

**ENKA İNŞAAT VE SANAYİ  
ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

Condensed Consolidated Interim Financial  
Statements As at and for the Three-Months  
Period Ended  
31 March 2019

**TABLE OF CONTENTS****PAGE**

<b>CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION.....</b>	<b>1-2</b>
<b>CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS.....</b>	<b>3</b>
<b>CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME.....</b>	<b>4</b>
<b>CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY.....</b>	<b>5</b>
<b>CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS.....</b>	<b>6</b>
<b>NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS.....</b>	<b>7-21</b>
NOTE 1 ORGANIZATIONS AND OPERATIONS OF THE GROUP.....	7
NOTE 2 BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS .....	7-9
NOTE 3 CHANGES IN OPERATIONAL SEASON.....	9
NOTE 4 SEGMENTAL INFORMATION .....	10-12
NOTE 5 CONSTRUCTION CONTRACTS.....	13
NOTE 6 INVESTMENT PROPERTY.....	13
NOTE 7 PROPERTY, PLANT AND EQUIPMENT.....	13
NOTE 8 COMMITMENTS.....	14
NOTE 9 RELATED PARTY BALANCES AND TRANSACTIONS.....	15
NOTE 10 SHARE CAPITAL AND RESERVES.....	15
NOTE 11 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES.....	16-19
NOTE 12 FINANCIAL INSTRUMENTS - FAIR VALUE EXPLANATIONS AND ACCOUNTING POLICY FOR HEDGING FINANCIAL RISK.....	20-21
NOTE 13 SUBSEQUENT EVENTS .....	21

**ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2019**

(Amounts are expressed in thousands of U.S. Dollars (“USD”) unless otherwise stated.)

<b>ASSETS</b>	<b>Note</b>	<b>31 March 2019</b>	<b>31 December 2018</b>
<b>Current Assets</b>		<b>2,626,547</b>	<b>2,521,452</b>
Cash and cash equivalents		719,947	626,712
Financial investments		1,040,087	899,517
Trade receivables		401,727	505,938
Other receivables			
Other receivables from related parties		77	20
Other receivables from third parties		998	1,033
Inventories		305,060	307,082
Prepaid expenses		50,798	45,890
Costs and estimated earnings in excess of billings on uncompleted contracts	5	39,125	45,203
Other current assets		45,363	66,681
		<u>2,603,182</u>	<u>2,498,076</u>
Assets held for sale		23,365	23,376
<b>Non-Current Assets</b>		<b>5,347,835</b>	<b>5,274,829</b>
Financial investments		1,750,434	1,725,464
Trade receivables		22,406	44,103
Investment properties	6	1,973,207	1,891,078
Property, plant and equipment	7	1,542,305	1,554,394
Intangible assets			
Other intangible assets		44,295	44,062
Deferred tax assets		5,791	5,415
Prepaid expenses		5,693	6,426
Other non-current assets		3,704	3,887
<b>TOTAL ASSETS</b>		<b><u>7,974,382</u></b>	<b><u>7,796,281</u></b>

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

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

(Amounts are expressed in thousands of U.S. Dollars (“USD”) unless otherwise stated.)

