

**TEKFEN HOLDİNG ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE THREE MONTH  
INTERIM PERIOD  
ENDED 31 MARCH 2018

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

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**TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2018**

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

<b>ASSETS</b>	<b>Notes</b>	<b>Unreviewed 31 March 2018</b>	<b>Audited 31 December 2017</b>
<b>Current Assets</b>		<b>7.260.092</b>	<b>7.013.920</b>
Cash and cash equivalents	7	3.760.617	2.985.833
Financial investments		88.037	330.126
Trade receivables	8	1.515.829	1.890.014
- <i>Related party receivables</i>		16.167	14.468
- <i>Trade receivables</i>		1.499.662	1.875.546
Other receivables		28.014	23.518
- <i>Related party receivables</i>		8.142	-
- <i>Other receivables</i>		19.872	23.518
Receivables from ongoing construction contracts	9	245.721	171.361
Derivative instruments	21	16.521	6.460
Inventories	10	897.423	948.789
Prepaid expenses		376.227	335.754
- <i>Prepaid expenses</i>		376.227	335.754
Assets related with current tax		92.365	65.598
Other current assets		209.257	228.070
- <i>Other current assets</i>		209.257	228.070
		<b>7.230.011</b>	<b>6.985.523</b>
Assets classified as held for sale		30.081	28.397
<b>Non-Current Assets</b>		<b>2.576.532</b>	<b>2.352.830</b>
Financial investments		194.348	181.971
Trade receivables	8	146.302	76.585
- <i>Trade receivables</i>		146.302	76.585
Other receivables		4.389	4.235
- <i>Other receivables</i>		4.389	4.235
Investments valued by equity method	11	216.630	194.510
Investment property	12	104.278	103.866
Property, plant and equipment	12	1.655.250	1.597.309
Intangible assets	12	69.640	20.236
- <i>Goodwill</i>		44.168	-
- <i>Other intangible assets</i>		25.472	20.236
Prepaid expenses		2.000	2.470
- <i>Prepaid expenses</i>		2.000	2.470
Deferred tax assets		74.489	77.176
Other non-current assets		109.206	94.472
- <i>Other non-current assets</i>		109.206	94.472
<b>TOTAL ASSETS</b>		<b>9.836.624</b>	<b>9.366.750</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 31 MARCH 2018

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

<b>LIABILITIES</b>	<b>Notes</b>	<b>Unreviewed 31 March 2018</b>	<b>Audited 31 December 2017</b>
<b>Current Liabilities</b>		<b>6.016.001</b>	<b>5.586.667</b>
Short-term borrowings	13	598.802	605.081
Short-term portion of long-term borrowings		127.748	110.508
Trade payables	8	2.028.244	2.038.629
- <i>Related party payables</i>		4.712	6.128
- <i>Trade payables</i>		2.023.532	2.032.501
Payables related to employee benefits		84.813	72.332
Other payables		330.457	78.440
- <i>Related party payables</i>		119.599	-
- <i>Other payables</i>		210.858	78.440
Payables to ongoing construction contracts	9	1.059.834	792.605
Derivative instruments	21	162	9.547
Deferred revenue	4(b)	1.525.723	1.638.897
- <i>Deferred revenue</i>		1.525.723	1.638.897
Current tax liability		81.503	62.100
Short-term provisions	14	178.073	178.067
- <i>Short-term provisions attributable to employee benefits</i>		71.757	65.613
- <i>Other short-term provisions</i>		106.316	112.454
Other short-term liabilities		642	461
- <i>Other short-term liabilities</i>		642	461
<b>Non-Current Liabilities</b>		<b>769.685</b>	<b>771.769</b>
Long-term borrowings	13	431.802	464.104
Trade payables	8	115.900	117.342
- <i>Trade payables</i>		115.900	117.342
Other payables		70.496	70.146
- <i>Other payables</i>		70.496	70.146
Government incentives and grants		1.132	1.132
Deferred revenue		188	-
- <i>Deferred revenue</i>		188	-
Long-term provisions	14	63.355	57.996
- <i>Long-term provisions attributable to employee benefits</i>		63.283	57.924
- <i>Other long-term provisions</i>		72	72
Deferred tax liabilities		86.812	61.049
<b>TOTAL LIABILITIES</b>		<b>6.785.686</b>	<b>6.358.436</b>
<b>EQUITY</b>		<b>3.050.938</b>	<b>3.008.314</b>
<b>Equity Attributable To Owners Of The Parent</b>	5, 17	<b>3.008.806</b>	<b>2.975.717</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		(1.479)	(2.349)
- <i>Gain (loss) on revaluation and remeasurement</i>		(1.479)	(2.349)
Accumulated other comprehensive income (loss) that will be reclassified to profit or loss		259.524	219.312
- <i>Currency translation reserve</i>		183.280	154.480
- <i>Hedging reserve</i>		12.758	(2.408)
- <i>Gain on revaluation and reclassification</i>		63.486	67.240
Legal reserves		230.801	197.180
Prior years' income		1.604.607	1.115.816
Net profit for the period		240.894	771.299
<b>Non-controlling Interests</b>		<b>42.132</b>	<b>32.597</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>9.836.624</b>	<b>9.366.750</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 STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2018

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

	Notes	Unreviewed 1 January- 31 March 2018	Unreviewed 1 January - 31 March 2017
Revenue		2.265.929	1.636.975
Cost of revenue (-)		(1.925.047)	(1.371.292)
<b>GROSS PROFIT</b>		<b>340.882</b>	<b>265.683</b>
General administrative expenses (-)		(56.349)	(46.259)
Marketing expenses (-)		(48.458)	(45.471)
Research and development expenses (-)		(543)	(53)
Other operating income	19	41.372	90.796
Other operating expenses (-)	19	(82.365)	(115.043)
Share on profit of investments valued using equity method	11	16.848	14.017
<b>OPERATING PROFIT</b>		<b>211.387</b>	<b>163.670</b>
Investment income		8.231	8.095
Investment expenses (-)		(55)	(6)
<b>PROFIT BEFORE FINANCIAL INCOME (EXPENSES)</b>		<b>219.563</b>	<b>171.759</b>
Financial income	20	126.373	197.357
Financial expenses (-)	20	(56.803)	(162.201)
<b>PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION</b>		<b>289.133</b>	<b>206.915</b>
<b>Tax Expense from Continuing Operations (-)</b>		<b>(48.078)</b>	<b>(46.134)</b>
Tax expense for the period (-)		(26.087)	(32.526)
Deferred tax expense (-)		(21.991)	(13.608)
<b>PROFIT FROM CONTINUING OPERATIONS FOR THE PERIOD</b>		<b>241.055</b>	<b>160.781</b>
<b>Distribution of Profit for the Period</b>			
Non-controlling interests		161	(937)
Owners of the parent		240.894	161.718
<b>Earnings Per Share</b>	18	0,651	0,437

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**TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2018**

