM given on behalf of other group companies that are not included group B and C	-	-	-	-
iii. Total amount of GPM given on behalf of third parties that are not included group C	-	-	-	-
<b>Total as of 31 December 2018</b>	<b>14.758.014</b>	<b>1.958.995</b>	<b>63.763</b>	<b>4.067.576</b>

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

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

#### 16. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Transactions with related parties are distinct and measurable.

#### 17. EQUITY

##### Capital / Capital Structure Adjustment

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

Shareholders	(%)	30 September 2019	(%)	31 December 2018
Berker family	22,55%	83.422	22,55%	83.422
Gökyiğit family	22,06%	81.640	22,02%	81.480
Akçağlılar family	6,65%	24.611	6,65%	24.611
Other (*)	1,54%	5.683	1,54%	5.683
Publicly traded	47,20%	174.644	47,24%	174.804
Paid in capital	100%	370.000	100%	370.000
Capital structure adjustment		3.475		3.475
Restated capital		<u>373.475</u>		<u>373.475</u>

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

#### 18. EARNINGS PER SHARE

	1 January- 30 September 2019	1 July- 30 September 2019	1 January - 30 September 2018	1 July- 30 September 2018
Average number of ordinary shares outstanding during the period (in full)	370.000.000	370.000.000	370.000.000	370.000.000
Net profit for the period attributable to owners of the parent (Thousands TL)	1.440.288	258.402	981.925	447.363
Earnings per share from continuing operations (TL)	3,893	0,698	2,654	1,209

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### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

#### 19. OTHER OPERATING INCOME AND EXPENSES

	1 January- 30 September 2019	1 July- 30 September 2019	1 January - 30 September 2018	1 July- 30 September 2018
<b>Other operating income</b>				
Foreign exchange income from operations	252.966	79.062	306.830	215.968
Due date difference income	68.077	17.386	29.433	8.152
Hedging income (Note: 21)	52.473	17	102.800	87.415
Discount income	24.340	11.012	22.536	3.003
Rental income	8.319	7.460	3.982	1.587
Social security premium refund income	2.891	1.313	2.311	963
Government grants and incentives income	2.274	193	2.104	2.104
Scrap sales income	1.042	471	815	191
Reversal of litigation provision (Note: 14)	989	2	1.378	85
Indemnity income	641	340	852	636
Other income	8.561	(4.040)	6.350	1.525
	<b>422.573</b>	<b>113.216</b>	<b>479.391</b>	<b>321.629</b>
	1 January- 30 September 2019	1 July- 30 September 2019	1 January - 30 September 2018	1 July- 30 September 2018
<b>Other operating expenses (-)</b>				
Foreign exchange losses from operations	(303.334)	(90.037)	(775.951)	(530.283)
Due date difference expenses	(37.158)	(16.264)	(18.794)	(10.345)
Hedging expenses (Note: 21)	(17.553)	(16.907)	(11.190)	-
Other provision expenses (Note: 14)	(8.927)	2.443	-	-
Discount expenses	(8.452)	5.222	(11.353)	(3.631)
Penalty and damages expenses	(2.806)	(2.528)	(151)	(68)
Litigation provision (Note: 14)	(2.375)	(31)	(1.807)	(63)
Grants and contributions	(468)	(292)	(1.347)	(331)
Other expenses	(21.530)	(4.519)	(14.286)	(7.412)
	<b>(402.603)</b>	<b>(122.913)</b>	<b>(834.879)</b>	<b>(552.133)</b>

#### 20. FINANCIAL INCOME AND EXPENSES

	1 January- 30 September 2019	1 July- 30 September 2019	1 January - 30 September 2018	1 July- 30 September 2018
<b>Financial income</b>				
Foreign exchange gains	421.363	109.067	952.489	637.535
Interest income	129.233	31.735	120.387	51.456
Currency translation reserve gains	7.217	(846)	20.600	12.450
Other financial income	224	108	-	-
	<b>558.037</b>	<b>140.064</b>	<b>1.093.476</b>	<b>701.441</b>
	1 January- 30 September 2019	1 July- 30 September 2019	1 January - 30 September 2018	1 July- 30 September 2018
<b>Financial expenses (-)</b>				
Foreign exchange losses	(320.589)	(126.293)	(368.574)	(261.816)
Interest expenses	(62.665)	(15.335)	(74.826)	(26.169)
Other financial expenses	(7.118)	404	(5.738)	36
Currency translation reserve losses	-	744	(2.775)	(2.396)
Less: Financial expenses included in costs of inventories	-	-	14.151	4.811
	<b>(390.372)</b>	<b>(140.480)</b>	<b>(437.762)</b>	<b>(285.534)</b>

Translated into English from the report originally issued in Turkish.



## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

#### 21. DERIVATIVE INSTRUMENTS

	30 September 2019		31 December 2018	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	47	40.472	37.639	-
Current	47	40.472	37.639	-
Non-current	-	-	-	-
	<u>47</u>	<u>40.472</u>	<u>37.639</u>	<u>-</u>

#### Currency derivatives:

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

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

	30 September 2019	31 December 2018
Forward foreign exchange contracts	772.311	446.476
	<u>772.311</u>	<u>446.476</u>

As of 30 September 2019, the fair value of the Toros Tarım’s currency derivatives is estimated to be 47 assets and 40.472 liabilities which is negative 40.425 (31 December 2018: assets 37.639). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date and fair value hierarchy classification of derivative instruments is Level 2 (31 December 2018: Level 2). There have been no changes in the purpose or use of derivative instruments.

The fair value of currency derivatives that are designated and effective as cash flow hedges amounting to negative 31.526 has been deferred in equity (31 December 2018: positive 29.353). There are no ineffective cash flow hedges for the period (30 September 2018: None). Gains amounting to 52.473 and expenses amounting to 17.553 concerning matured derivative contracts during the period have been recognized in profit or loss (30 September 2018: 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).

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

#### 22. FOREIGN CURRENCY POSITION

30 September 2019	Equivalent of Thousands of TL	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalent of Thousands of TL)
1. Trade Receivables	261.126	15.370	10.303	999	103.494
2. Monetary Financial Assets	1.467.315	143.957	104.273	11	7.789
3. Other	28.610	2.963	924	11	6.052
4. CURRENT ASSETS	1.757.051	162.290	115.500	1.021	117.335
5. Trade Receivables	19	-	3	-	-
6. Monetary Financial Assets	583	2	-	-	572
7. Other	13.555	47	2.149	-	-
8. NON-CURRENT ASSETS	14.157	49	2.152	-	572
9. TOTAL ASSETS	1.771.208	162.339	117.652	1.021	117.907
10. Trade Payables	1.197.424	184.124	13.060	111	73.919
11. Financial Liabilities	181.220	2	25.850	-	21.363
12. Monetary Other Liabilities	165.852	3.217	2.268	-	133.622
12b. Non-Monetary Other Liabilities	3.565	372	236	-	-
13. CURRENT LIABILITIES	1.548.061	187.715	41.414	111	228.904
14. Trade Payables	7.135	-	461	-	4.284
15. Financial Liabilities	30.102	-	4.868	-	-
16. Monetary Other Liabilities	21.079	389	4	-	18.853
17. NON-CURRENT LIABILITIES	58.316	389	5.333	-	23.137
18. TOTAL LIABILITIES	1.606.377	188.104	46.747	111	252.041
19. Net Position of Off-balance Sheet Derivative Instruments (19a-19b)	686.851	121.371	-	-	-
19a. Derivative Assets	686.851	121.371	-	-	-
19b. Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Assets / Liabilities Position	851.682	95.606	70.905	910	(134.134)
21. Monetary Items Net Foreign Currency Assets / Liabilities position (1+2+5+6-10-11-12-14-15-16)	126.231	(28.403)	68.068	899	(140.186)
22. Fair Value of Derivative Instruments Held for Hedging	(40.425)	(7.143)	-	-	-

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

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

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

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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 2019

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

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

##### Foreign currency sensitivity

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

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

	30 September 2019	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars changes 5% against TL	
US Dollars net assets / liabilities	27.052	(27.052)
	If Euro changes 5% against TL	
Euro net assets / liabilities	21.923	(21.923)
	If other foreign currencies changes 5% against TL	
Other foreign currency assets / liabilities	(6.391)	6.391
TOTAL	42.584	(42.584)
	31 December 2018	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars change 5% against TL	
US Dollars net assets / liabilities	38.040	(38.040)
	If Euro changes 5% against TL	
Euro net assets / liabilities	10.719	(10.719)
	If other foreign currencies change 5% against TL	
Other foreign currency net assets / liabilities	(21.920)	21.920
TOTAL	26.839	(26.839)

#### 23. SUBSEQUENT EVENTS

As of reporting date, there is positive change of 7.236 in the fair value of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş., the Company's financial investment, whose shares are publicly traded.