<b>LIABILITIES</b>	<b>Note</b>	<b>31 March 2019</b>	<b>31 December 2018</b>
<b>Current Liabilities</b>		<b>861,224</b>	<b>913,251</b>
Short-term borrowings		46,675	54,540
Current portion of long-term borrowings		19,273	18,914
Trade payables		228,520	344,400
Payables to employees		19,959	19,751
Other payables			
Payables to related parties		27	29
Payables to third parties		19,143	20,776
Billings in excess of costs and estimated earnings on uncompleted contracts	5	203,272	167,209
Deferred income		168,384	139,368
Taxation on income		61,903	53,126
Provisions			
Provisions for employee benefits		10,817	14,780
Other provisions		41,643	51,630
Other current liabilities		41,608	28,728
<b>Non-Current Liabilities</b>		<b>718,705</b>	<b>701,812</b>
Long-term borrowings		182,802	178,355
Other payables		25,090	25,009
Deferred income		1,086	1,079
Provisions for employee benefits		12,284	13,309
Deferred tax liabilities		497,443	484,060
<b>EQUITY</b>		<b>6,394,453</b>	<b>6,181,218</b>
<b>Equity Attributable to Equity Holders of the Parent</b>		<b>6,316,936</b>	<b>6,102,790</b>
Share capital	10	2,639,338	2,639,338
Treasury Shares	10	(64,870)	(55,725)
Revaluation surplus		169,380	169,342
Currency translation difference		(1,243,973)	(1,311,178)
Other reserves		(1,630)	(1,644)
Legal reserves and accumulated profit		4,818,691	4,662,657
<b>Non-Controlling Interests</b>		<b>77,517</b>	<b>78,428</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>7,974,382</b>	<b>7,796,281</b>

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

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 MARCH 2019

(Amounts are expressed in thousands of U.S. Dollars (“USD”) unless otherwise stated.)

	<b>1 January- 31 March 2019</b>	<b>1 January- 31 March 2018</b>
<b>CONTINUING OPERATIONS</b>		
Revenue	552,718	550,530
Cost of revenues (-)	(410,758)	(359,384)
<b>GROSS PROFIT</b>	<b>141,960</b>	<b>191,146</b>
Administrative expenses (-)	(20,948)	(20,449)
Marketing, selling and distribution expenses (-)	(6,317)	(6,552)
Other operating income	4,085	9,938
Other operating expenses (-)	(6,697)	(4,897)
<b>PROFIT FROM OPERATIONS</b>	<b>112,083</b>	<b>169,186</b>
Income from investing activities	86,431	39,759
Expenses from investing activities (-)	(13,446)	(45,142)
<b>OPERATING PROFIT BEFORE FINANCE EXPENSES</b>	<b>185,068</b>	<b>163,803</b>
Financial income	12,087	8,091
Financial expenses (-)	(15,306)	(9,904)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>181,849</b>	<b>161,990</b>
Current tax expense (-)	(21,085)	(30,616)
Deferred tax expense (-)	(5,091)	(2,271)
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>155,673</b>	<b>129,103</b>
<b>Attributable to:</b>		
Non-controlling interest	(18)	(1,256)
Equity holders of the parent	155,691	130,359
	<b>155,673</b>	<b>129,103</b>
<b>Earning / (Loss) per share from continuing operations</b>		
- ordinary share certificate (full USD)	0.03	0.03
<b>Weighted average number of shares (1 dollar weighted average shares)</b>		
	4,940,000,000	4,940,000,000

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

**ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2019**

(Amounts are expressed in thousands of U.S. Dollars (“USD”) unless otherwise stated.)

	<b>1 January- 31 March 2019</b>	<b>1 January- 31 March 2018</b>
<b>NET PROFIT FOR THE PERIOD</b>	<b>155,673</b>	<b>129,103</b>
<b>Other Comprehensive Income / (Expense):</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>	<b>379</b>	<b>37</b>
Changes in currency translation difference in revaluation fund of property	379	37
<b>Items that may be reclassified subsequently to profit or loss</b>	<b>66,328</b>	<b>18,004</b>
Changes in currency translation difference	66,314	18,004
Gains (Losses) on financial assets measured at fair value through other comprehensive income	14	-
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>	<b>66,707</b>	<b>18,041</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>222,380</b>	<b>147,144</b>
<b>Attributable to:</b>		
Non-controlling interest	(911)	720
Equity holders of the parent	223,291	146,424
	<b>222,380</b>	<b>147,144</b>

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

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2019

(Amounts are expressed in thousands of U.S. Dollars (“USD”) unless otherwise stated.)