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

	<b>Unreviewed 1 January- 31 March 2018</b>	<b>Unreviewed 1 January - 31 March 2017</b>
<b>PROFIT FOR THE PERIOD</b>	<b>241.055</b>	<b>160.781</b>
<b>OTHER COMPREHENSIVE INCOME:</b>		
<b><u>Items that will not be reclassified to profit or loss</u></b>	<b>870</b>	<b>(1.978)</b>
Profit (loss) on revaluation of defined benefit plans (-)	1.088	(2.473)
Taxes based on other comprehensive income that will not be reclassified to profit or loss	(218)	495
- <i>Deferred tax (expense) income</i>	(218)	495
<b><u>Items that will be reclassified to profit or loss</u></b>	<b>48.995</b>	<b>7.330</b>
Currency translation reserve differences	38.069	9.025
Comprehensive profit (loss) from fair value through comprehensive income financial assets	(3.952)	7.198
Other comprehensive income (expenses) related to cash flow hedging (-)	18.958	(10.666)
Taxes based on other comprehensive income that will be reclassified to profit or loss	(4.080)	1.773
- <i>Deferred tax (expense) income</i>	(4.080)	1.773
<b>OTHER COMPREHENSIVE INCOME</b>	<b>49.865</b>	<b>5.352</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>290.920</b>	<b>166.133</b>
<b>Distribution of Total Comprehensive Income for The Period</b>		
Non-controlling interests	9.430	881
Owners of the parent	281.490	165.252

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# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2018

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

				Items not to be reclassified to profit or loss	Items to be reclassified to profit or loss			Retained Earnings					Equity attributable to owners of the parent	Non- controlling interests	Equity
	Paid in capital	Capital structure adjustment	Premiums in capital stock	Gain (loss) on revaluation and remeasurement	Currency translation reserve	Gains (loss) on hedging	Gain (loss) on revaluation and reclassification	Legal reserves	Prior years' income	Net profit for the period					
<b>Unreviewed</b>															
<b>Opening balance as of 1 January 2017</b>	370.000	3.475	300.984	1.369	125.977	1.621	71.775	194.145	955.924	324.411	2.349.681	29.776	2.379.457		
Transfers	-	-	-	-	-	-	-	2.690	321.721	(324.411)	-	-	-		
Total comprehensive income (loss)	-	-	-	(1.978)	7.207	(8.533)	6.838	-	-	161.718	165.252	881	166.133		
- Profit (loss) for the period	-	-	-	-	-	-	-	-	-	161.718	161.718	(937)	160.781		
- Other comprehensive income (expense)	-	-	-	(1.978)	7.207	(8.533)	6.838	-	-	-	3.534	1.818	5.352		
Dividends	-	-	-	-	-	-	-	-	(120.292)	-	(120.292)	-	(120.292)		
Increase (decrease) due to changes in the proportion of shares in subsidiaries that doesn't result in loss of control	-	-	-	-	-	-	-	-	(244)	-	(244)	-	(244)		
Other changes	-	-	-	-	-	-	-	-	(8.508)	-	(8.508)	-	(8.508)		
<b>Closing balance as of 31 March 2017</b>	<b>370.000</b>	<b>3.475</b>	<b>300.984</b>	<b>(609)</b>	<b>133.184</b>	<b>(6.912)</b>	<b>78.613</b>	<b>196.835</b>	<b>1.148.601</b>	<b>161.718</b>	<b>2.385.889</b>	<b>30.657</b>	<b>2.416.546</b>		
<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		
Transfers	-	-	-	-	-	-	-	33.621	737.678	(771.299)	-	-	-		
Total comprehensive income	-	-	-	870	28.800	15.166	(3.754)	-	-	240.894	281.976	9.430	291.406		
- Profit for the period	-	-	-	-	-	-	-	-	-	240.894	240.894	161	241.055		
- Other comprehensive income (expense)	-	-	-	870	28.800	15.166	(3.754)	-	-	-	41.082	9.269	50.351		
Dividends	-	-	-	-	-	-	-	-	(248.693)	-	(248.693)	-	(248.693)		
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	105	105		
Other changes	-	-	-	-	-	-	-	-	(194)	-	(194)	-	(194)		
<b>Closing balance as of 31 March 2018</b>	<b>370.000</b>	<b>3.475</b>	<b>300.984</b>	<b>(1.479)</b>	<b>183.280</b>	<b>12.758</b>	<b>63.486</b>	<b>230.801</b>	<b>1.604.607</b>	<b>240.894</b>	<b>3.008.806</b>	<b>42.132</b>	<b>3.050.938</b>		

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# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2018

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

Notes	Unreviewed 1 January - 31 March 2018	Unreviewed 1 January - 31 March 2017
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>916.922</b>	<b>1.789.235</b>
Profit for the Period	241.055	160.781
Adjustments to Reconcile Net Profit	77.003	70.138
- Depreciation and Amortization	12 43.154	34.677
- Provision Adjustments	8, 14 6.674	19.131
- Dividend Income and Expenses	(8.191)	(507)
- Interest Income and Expense Adjustments	20 (582)	(7.732)
- Gain/Loss on Fair Valuation	-	38
- Group's Share on Profit of Investments in Associates Accounted by Equity Method	11 (16.848)	(14.017)
- Allowance for Taxation	52.781	46.134
- Adjustments for Gain/Loss on Sale of Fixed Assets	12 15	(7.586)
Movements in Working Capital	641.502	1.621.531
- Changes in Financial Investments	242.089	50.721
- Changes in Trade Receivables	8 305.273	(127.375)
- Changes in Other Assets	7.629	1.720
- Changes in Receivables from Ongoing Construction Contracts	9 (74.360)	(128.701)
- Changes in Inventories	10 61.946	8.714
- Changes in Prepaid Expenses	(38.382)	(32.325)
- Changes in Trade Payables	8 (26.637)	87.514
- Changes in Payables Related to Employee Benefits	12.331	(1.063)
- Changes in Payables to Ongoing Construction Contracts	9 267.229	286.718
- Changes in Other Liabilities	2.028	44.519
- Changes in Deferred Revenue	4(b) (117.644)	1.431.089
Cash Generated by Operating Activities	959.560	1.852.450
Interest Paid	(21.581)	(14.269)
Interest Received	20.909	17.898
Provision Paid Related to Employee Benefits	14 (8.045)	(25.635)
Other Provision Paid	14 (470)	(122)
Tax Paid/Return	(33.451)	(41.087)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(91.227)</b>	<b>(26.505)</b>
Acquisition of Non-controlling Interests' Shares	-	(293)
Payments due to Share Acquisition or Capital Increase of Associates or Joint Ventures	(201)	-
Cash Outflows for Acquisition of Shares in Other Entities or Shares in Funds or Borrowing Instruments	(54.673)	(9.170)
Proceeds from Sales of Tangible and Intangible Assets	12 586	7.763
Acquisition of Tangible and Intangible Assets	12 (37.383)	(26.898)
Acquisition of Investment Properties	12 -	(7)
Proceeds from Sales of Assets Held for Sale	281	-
Advances and Debts Given	64	1.593
Dividend Received	99	507
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(113.760)</b>	<b>(140.223)</b>
Proceeds from Borrowings	300.131	445.323
Repayments of Borrowings	(412.520)	(461.468)
Payments of Financial Lease Obligations	(1.371)	(3.786)
Dividend paid	5 -	(120.292)
<b>CHANGE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION RESERVE EFFECT</b>	<b>711.935</b>	<b>1.622.507</b>
<b>D. CURRENCY TRANSLATION RESERVE EFFECT ON CASH AND CASH EQUIVALENTS</b>	62.849	(4.665)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>	<b>774.784</b>	<b>1.617.842</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	2.985.833	1.483.429
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	<b>3.760.617</b>	<b>3.101.271</b>

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# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2018

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

### 1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

As of 31 March 2018, the Group has 18.610 employees (31 December 2017: 18.296) including the personnel of subcontractors. Registered address of the Company is Kültür Mahallesi, Budak Sokak, Tekfen Sitesi A Blok, No: 7, Beşiktaş, İstanbul, Türkiye.

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

#### Changes in the Group's subsidiaries and joint operations as of 31 March 2018:

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

#### Approval of condensed consolidated financial statements:

The condensed consolidated financial statements are approved and published by the Board of Directors as of 26 April 2018.

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

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

The accompanying condensed consolidated financial statements have been prepared in accordance with the Communiqué Series II, 14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board (“CMB”) on 13 June 2013 which is published on Official Gazette numbered 28676. Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS”/“TFRS”) and additions and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority (“POA”) are predicated on in accordance with article 5th of the Communiqué.

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

The Group has preferred to disclose its interim consolidated financial statements as of 31 March 2018 in condensed format in accordance with TAS 34 “Interim Financial Reporting” standard. The descriptions and disclosures which are needed in the financial statements prepared annually complying with TAS are summarized appropriately in accordance with TAS 34 or not mentioned.

The accompanying condensed consolidated financial statements have to be considered with the consolidated financial statements which are independently audited as of 31 December 2017 and the related disclosures. Interim periods’ financial statements cannot be the sole indicator of the year-end results by themselves.

For the condensed consolidated financial statements, The Group continues to apply the same accounting policies and accounting estimate methods which are mentioned in the consolidated financial statements as of 31 December 2017

Exchange rates used in the consolidation process as of 31 March 2018 are; 1 USD= 3,9489 TL, 1 EUR= 4,8673 TL, 1 MAD= 0,4293 TL, 1 SAR= 1,0530 TL, 1 QAR= 1,0855 TL (Exchange rates as of 31 December 2017 are; 1 USD= 3, 7719 TL, 1 EUR= 4,5155 TL, 1 MAD= 0,4026 TL, 1 SAR= 1,0058 TL, 1 QAR= 1,0334 TL).

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2018

(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 consolidated financial statements:**

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

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

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

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

- TFRS 9 (amendments) , “Financial Instruments”, effective for annual periods beginning after 1 January 2019.
- TAS 28 (amendments), “Long-term Interests in Associates and Joint Ventures”, effective for annual periods beginning after 1 January 2019.
- TFRS 16, “Leases”, effective for annual periods beginning after 1 January 2019.
- TFRS interpretation 23, “Uncertainty over Income Tax Treatments”, effective for annual periods beginning after 1 January 2019.
- TFRS 17 “Insurance Contracts”, effective for annual periods beginning after 1 January 2021.
- Annual Improvements to TFRS 2015-2017 Cycle (TFRS 3, TFRS 11, TAS 12, TAS 23), effective for annual periods beginning after 1 January 2019.
- TAS 19 (amendments), “Plan Amendment, Curtailment or Settlement”, effective for annual periods beginning after 1 January 2019.

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

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

**(a) Business Combinations**

Upon the resolution of the Board of Directors dated 3 November 2017, a share acquisition agreement was signed on 5 January 2018 concerning acquisition of 90% of the paid in capitals of Alanar Meyve and Alara Fidan by Tekfen Tarımsal, a subsidiary of the Group. The transaction was approved by the Competition Authority on 8 February 2018 and following the ratification of the Competition Authority, the closing was held on 14 February 2018. Temporary Goodwill arising from business combinations has been recognized in accordance with TFRS in the condensed consolidated financial statements as of 31 March 2018 (Note 12).

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

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

##### (b) Advances Received

Tekfen Emlak recognized the advances taken as cash and notes receivable from the pre-sales of Esenyurt Project amounting to 6.176 under deferred revenue account (31 December 2017: 9.437).

The Group received cash advances from Al Khor Expressway project that was signed with Ministry of Municipality and Environment of the State of Qatar on 13 October 2016. Balance of the advances is amounting to 1.039.436 (960.759.000 Qatari Riyal) and is recognized under deferred revenue account as of 31 March 2018 (31 December 2017: 1.196.275).

##### (c) Other

Construction process concerning HEP İstanbul housing project of Real Estate group has been completed. Deliveries of the project started on 23 January 2017 and as of 31 March 2018, sales of 1.040 independent sections have been completed (31 December 2017: 1.004). These sales have been recognized in the condensed consolidated financial statements for the period ended 31 March 2018.

#### 5. SIGNIFICANT CHANGES IN EQUITY

##### Gain on Revaluation and Reclassification:

The negative change of 3.754 in the fair values of the financial investments of the Group has been directly recognized in equity (31 March 2017: positive change of 6.838).

##### Legal Reserves:

In accordance with the resolutions taken during the Ordinary General Assemblies of Group companies as of 31 March 2018, 33.621 of legal reserves were transferred from retained earnings in the condensed consolidated financial statements as of 31 March 2018 (31 March 2017: 2.690).

##### Profit Distribution:

Upon the resolution of Ordinary General Assembly held on 29 March 2018, it is decided to distribute 0,63 TRY (2017: 0,31 TRY) gross cash dividends per share attributable to the operations of the year of 2017. Profit shares of 232.530 (2017: 113.546) and 16.163 (2017: 6.746) in the aggregate 248.693 (2017: 120.292) was distributed on 4 April 2018 respectively to the owners of the parent and Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı which holds redeemed share. 119.579 portion of dividend payable amounting to 248.693 which was distributed on 4 April 2018 is recognized under other payables to related parties account where 129.114 is recognized under other payables account in the condensed consolidated financial statements as of 31 March 2018.

##### Hedging Reserve

The positive change of 15.166 (31 March 2017: negative 8.533) in the fair values of the effective derivative instruments which the Group uses for cash flow hedging has been recognized in equity.

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

#### 6. SEGMENTAL REPORTING

##### a) Segmental results:

	1 January - 31 March 2018				
	Contracting	Agriculture	Real Estate	Other	Total
Revenue	1.488.323	743.749	24.297	9.560	2.265.929
Cost of revenue (-)	(1.332.560)	(570.903)	(19.892)	(1.692)	(1.925.047)
<b>GROSS PROFIT</b>	<b>155.763</b>	<b>172.846</b>	<b>4.405</b>	<b>7.868</b>	<b>340.882</b>
General administrative expenses (-)	(30.428)	(11.832)	(1.992)	(12.097)	(56.349)
Marketing expenses (-)	(719)	(45.680)	(2.059)	-	(48.458)
Research and development expenses (-)	(17)	(526)	-	-	(543)
Other operating income	12.418	28.180	171	603	41.372
Other operating expenses (-)	(16.153)	(62.978)	(1.825)	(1.409)	(82.365)
Share on profit (loss) of investments valued using equity method	16.154	698	(4)	-	16.848
<b>OPERATING PROFIT (LOSS)</b>	<b>137.018</b>	<b>80.708</b>	<b>(1.304)</b>	<b>(5.035)</b>	<b>211.387</b>
Investment income	-	50	-	8.181	8.231
Investment expense (-)	-	-	-	(55)	(55)
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)</b>	<b>137.018</b>	<b>80.758</b>	<b>(1.304)</b>	<b>3.091</b>	<b>219.563</b>
Financial income	21.965	51.062	452	52.894	126.373
Financial expenses (-)	(4.805)	(30.188)	(11.101)	(10.709)	(56.803)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION</b>	<b>154.178</b>	<b>101.632</b>	<b>(11.953)</b>	<b>45.276</b>	<b>289.133</b>
Tax (expense) income from continuing operations	(24.053)	(13.655)	2.678	(13.048)	(48.078)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD</b>	<b>130.125</b>	<b>87.977</b>	<b>(9.275)</b>	<b>32.228</b>	<b>241.055</b>