	Share capital	Treasury Shares	Revaluation surplus	Currency translation difference	Other reserves	Legal reserves and accumulated profit	Total	Non-controlling interests	Total equity
<b>Balance at 1 January 2018</b>	<b>2,556,803</b>	<b>(25,866)</b>	<b>176,262</b>	<b>(1,094,940)</b>	<b>280</b>	<b>4,594,954</b>	<b>6,207,493</b>	<b>76,320</b>	<b>6,283,813</b>
Total other comprehensive income	-	-	37	16,028	-	-	16,065	1,976	18,041
Profit for the period	-	-	-	-	-	130,359	130,359	(1,256)	129,103
Total comprehensive income	-	-	37	16,028	-	130,359	146,424	720	147,144
Increase (Decrease) through Treasury Share Transactions	-	(6,794)	-	-	-	-	(6,794)	-	(6,794)
Transfer of depreciation difference (net of deferred tax) of revaluation effect	-	-	(331)	-	-	331	-	-	-
<b>Balance at 31 March 2018</b>	<b>2,556,803</b>	<b>(32,660)</b>	<b>175,968</b>	<b>(1,078,912)</b>	<b>280</b>	<b>4,725,644</b>	<b>6,347,123</b>	<b>77,040</b>	<b>6,424,163</b>
<b>Balance at 1 January 2019</b>	<b>2,639,338</b>	<b>(55,725)</b>	<b>169,342</b>	<b>(1,311,178)</b>	<b>(1,644)</b>	<b>4,662,657</b>	<b>6,102,790</b>	<b>78,428</b>	<b>6,181,218</b>
Total other comprehensive income	-	-	381	67,205	14	-	67,600	(893)	66,707
Profit for the period	-	-	-	-	-	155,691	155,691	(18)	155,673
Total comprehensive income	-	-	381	67,205	14	155,691	223,291	(911)	222,380
Increase (Decrease) through Treasury Share Transactions	-	(9,145)	-	-	-	-	(9,145)	-	(9,145)
Transfer of depreciation difference (net of deferred tax) of revaluation effect	-	-	(343)	-	-	343	-	-	-
<b>Balance at 31 March 2019</b>	<b>2,639,338</b>	<b>(64,870)</b>	<b>169,380</b>	<b>(1,243,973)</b>	<b>(1,630)</b>	<b>4,818,691</b>	<b>6,316,936</b>	<b>77,517</b>	<b>6,394,453</b>

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

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2019

(Amounts are expressed in thousands of U.S. Dollars (“USD”) unless otherwise stated.)