For the three month interim period ended 31 March 2018, revenue amounting 845.110 was obtained from a non-related client of construction segment which constitute 37,3% of the Group's revenue.

The Group has 30.572 of revenue and 20.290 of operating income from terminal operations classified as agricultural operation for the period of 1 January – 31 March 2018.

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 - 31 March 2017				
	Contracting	Agriculture	Real Estate	Other	Total
Revenue	911.029	675.649	42.145	8.152	1.636.975
Cost of revenue (-)	(848.696)	(482.231)	(38.629)	(1.736)	(1.371.292)
<b>GROSS PROFIT</b>	<b>62.333</b>	<b>193.418</b>	<b>3.516</b>	<b>6.416</b>	<b>265.683</b>
General administrative expenses (-)	(26.477)	(7.675)	(1.900)	(10.207)	(46.259)
Marketing expenses (-)	(505)	(43.747)	(1.219)	-	(45.471)
Research and development expenses (-)	-	-	-	(53)	(53)
Other operating income	26.648	62.466	20	1.662	90.796
Other operating expenses (-)	(28.583)	(81.074)	(6)	(5.380)	(115.043)
Share on profit (loss) of investments valued using equity method	13.422	598	(3)	-	14.017
<b>OPERATING PROFIT (LOSS)</b>	<b>46.838</b>	<b>123.986</b>	<b>408</b>	<b>(7.562)</b>	<b>163.670</b>
Investment income	378	7.668	-	49	8.095
Investment expense (-)	-	-	-	(6)	(6)
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)</b>	<b>47.216</b>	<b>131.654</b>	<b>408</b>	<b>(7.519)</b>	<b>171.759</b>
Financial income	10.984	78.959	738	106.676	197.357
Financial expenses (-)	(11.830)	(75.509)	(307)	(74.555)	(162.201)
<b>PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION</b>	<b>46.370</b>	<b>135.104</b>	<b>839</b>	<b>24.602</b>	<b>206.915</b>
Tax expense from continuing operations (-)	(17.243)	(19.921)	(106)	(8.864)	(46.134)
<b>PROFIT FROM CONTINUING OPERATIONS FOR THE PERIOD</b>	<b>29.127</b>	<b>115.183</b>	<b>733</b>	<b>15.738</b>	<b>160.781</b>

For the three month interim period ended 31 March 2017, revenue amounting 312.499 was obtained from a non-related client of construction segment which constitute 19,1% of the Group’s revenue.

The Group has 39.134 of revenue and 24.985 of operating income from terminal operations classified as agricultural operation for the period of 1 January – 31 March 2017.

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#### 6. SEGMENTAL REPORTING (cont’d)

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

Balance sheet	31 March 2018				
	Contracting	Agriculture	Real Estate	Other	Total
Total assets	5.199.514	3.075.428	384.811	1.176.871	9.836.624
Current and non-current liabilities	4.460.791	1.480.489	441.136	403.270	6.785.686
Equity attributable to owners of the parent	322.525	1.259.877	(13.865)	1.440.269	3.008.806
Non-controlling interests	33.991	8.122	-	19	42.132

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

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

	1 January - 31 March 2018				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures	35.138	1.342	283	620	37.383
Depreciation and amortization expense for the period (*)	21.279	20.527	293	1.055	43.154
Intra-segment revenue	50.050	11.083	8	1.345	62.486
Inter-segment revenue	-	414	307	4.670	5.391

	1 January - 31 March 2017				
	Contracting	Agriculture	Real Estate	Other	Total
Capital expenditures	21.532	4.928	318	127	26.905
Depreciation and amortization expense for the period (*)	15.354	18.080	269	974	34.677
Intra-segment revenue	11.482	10.335	15	125	21.957
Inter-segment revenue	-	322	348	3.519	4.189

(\*) Depreciation expense of 4.480 is deducted from the cost of inventory (31 March 2017: 3.435 deducted from the cost of inventory).

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

d) Geographical segmental information is as follows:

	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 31 March 2018)	1.268.231	122.269	-	927.722	15.584	(67.877)	2.265.929
Total Assets (31 March 2018)	11.251.638	2.957.903	48.547	2.714.086	133.118	(7.268.668)	9.836.624
Capital Expenditures (1 January - 31 March 2018)	7.659	6.021	-	23.231	472	-	37.383

  

	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 31 March 2017)	1.092.063	243.026	-	326.529	1.503	(26.146)	1.636.975
Total Assets (31 December 2017)	9.821.715	2.768.683	45.340	2.461.092	116.552	(5.846.632)	9.366.750
Capital Expenditures (1 January - 31 March 2017)	23.747	3.094	-	64	-	-	26.905

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#### 7. CASH AND CASH EQUIVALENTS

Time deposits with maturity of three months or less constitute the part of the cash and cash equivalents amounting to 3.312.028 (31 December 2017: 2.680.704). Demand deposits and other cash equivalents with maturity of three months or less constitute the rest of the cash and cash equivalents.

#### 8. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

	31 March 2018	31 December 2017
<u>Short-term trade receivables</u>		
Receivables from Contracting group operations	880.427	1.402.427
Receivables from Agriculture group operations	322.382	190.873
Receivables from Real Estate group operations	17.914	15.770
Receivables from Other group operations	7.185	7.118
Provision for doubtful receivables (-)	(33.627)	(32.998)
Retention receivables (Note: 9)	295.164	283.764
Due from related parties	16.167	14.468
Other	10.217	8.592
	<u>1.515.829</u>	<u>1.890.014</u>
<u>Long-term trade receivables</u>		
Retention receivables (Note: 9)	130.208	64.374
Receivables from Real Estate group operations	16.094	12.211
	<u>146.302</u>	<u>76.585</u>

Postdated cheques amounting to 156.455 (31 December 2017: 126.185), notes receivables amounting to 30.326 (31 December 2017: 23.459), positive foreign currency differences amounting to 1.278 (31 December 2017: positive foreign currency differences amounting to 73) are included in short and long-term trade receivables. There are no due date differences included in short and long-term trade receivables (31 December 2017: None).

Average maturity date for trade receivables varies between the segments. Average maturity date for Contracting group, for projects in abroad is 113 days (31 December 2017: 135 days), for domestic projects is 41 days (31 December 2017: 39 days), for Agriculture group is 41 days (31 December 2017: 43 days), for Real Estate group for short-term trade receivables are 131 days, long-term trade receivables are 808 days (31 December 2017: short-term trade receivables is 150 days, long-term trade receivables are 770 days) and for other segment is approximately 25 days (31 December 2017: 27 days).

As of 31 March 2018, receivables amounting 516.041 was obtained from a non-related client which constitute 31% of the Group's receivables (31 December 2017: 935.627, 48%).

Amount of provision for doubtful receivables was determined based on past uncollectible receivable cases encountered. As of 31 March 2018, trade receivables of 33.627 (31 March 2017: 31.032) is provided provision for in the amount of 33.627 (31 March 2017: 31.032).

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

	2018	2017
Provision as of 1 January	(32.998)	(30.850)
Charge for the period	(362)	(644)
Collected	317	793
Currency translation effect	(584)	(331)
Provision as of 31 March	<u>(33.627)</u>	<u>(31.032)</u>

Doubtful receivable charge for the period has been charged to general administrative expenses (2017: Doubtful receivable charge for the period has been charged to general administrative expenses).



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

##### b) Trade Payables:

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

	31 March 2018	31 December 2017
<b>Short-term trade payables</b>		
Trade payables from Contracting group operations	984.497	1.063.448
Trade payables from Agriculture group operations	910.234	836.921
Trade payables from Real Estate group operations	4.248	5.105
Payables from Other group operations	14.668	12.707
Due to related parties	4.712	6.128
Retention payables (Note: 9)	109.730	114.159
Other trade payables	155	161
	<u>2.028.244</u>	<u>2.038.629</u>
<b>Long-term trade payables</b>		
Payables from Agriculture group operations	38.745	60.869
Retention payables (Note: 9)	76.266	55.674
Trade payables from Contracting group operations	889	799
	<u>115.900</u>	<u>117.342</u>

Notes payables amounting to 4 (31 December 2017: None), and foreign currency differences amounting to 44.384 (31 December 2017: 218.219) are included in short and long-term trade payables. There are not any postdated cheques in the current period (31 December 2017: None).

For Agriculture Group, payables attributable to inventory supplied through imports constitute 95% (31 December 2017: 95%) of trade payables as at balance sheet date and average payable period for these import purchases is 120 days (31 December 2017: 172 days) whereas average payable period for domestic purchases is 30 days (31 December 2017: 30 days). For Contracting group, import purchases through letter of credit constitute 2% (31 December 2017: 3%) of trade payables as at balance sheet date. The average payable period for these import purchases is 85 days (31 December 2017: 87 days) whereas the average payable period for other purchases is 88 days (31 December 2017: 90 days). The average payable period for Real Estate group is 32 days (31 December 2017: 35 days). For the other operations of the Group, the average payable period is 62 days (31 December 2017: 61 days).

#### 9. CONSTRUCTION CONTRACTS

	31 March 2018	31 December 2017
Cost incurred on ongoing contracts	13.138.790	16.125.698
Recognised gain less losses (net)	888.847	1.140.279
	<u>14.027.637</u>	<u>17.265.977</u>
Less: Billings to date (-)	(14.841.750)	(17.887.221)
	<u>(814.113)</u>	<u>(621.244)</u>

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#### 9. CONSTRUCTION CONTRACTS (cont'd)

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

	31 March 2018	31 December 2017
Receivables from ongoing construction contracts	245.721	171.361
Payables to ongoing construction contracts	(1.059.834)	(792.605)
	<u>(814.113)</u>	<u>(621.244)</u>
	31 March 2018	31 December 2017
<u>Receivables from ongoing construction contracts</u>		
Contracts undersigned abroad	175.371	125.117
Contracts undersigned in Turkey	70.350	46.244
	<u>245.721</u>	<u>171.361</u>
<u>Payables to ongoing construction contracts</u>		
Contracts undersigned abroad	(799.897)	(503.887)
Contracts undersigned in Turkey	(259.937)	(288.718)
	<u>(1.059.834)</u>	<u>(792.605)</u>
	<u>(814.113)</u>	<u>(621.244)</u>

The Group has 322.614 of advances given to subcontractors and other suppliers for construction projects classified in short-term prepaid expenses (31 December 2017: 292.548). Also, the Group has 1.410.249 of advances received for contracting projects classified in deferred revenue (31 December 2017: 1.559.333).

As of 31 March 2018, the Group has 185.996 of retention payables to subcontractors (31 December 2017: 169.833). Also, the amount of retention receivables is 425.372 (31 December 2017: 348.138) (Note: 8).

#### 10. INVENTORIES

	31 March 2018	31 December 2017
Raw materials	112.266	144.221
Work in progress	104.026	146.499
Finished goods	10.983	19.138
Trading goods	124.620	72.868
Goods in transit	34.159	30.800
Inventory from real estate projects	252.008	256.473
Inventory at construction sites	215.836	225.214
Other inventories	43.525	53.576
	<u>897.423</u>	<u>948.789</u>

For the three month interim period ended 31 March 2018, borrowing costs added to inventory amount to 4.590 (31 December 2017: Borrowing costs deducted 4.886).

The Group does not have any inventories whose net realizable value is less than its current cost. Accordingly, there is not any provision for allowance for impairment on inventory (31 March 2017: None).

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#### 11. INVESTMENTS VALUED BY EQUITY METHOD

Joint Ventures	Location of foundation and operation	31 March 2018		31 December 2017		Power to appoint	Industry
		Participation Rate	Amount	Participation Rate	Amount		
H-T Fidecilik	Turkey	50%	12.337	50%	11.543	50%	Agriculture
Azfen	Azerbaijan	40%	115.399	40%	94.227	40%	Construction
Black Sea Gübre	Turkey	30%	1.054	30%	1.092	30%	Fertilizer Trade
Florya Gayrimenkul	Turkey	50%	87.840	50%	87.648	50%	Real Estate
			<u>216.630</u>		<u>194.510</u>		

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

	2018	2017
Opening balance as of 1 January	194.510	118.445
Group's share on profit	16.848	14.017
Group's share on other comprehensive income	58	-
Capital increases	201	-
Currency translation effect	5.018	3.160
Profit eliminations	(5)	(456)
Closing balance as of 31 March	<u>216.630</u>	<u>135.166</u>

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

H-T Fidecilik	736	544
Azfen	16.154	13.422
Black Sea Gübre	(38)	54
Florya Gayrimenkul	(4)	(3)
Shares on profit of joint ventures consolidated by equity method	<u>16.848</u>	<u>14.017</u>