	<b>1 January- 31 March 2019</b>	<b>1 January- 31 March 2018</b>
<b>Cash flows from operating activities</b>		
Profit for the period	155,673	129,103
Adjustments to reconcile net income to net cash used in operating activities:		
- Depreciation and amortization of non-current assets	24,592	26,587
- Provision for employment termination benefits	420	550
- Allowance for doubtful receivables	98	169
- Provision for litigations	1,841	1,357
- Adjustments to deferred income from electricity sale	(16,650)	(41,010)
- Loss / (gain) from fair value of forward transactions	1,223	974
- Interest expense	1,415	1,629
- Interest income	(30,753)	(30,492)
- Dividend income	(3,012)	(2,104)
- Provision for inventory impairment, net	(30)	(364)
- Gain on sale or disposal of property, plant and equipment, net	(144)	(134)
- Valuation of investment securities	(49,298)	44,975
- Interest accrual	225	-
- Tax expense	26,176	32,888
	<u>111,776</u>	<u>164,128</u>
Movements in working capital		
Decrease in trade and other receivables	125,824	29,036
Decrease / (Increase) in cost and estimated earnings in excess of billings on uncompleted contracts	6,077	(15,769)
(Increase) / Decrease in inventory	2,053	(54,499)
(Increase) / Decrease in other current assets and other non current assets	17,372	5,246
Decrease / (Increase) in trade and other payables	(115,880)	63,879
(Increase) / Decrease in billings in excess of cost and estimated earnings on uncompleted contracts	36,063	(44,954)
Increase / (Decrease) in provision for liabilities and other liabilities	40,206	44,585
	<u>111,715</u>	<u>27,524</u>
Income taxes paid	(12,308)	(27,672)
Employee termination benefits paid	(313)	(485)
<b>Net cash generated from operating activities</b>	<b><u>210,870</u></b>	<b><u>163,495</u></b>
<b>Cash flows from investing activities</b>		
Purchases of financial investments	(303,963)	(83,907)
Sale of financial investments	187,721	123,426
Proceeds on disposal or sale of property, plant and equipment	1,406	553
Purchases of property, plant and equipment, intangible assets and investment properties	(14,966)	(57,529)
Interest received	26,388	28,492
Dividend income	3,012	2,104
<b>Net cash used in investing activities</b>	<b><u>(100,402)</u></b>	<b><u>13,139</u></b>
<b>Cash flows from financing activities</b>		
Short-term borrowings, net	2,198	22,114
Repayments of borrowings	(9,119)	(15,967)
Purchase of treasury shares	(9,145)	(6,794)
Interest received	4,140	2,000
Interest paid	(635)	(937)
<b>Net cash used in financing activities</b>	<b><u>(12,561)</u></b>	<b><u>416</u></b>
Translation reserve	(4,673)	24,602
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b><u>93,234</u></b>	<b><u>201,652</u></b>
Cash and cash equivalents at beginning of the period	625,713	780,718
<b>Cash and cash equivalents at end of the period</b>	<b><u>718,947</u></b>	<b><u>982,370</u></b>

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



## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

#### 1. ORGANIZATIONS AND OPERATIONS OF THE GROUP

Enka İnşaat ve Sanayi Anonim Şirketi (“the Group”) was established on 4 December 1967 and registered in İstanbul, Turkey, under the Turkish Commercial Code. The address of the headquarters and registered office of Enka İnşaat is Balmumcu, Zincirlikuyu Yolu No:10, 34349 Enka Binası Beşiktaş, İstanbul, Turkey.

As of 28 June 2002, Enka İnşaat merged legally with its publicly traded shareholder company, Enka Holding Yatırım Anonim Şirketi (“Enka Holding”), which were under the common control of Tara Holding Anonim Şirketi and Tara and Gülçelik families. As of 31 March 2019, 11,72% of the shares of Enka İnşaat is traded publicly in İstanbul Stock Exchange (“ISE”).

As of 31 March 2019, the average numbers of white and blue-collar personnel are respectively 4,448 and 11,088 (31 December 2018 – 4,558 and 12,043).

For the purpose of the condensed consolidated interim financial statements, Enka İnşaat, its consolidated subsidiaries and its joint operations are hereinafter referred to as “the Group”.

The Group operates in geographical areas below:

- i. *Turkey*: engaged in diverse types of construction activities including construction of industrial and social buildings, motorways and construction and operation of natural gas fired electrical energy generation facilities. Additionally the Group is operating in trading activities.
- ii. *Russian Federation, Turkmenistan, Georgia and Kazakhstan*: engaged in construction activities and also in investment and development of real estate properties and shopping malls in Moscow, Russia.
- iii. Engaged in construction activities in Gabon, Kenya, Djibouti, Mauritania in Africa; Saudi Arabia, Sri Lanka, India, Oman, Iraq and Afganistan in Asia; Mexico in North America and Paraguay in South America.
- iv. *Europe*: engaged in construction and trading activities in Romania, the Netherlands, Switzerland, Greece, Germany and Kosovo.

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

##### 2.1 Basis of accounting

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2018 (‘last annual financial statements’). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

These interim financial statements were authorised for issue by the Company’s Board of Directors on 9 May 2019.

The condensed consolidated interim financial statements are presented in U.S. Dollars (“USD”) and all values are rounded to the nearest thousand (‘000) except when otherwise indicated.