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

##### Information related to financial position:

31 March 2018	H-T Fidecilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Total
Cash and cash equivalents	73	157.673	2.943	64	160.753
Other current assets	56.940	392.225	682	57.711	507.558
Non-current assets	21.730	53.510	11	120.465	195.716
<b>Total Assets</b>	<b>78.743</b>	<b>603.408</b>	<b>3.636</b>	<b>178.240</b>	<b>864.027</b>
Short-term borrowings	25.278	-	-	-	25.278
Other short-term liabilities	25.825	302.741	104	86	328.756
Long-term borrowings	777	-	-	-	777
Other long-term liabilities	2.190	12.170	19	2.474	16.853
<b>Total Liabilities</b>	<b>54.070</b>	<b>314.911</b>	<b>123</b>	<b>2.560</b>	<b>371.664</b>
Net Assets	24.673	288.497	3.513	175.680	492.363
Group's Ownership Rate	50%	40%	30%	50%	
<b>Group's Share on Net Assets</b>	<b>12.337</b>	<b>115.399</b>	<b>1.054</b>	<b>87.840</b>	<b>216.630</b>
31 December 2017	H-T Fidecilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Total
Cash and cash equivalents	98	153.208	2.698	294	156.298
Other current assets	48.872	299.910	1.169	57.666	407.617
Non-current assets	22.279	52.435	12	120.396	195.122
<b>Total Assets</b>	<b>71.249</b>	<b>505.553</b>	<b>3.879</b>	<b>178.356</b>	<b>759.037</b>
Short-term borrowings	26.937	-	-	-	26.937
Other short-term liabilities	18.253	260.971	223	596	280.043
Long-term borrowings	835	-	-	-	835
Other long-term liabilities	2.139	9.014	17	2.465	13.635
<b>Total Liabilities</b>	<b>48.164</b>	<b>269.985</b>	<b>240</b>	<b>3.061</b>	<b>321.450</b>
Net Assets	23.085	235.568	3.639	175.295	437.587
Group's Ownership Rate	50%	40%	30%	50%	
<b>Group's Share on Net Assets</b>	<b>11.543</b>	<b>94.227</b>	<b>1.092</b>	<b>87.648</b>	<b>194.510</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 THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2018**

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

**11. INVESTMENTS VALUED BY EQUITY METHOD (cont’d)****Information related to profit or loss statement:**

<u>1 January - 31 March 2018</u>	<u>H-T Fidecilik</u>	<u>Azfen</u>	<u>Black Sea Gübre</u>	<u>Florya Gayrimenkul</u>	<u>Total</u>
Revenue	16.682	323.719	-	-	340.401
Depreciation and amortization expense	613	6.594	1	-	7.208
Operating profit (loss)	2.661	51.939	(264)	-	54.336
Financial income	-	354	173	1	528
Financial expense (-)	(796)	-	(38)	-	(834)
Tax (expense) income	(409)	(11.907)	1	(9)	(12.324)
Profit (Loss) for the Period	1.471	40.386	(128)	(7)	41.722
Group's Ownership Rate	50%	40%	30%	50%	
Group's Share on Profit (Loss) for the Period	736	16.154	(38)	(4)	16.848

  

<u>1 January - 31 March 2017</u>	<u>H-T Fidecilik</u>	<u>Azfen</u>	<u>Black Sea Gübre</u>	<u>Florya Gayrimenkul</u>	<u>Total</u>
Revenue	17.414	223.672	48.600	-	289.686
Depreciation and amortization expense	484	6.713	5	-	7.202
Operating profit	1.950	73.092	379	-	75.421
Financial income	-	-	1.117	1	1.118
Financial expense (-)	(579)	-	(1.316)	(1)	(1.896)
Tax (expense) income	(285)	(38.113)	1	(6)	(38.403)
Profit (Loss) for the Period	1.087	33.556	181	(6)	34.818
Group's Ownership Rate	50%	40%	30%	50%	
Group's Share on Profit (Loss) for the Period	544	13.422	54	(3)	14.017

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 THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2018

(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 2018	3.609.692	54.954	135.511
Currency translation effect	84.755	1.631	1.196
Additions	36.198	1.185	-
Acquired through business combination	35.367	4.666	-
Disposals	(1.434)	(261)	(102)
Closing balance as of 31 March 2018	<u>3.764.578</u>	<u>62.175</u>	<u>136.605</u>
<b>Accumulated Depreciation and Amortization</b>			
Opening balance as of 1 January 2018	(2.012.383)	(34.718)	(31.645)
Currency translation effect	(60.856)	(1.278)	-
Charge for the period	(37.256)	(707)	(711)
Disposals	1.167	-	29
Closing balance as of 31 March 2018	<u>(2.109.328)</u>	<u>(36.703)</u>	<u>(32.327)</u>
Carrying value as of 31 March 2018	<u>1.655.250</u>	<u>25.472</u>	<u>104.278</u>

	Property, Plant and Equipment	Other Intangible Assets	Investment Property
<b>Cost Value</b>			
Opening balance as of 1 January 2017	3.298.646	46.920	112.711
Currency translation effect	53.167	917	(14)
Additions	24.046	2.852	7
Disposals	(1.041)	-	-
Transfers	(320)	320	-
Closing balance as of 31 March 2017	<u>3.374.498</u>	<u>51.009</u>	<u>112.704</u>
<b>Accumulated Depreciation and Amortization</b>			
Opening balance as of 1 January 2017	(1.810.973)	(30.242)	(30.152)
Currency translation effect	(38.705)	(806)	-
Charge for the period	(29.949)	(622)	(671)
Disposals	864	-	-
Closing balance as of 31 March 2017	<u>(1.878.763)</u>	<u>(31.670)</u>	<u>(30.823)</u>
Carrying value as of 31 March 2017	<u>1.495.735</u>	<u>19.339</u>	<u>81.881</u>

Property, plant and equipment include fixed assets with carrying value of 7.898 purchased through financial lease (31 March 2017: 11.691). These property, plant and equipment purchased through financial lease consist of various prefabricated buildings, machinery, equipment and vehicles employed in construction sites. During the current period, there are not any property, plant and equipment purchases through financial lease (31 March 2017: None). For the period ended as of 31 March 2018, there are no additional capitalized borrowing costs (31 March 2017: None).

The fair value of the Group's investment property has been determined based on a valuation carried out by independent expertise which has no connection with the Group and is one of the independent valuers accredited by Capital Market Board. The fair values of the lands were determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair market value of the investment properties as of 31 March 2018 is 492.243 (31 March 2017: 486.275) according to the valuation carried out by independent expert. There are not any restrictions on the realizability of property, plant and equipment, intangible assets and investment property or any remittances of income and proceeds of disposal.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2018

(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

Subsidiaries Acquired	Nature of Business	Date of Acquisition	Ratio of Shares Acquired	Acquisition price
Alanar Meyve	Agricultural Manufacturing	14 February 2018	90%	44.599
Alara Fidan	Agricultural Manufacturing	14 February 2018	90%	525
				<b>45.124</b>

Breakdown of the acquisition price is as follows:

	Alanar Meyve	Alara Fidan	Total
Paid in cash	32.111	378	32.489
Acquisition liability	12.488	147	12.635
<b>Acquisition price</b>	<b>44.599</b>	<b>525</b>	<b>45.124</b>

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

	Alanar Meyve	Alara Fidan	Total
<b>Current assets</b>	<b>15.495</b>	<b>6.611</b>	<b>22.106</b>
Cash and cash equivalents	395	273	668
Other current assets	15.100	6.338	21.438
<b>Non-current assets</b>	<b>40.477</b>	<b>4.595</b>	<b>45.072</b>
Tangible and intangible assets	36.121	3.912	40.033
Other non-current assets	4.356	683	5.039
<b>Current liabilities</b>	<b>42.017</b>	<b>12.387</b>	<b>54.404</b>
<b>Non-current liabilities</b>	<b>10.395</b>	<b>1.317</b>	<b>11.712</b>
<b>Net assets</b>	<b>3.560</b>	<b>(2.498)</b>	<b>1.062</b>

The identifiable assets and liabilities detailed above are temporarily reported under TFRS provisions. During the measurement period, the assets and liabilities will be reevaluated. As a result of the acquisition, the Group obtained control of Alanar Meyve and Alara Fidan so that goodwill arisen. 10% of non-controlling interests in Alanar Fruit and Alara Fidan are measured at the proportionate share of the acquiree's identifiable net assets. The temporary goodwill arising from the acquisition is as follows:

	Alanar Meyve	Alara Fidan	Toplam
Acquisition price	44.599	525	45.124
Non-controlling interest	356	(250)	106
Less: Fair values of net assets of the acquired companies	(3.560)	2.498	(1.062)
<b>Goodwill</b>	<b>41.395</b>	<b>2.773</b>	<b>44.168</b>

Net cash outflow concerning the acquisition is as follows:

	Alanar Meyve	Alara Fidan	Toplam
Paid in cash	32.111	378	32.489
Less: Cash and cash equivalents of the acquired company	(395)	(273)	(668)
	<b>31.716</b>	<b>105</b>	<b>31.821</b>

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2018

(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 31 March 2019 according to their opening dates. Annual weighted average interest rate of the existing short-term loans is 4,89% for US Dollars, 0,98% for EUR and 15,58% for TL (31 December 2017: 4,41% for US Dollars, 1,17% for EUR and 14,49% for TL). There is not any long term loan in terms of US Dollars, weighted average interest rate of the existing long-term loans is 2,65% for EUR and 16,64% for TL (31 December 2017: USD None, EUR 2,66%, TL 16,36%).

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 criteris obliged due to the agreement as of 31 March 2018. As of 31 March 2018, remaining balance of the loans used from Unicredit Bank Austria AG and Deutsche Bank AG after principle payments is 135.345 (27.807 Thousand EUR) and 153.140 (31.463 Thousand EUR) respectively. Principle payments made to the loans from Unicredit Bank Austria AG an Deutsche Bank AG for the year ended 31 March 2018 is 27.067 (5.561 Thousand EUR) and 30.630 (6.293 Thousand EUR) respectively.

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

	31 March 2018	31 December 2017
Short-term provisions	178.073	178.067
Long-term provisions	63.355	57.996
Total provisions	<u>241.428</u>	<u>236.063</u>
Employment termination benefits provision	80.689	76.735
Unused vacation pay liability provision	27.828	25.268
Premium provision	26.523	21.534
Total provisions attributable to employee benefits	<u>135.040</u>	<u>123.537</u>
Provision for litigation	13.721	17.873
Other liability provisions	92.667	94.653
Other provisions	<u>106.388</u>	<u>112.526</u>
Total provisions	<u>241.428</u>	<u>236.063</u>

  

	Employment Termination Benefits Provision	Unused Vacation Pay Liability Provision	Premium Provision	Total Provisions Attributable to Employee Benefits
Opening balance as of 1 January 2018	76.735	25.268	21.534	123.537
Currency translation effect	2.211	906	637	3.754
Charge for the period	8.307	3.553	4.490	16.350
Interest expense	506	-	-	506
Provision paid during the period	(6.209)	(1.698)	(138)	(8.045)
Provision released	(128)	(201)	-	(329)
Actuarial gain	(733)	-	-	(733)
Closing balance as of 31 March 2018	<u>80.689</u>	<u>27.828</u>	<u>26.523</u>	<u>135.040</u>
Opening balance as of 1 January 2017	80.537	18.453	13.969	112.959
Currency translation effect	1.704	334	143	2.181
Charge for the period	9.844	4.831	4.549	19.224
Interest expense	527	-	-	527
Provision paid during the period	(8.657)	(2.491)	(14.487)	(25.635)
Provision released	-	(108)	(485)	(593)
Actuarial loss	2.463	-	-	2.463
Closing balance as of 31 March 2017	<u>86.418</u>	<u>21.019</u>	<u>3.689</u>	<u>111.126</u>

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

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## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2018

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

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

	Provision for Litigation	Other Liability Provisions	Total Other Provisions
Opening balance as of 1 January 2018	17.873	94.653	112.526
Currency translation effect	144	4.086	4.230
Charge for the period	1.011	873	1.884
Provision paid during the period	(470)	-	(470)
Provision released	(4.837)	(6.945)	(11.782)
Closing balance as of 31 March 2018	<u>13.721</u>	<u>92.667</u>	<u>106.388</u>
Opening balance as of 1 January 2017	9.998	113	10.111
Currency translation effect	96	1	97
Charge for the period	122	-	122
Provision paid during the period	(113)	(9)	(122)
Closing balance as of 31 March 2017	<u>10.103</u>	<u>105</u>	<u>10.208</u>

#### Litigations:

As of 31 March 2018, except Libya counterclaim, lawsuit filed against the Group is totally 192.743 (31 December 2017: 138.468) and it has been decided to accrue 13.721 (31 December 2017: 17.873) of provision for lawsuits that might have high probability of potential outflow from the Group upon the consultation of legal advisors. Based on the legal advice of lawyers, no significant risks is foreseen regarding of lawsuit filed against the Group.

#### *Libya Arbitration Claim*

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

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

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

Based on the legal advice of lawyers, no significant risks is foreseen regarding of lawsuit filed against the Group. Letters of guarantees given related to Libya project to various institutions amount to 399.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2018

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#### 15. COMMITMENTS

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

31 March 2018	Thousands			Other
	Equivalent of Thousands TL	of US Dollars	Thousands of EUR	(Equivalent of Thousands TL)
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	9.934.472	1.708.414	49.968	2.944.908
-Guarantee	9.901.020	1.708.414	49.968	2.911.456
-Pledge	-	-	-	-
-Mortgage	33.452	-	-	33.452
C. GPM given in order to guarantee third parties' debts for the routine trade operations	86.050	-	-	86.050
-Guarantee	86.050	-	-	86.050
-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 March 2018</b>	<b>10.020.522</b>	<b>1.708.414</b>	<b>49.968</b>	<b>3.030.958</b>

  

31 December 2017	Thousands			Other
	Equivalent of Thousands TL	of US Dollars	Thousands of EUR	(Equivalent of Thousands TL)
A. GPM given on behalf of its own legal entity	-	-	-	-
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPM given on behalf of subsidiaries that are included in full consolidation	10.299.998	1.856.593	35.538	3.136.644
-Guarantee	10.295.498	1.856.593	35.538	3.132.144
-Pledge	-	-	-	-
-Mortgage	4.500	-	-	4.500
C. GPM given in order to guarantee third parties' debts for the routine trade operations	113.681	-	-	113.681
-Guarantee	113.681	-	-	113.681
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total amounts of other GPM given	-	-	-	-
i. Total amount of GPM given on behalf of parent company	-	-	-	-
ii. Total amount of GPM given on behalf of other group companies that are not included group B and C	-	-	-	-
iii. Total amount of GPM given on behalf of third parties that are not included group C	-	-	-	-
<b>Total as of 31 December 2017</b>	<b>10.413.679</b>	<b>1.856.593</b>	<b>35.538</b>	<b>3.250.324</b>

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

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2018

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#### 16. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Transactions with related parties are distinct and measurable.