##### 2.2 Changes in the accounting policies

With the exception of followings, the accounting policies applied in the consolidated financial statements as at and for the period ended 31 March 2019 are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2018.

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

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

### 2.2 Changes in the accounting policies (cont’d)

#### **IFRS 16 Leases**

IFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts IFRS 15 Revenue from Contracts with Customers. This new standard replaces IAS 17 Leases guidance and performs a wide range of changes in the accounting content in terms of lessors. According to IAS 17, when the lessees are party to a leasing transaction, they are required to distinguish between financial lease (on-balance sheet) or operating lease (off-balance sheet). However, according to IFRS 16, lessors will be required to write down the lease obligations that they will pay in the future for almost all lease contracts and an asset use right to their balance sheets. IASB has foreseen an exception for short term leasing operations and low-valued assets, however this exception can be only implemented for the lessors. The accounting principles stay almost the same for the lessors. However lessors will be affected by this new standard as well because of the change in the leasing description of IASB (similar to change in the guidance of merging or separating the contents of contracts). It is at least expected that the new accounting model will cause negotiations between the lessors and lessees. If a contract includes the right of use of an asset and the right to control that asset for a certain amount of time and for a certain amount, that contract is a leasing contract or involves a leasing operation according to IFRS 16.

The new standard is effective for periods beginning on or after 1 January 2019 and the application of IFRS 16 has not had significant impact on the consolidated financial statements and performance of the group based on the analysis performed.

### 2.3 Changes in Accounting Estimates and Errors

Changes in accounting policies or accounting errors are applied retrospectively and the consolidated financial statements of the previous periods are restated. If estimated changes in accounting policies are for only one period, changes are applied on the current year but if the estimated changes effect the following periods, changes are applied both on the current and following years prospectively. There is no material change in accounting estimates of the Group in the current year.

When a significant accounting error is identified, it is corrected retrospectively and the prior year consolidated financial statements are restated. The Group did not detect any significant accounting error in the current year.

### 2.4 Standards and interpretations issued but not yet effective

#### *Standards issued but not yet effective and not early adopted*

##### **The revised Conceptual Framework**

The revised Conceptual Framework issued on 28 March 2018 by the IASB. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing IFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no IFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the Board with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. For companies that use the Conceptual Framework to develop accounting policies when no IFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

##### **Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts**

IFRS 4 has been amended by IASB to reduce the impact of the differing effective dates of the new insurance contracts standard and IFRS 9. These amendments to IFRS 4 provide two optional solutions for insurers to reduce concerns about implementations: i) when applying IFRS 9 by insurers to its financial assets, an insurer will be permitted to reclassify the difference between profit or loss and other comprehensive income and the amounts recognised in profit or loss under IFRS 9 and those that would have been reported under IAS 39; or ii) an optional temporary exemption from applying IFRS 9 for companies whose activities are predominantly connected with insurance before January 1, 2021. These companies will be permitted to continue to apply existing requirements for financial instruments in IAS 39. The Group does not expect that application of these amendments to IFRS 4 will have significant impact on its consolidated financial statements.

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

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

### 2.4 Standards and interpretations issued but not yet effective (cont’d)

#### *Standards issued but not yet effective and not early adopted (cont’d)*

##### **IFRS 17 Insurance Contracts**

On 18 May 2017, IASB issued IFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers’ risk exposure, profitability and financial position. IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. IFRS 17 has an effective date of 1 January 2021 but companies can apply it earlier. The Group does not expect that application of IFRS 17 will have significant impact on its consolidated financial statements.

##### **Amendments to IAS 1 and IAS 8 - Definition of Material**

In October 2018 the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8). The amendments clarify and align the definition of ‘material’ and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. Those amendments are prospectively effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Group does not expect that application of these amendments to IAS 1 and IAS 8 will have significant impact on its consolidated financial statements.

##### **Amendments to IFRS 3 - Definition of a Business**

Determining whether a transaction results in an asset or a business acquisition has long been a challenging but important area of judgement. The IASB has issued amendments to IFRS 3 Business Combinations that seek to clarify this matter. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The amendment applies to businesses acquired in annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted. The Group does not expect that application of these amendments to IFRS 3 will have significant impact on its consolidated financial statements.

### 2.5 Use of judgements and estimates

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2018.

## 3. CHANGES IN OPERATIONAL SEASON

The Group’s operations related to construction slow down during the winter season and differ significantly from other operational areas.

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

#### 4. SEGMENTAL INFORMATION

The Group’s operating businesses are organized and managed separately according to the nature of services and products provided and has four reportable segments as follows: construction, rental, energy and trading and manufacturing.

##### a) Business segments

	1 January - 31 March 2019					Consolidated
	Construction contracts	Rental	Trade	Energy	Eliminations	
Revenues	230,807	82,431	28,456	211,024	-	552,718
Inter-segment revenues	5,650	-	2,661	4,889	(13,200)	-
Cost of revenues (-)	(177,778)	(32,352)	(23,281)	(177,347)	-	(410,758)
Inter-segment cost of revenues (-)	(5,650)	-	(2,661)	(4,889)	13,200	-
<b>Gross profit</b>	<b>53,029</b>	<b>50,079</b>	<b>5,175</b>	<b>33,677</b>	<b>-</b>	<b>141,960</b>
Administrative expenses (-)	(12,540)	(3,676)	(2,745)	(1,987)	-	(20,948)
Marketing expenses (-)	(3,058)	(1,562)	(1,697)	-	-	(6,317)
Other operating income	2,943	359	61	722	-	4,085
Other operating expenses (-)	(5,961)	(257)	(460)	(19)	-	(6,697)
<b>Profit from operations</b>	<b>34,413</b>	<b>44,943</b>	<b>334</b>	<b>32,393</b>	<b>-</b>	<b>112,083</b>
Investment income	86,431	-	-	-	-	86,431
Investment expenses (-)	(13,446)	-	-	-	-	(13,446)
<b>Profit from operations before financial income / (expenses)</b>	<b>107,398</b>	<b>44,943</b>	<b>334</b>	<b>32,393</b>	<b>-</b>	<b>185,068</b>
Financial income	4,484	2,146	1,436	4,021	-	12,087
Financial expenses (-)	(6,905)	(4,449)	(774)	(3,178)	-	(15,306)
<b>Profit / (loss) before tax</b>	<b>104,977</b>	<b>42,640</b>	<b>996</b>	<b>33,236</b>	<b>-</b>	<b>181,849</b>
Current tax expense (-)	(3,753)	(9,975)	(90)	(7,267)	-	(21,085)
Deferred taxation income/ (expenses)	(1,559)	(907)	906	(3,531)	-	(5,091)
<b>Profit / (loss) for the period from continuing operations</b>	<b>99,665</b>	<b>31,758</b>	<b>1,812</b>	<b>22,438</b>	<b>-</b>	<b>155,673</b>

  

	31 March 2019				
	Construction contracts	Rental	Trade	Energy	Consolidated
Segment assets	4,395,799	2,093,656	212,813	1,272,114	7,974,382
<b>Total assets</b>	<b>4,395,799</b>	<b>2,093,656</b>	<b>212,813</b>	<b>1,272,114</b>	<b>7,974,382</b>
Segment liabilities	700,206	395,043	98,819	385,861	1,579,929
<b>Total liabilities</b>	<b>700,206</b>	<b>395,043</b>	<b>98,819</b>	<b>385,861</b>	<b>1,579,929</b>

  