#### 17. EQUITY

##### Capital / Capital Structure Adjustment

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

Shareholders	(%)	31 March 2018	(%)	31 December 2017
Berker family	22,28%	82.422	22,28%	82.422
Gökyiğit family	22,78%	84.272	22,78%	84.272
Akçağlılar family	6,65%	24.611	6,65%	24.611
Other (*)	1,48%	5.480	1,48%	5.480
Publicly traded	46,81%	173.215	46,81%	173.215
Paid in capital	100,00%	370.000	100,00%	370.000
Capital structure adjustment		3.475		3.475
Restated capital		<u>373.475</u>		<u>373.475</u>

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

#### 18. EARNINGS PER SHARE

	1 January- 31 March 2018	1 January - 31 March 2017
Average number of ordinary shares outstanding during the period (in full)	370.000.000	370.000.000
Net profit for the period attributable to owners of the parent (Thousands TL)	240.894	161.718
Earnings per share from continuing operations (TL)	0,651	0,437

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2018

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#### 19. OTHER OPERATING INCOME AND EXPENSES

	1 January- 31 March 2018	1 January - 31 March 2017
<b>Other operating income</b>		
Foreign exchange income from operations	17.730	77.848
Due date difference income	10.434	7.572
Discount income	7.776	1.986
Reversal of litigation provision (Note: 14)	1.268	-
Rental income	1.135	1.088
Scrap sales income	336	380
Hedging income (Note: 21)	32	-
Government grants and incentives income	-	302
Other income	2.661	1.620
	<u>41.372</u>	<u>90.796</u>
	1 January- 31 March 2018	1 January - 31 March 2017
<b>Other operating expenses (-)</b>		
Foreign exchange losses from operations	(59.617)	(104.280)
Hedging expenses (Note: 21)	(11.149)	(34)
Discount expenses	(5.728)	(1.475)
Due date difference expenses	(1.465)	(736)
Litigation provision (Note: 14)	(1.011)	(122)
Grants and contributions	(684)	(797)
Damages subject to litigation	-	(97)
Other expenses	(2.711)	(7.502)
	<u>(82.365)</u>	<u>(115.043)</u>

#### 20. FINANCIAL INCOME AND FINANCIAL EXPENSES

	1 January- 31 March 2018	1 January - 31 March 2017
<b>Financial income</b>		
Foreign exchange gains	86.729	171.325
Interest income	30.421	25.455
Currency translation reserve gains	9.220	495
Other finance income	3	82
	<u>126.373</u>	<u>197.357</u>
	1 January- 31 March 2018	1 January - 31 March 2017
<b>Financial expenses (-)</b>		
Foreign exchange losses	(35.051)	(146.753)
Interest expenses	(24.788)	(18.053)
Other finance expenses	(1.411)	(1.547)
Currency translation reserve losses	(143)	(3.978)
Less: Financial expenses included in costs of inventories	4.590	8.130
	<u>(56.803)</u>	<u>(162.201)</u>

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2018

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#### 21. DERIVATIVE INSTRUMENTS

	31 March 2018		31 December 2017	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	16.521	162	6.460	9.547
Current	16.521	162	6.460	9.547
Non-current	-	-	-	-
	<u>16.521</u>	<u>162</u>	<u>6.460</u>	<u>9.547</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:

	31 March 2018	31 December 2017
Forward foreign exchange contracts	410.308	399.347
	<u>410.308</u>	<u>399.347</u>

As of 31 March 2018, the fair value of the Toros Tarım’s currency derivatives is estimated to be 16.521 assets and 162 liabilities which is positive 16.359 (31 December 2017: assets 6.460, liabilities 9.547, negative 3.087). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date and fair value hierarchy classification of derivative instruments is Level 2 (31 December 2017: Level 2). There have been no changes in the purpose or use of derivative instruments.

The fair value of currency derivatives that are designated and effective as cash flow hedges amounting to positive 12.758 has been deferred in equity (31 December 2017: negative 2.408). There are no ineffective cash flow hedges for the period (31 March 2017: Expenses amounting to 34 of ineffective part have been recognized in profit or loss). Gains amounting to 32 and expenses amounting to 11.149 concerning matured derivative contracts during the period have been recognized in profit or loss (31 March 2017: None).

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2018

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

#### 22. FOREIGN CURRENCY POSITION

31 March 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	197.163	20.682	7.933	10	76.824
2. Monetary Financial Assets	1.448.124	291.601	59.649	50	6.014
3. Other	31.257	1.071	1.045	2	21.930
4. CURRENT ASSETS	1.676.544	313.354	68.627	62	104.768
5. Trade Receivables	-	-	-	-	-
6. Monetary Financial Assets	537	-	-	-	537
7. Other	4.975	95	945	-	-
8. NON-CURRENT ASSETS	5.512	95	945	-	537
9. TOTAL ASSETS	1.682.056	313.449	69.572	62	105.305
10. Trade Payables	1.273.645	206.546	20.001	22	360.543
11. Financial Liabilities	116.292	98	23.813	-	-
12. Monetary Other Liabilities	183.060	1.785	6.991	-	141.984
12b. Non-Monetary Other Liabilities	4.667	1.172	8	-	-
13. CURRENT LIABILITIES	1.577.664	209.601	50.813	22	502.527
14. Trade Payables	5.087	-	31	-	4.936
15. Financial Liabilities	173.091	-	35.562	-	-
16. Monetary Other Liabilities	26.613	943	4	-	22.870
17. NON-CURRENT LIABILITIES	204.791	943	35.597	-	27.806
18. TOTAL LIABILITIES	1.782.455	210.544	86.410	22	530.333
19. Off-balance Sheet Derivative Instruments Net Position (19a-19b)	408.324	103.402	-	-	-
19a. Derivative Assets	408.324	103.402	-	-	-
19b. Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Assets / Liabilities Position	307.925	206.307	(16.838)	40	(425.028)
21. Monetary Items Net Foreign Currency Assets / Liabilities position (1+2+5+6-10-11-12-14-15-16)	(131.964)	102.911	(18.820)	38	(446.958)
22. Fair Value of Derivative Instruments Held for Hedging	16.359	4.143	-	-	-

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 THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2018

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

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

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

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 THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2018

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

	31 March 2018	
	Profit / Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars changes 5% against TL	
US Dollars net assets / liabilities	40.734	(40.734)
	If Euro changes 5% against TL	
Euro net assets / liabilities	(4.098)	4.098
	If other foreign currencies changes 5% against TL	
Other foreign currency assets / liabilities	(21.240)	21.240
TOTAL	15.396	(15.396)
	31 December 2017	
	Profit / Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars change 5% against TL	
US Dollars net assets / liabilities	37.312	(37.312)
	If Euro changes 5% against TL	
Euro net assets / liabilities	(4.917)	4.917
	If other foreign currencies change 5% against TL	
Other foreign currency net assets / liabilities	(19.500)	19.500
TOTAL	12.895	(12.895)

#### 23. SUBSEQUENT EVENTS

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