	1 January - 31 March 2019				
	Construction contracts	Rental	Trade	Energy	Consolidated
<b>Other segment information</b>					
<u>Capital expenditures</u>					
Property, plant and equipment & investment property	10,149	3,508	297	237	14,191
Intangible assets	640	28	1	106	775
<b>Total capital expenditures</b>	<b>10,789</b>	<b>3,536</b>	<b>298</b>	<b>343</b>	<b>14,966</b>
Depreciation expense	9,745	571	314	13,199	23,829
Amortisation	703	33	6	21	763

# ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

### 4. SEGMENTAL INFORMATION (cont’d)

#### a) Business segments(cont’d)

	1 January - 31 March 2018					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	211,618	79,156	58,881	200,875	-	550,530
Inter-segment revenues	31,846	-	2,346	5,621	(39,813)	-
Cost of revenues (-)	(164,784)	(29,029)	(45,758)	(119,813)	-	(359,384)
Inter-segment cost of revenues (-)	(31,846)	-	(2,346)	(5,621)	39,813	-
<b>Gross profit</b>	<b>46,834</b>	<b>50,127</b>	<b>13,123</b>	<b>81,062</b>	<b>-</b>	<b>191,146</b>
Administrative expenses (-)	(12,510)	(3,072)	(3,438)	(1,458)	29	(20,449)
Marketing expenses (-)	(2,756)	(1,377)	(2,419)	-	-	(6,552)
Other operating income	6,351	272	1,447	1,868	-	9,938
Other operating expenses (-)	(4,736)	(64)	(91)	(6)	-	(4,897)
<b>Profit from operations</b>	<b>33,183</b>	<b>45,886</b>	<b>8,622</b>	<b>81,466</b>	<b>29</b>	<b>169,186</b>
Investment income	39,759	-	-	-	-	39,759
Investment expenses (-)	(45,142)	-	-	-	-	(45,142)
<b>Profit from operations before financial income / (expenses)</b>	<b>27,800</b>	<b>45,886</b>	<b>8,622</b>	<b>81,466</b>	<b>29</b>	<b>163,803</b>
Financial income	3,734	122	2,492	2,591	(848)	8,091
Financial expenses (-)	(7,259)	(720)	(1,068)	(1,455)	598	(9,904)
<b>Profit before tax</b>	<b>24,275</b>	<b>45,288</b>	<b>10,046</b>	<b>82,602</b>	<b>(221)</b>	<b>161,990</b>
Current tax expense (-)	(8,530)	(9,111)	(2,022)	(10,953)	-	(30,616)
Deferred taxation income/ (expenses)	4,550	(465)	1,016	(7,372)	-	(2,271)
<b>Profit for the period from continuing operations</b>	<b>20,295</b>	<b>35,712</b>	<b>9,040</b>	<b>64,277</b>	<b>(221)</b>	<b>129,103</b>

  

	31 December 2018				
	Construction contracts	Rental	Trade	Energy	Consolidated
Segment assets	4,154,590	2,014,801	242,280	1,384,610	7,796,281
<b>Total assets</b>	<b>4,154,590</b>	<b>2,014,801</b>	<b>242,280</b>	<b>1,384,610</b>	<b>7,796,281</b>
Segment liabilities	613,938	369,409	110,999	520,717	1,615,063
<b>Total liabilities</b>	<b>613,938</b>	<b>369,409</b>	<b>110,999</b>	<b>520,717</b>	<b>1,615,063</b>

  

	1 January - 31 March 2018				
	Construction contracts	Rental	Trade	Energy	Consolidated
<b>Other segment information</b>					
<u>Capital expenditures</u>					
Property, plant and equipment & investment property	27,029	29,684	203	169	57,085
Intangible assets	396	27	-	21	444
<b>Total capital expenditures</b>	<b>27,425</b>	<b>29,711</b>	<b>203</b>	<b>190</b>	<b>57,529</b>
Depreciation expense	11,509	700	399	13,330	25,938
Amortisation	575	25	13	36	649

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

#### 4. SEGMENTAL INFORMATION (cont’d)

##### a) Business segments(cont’d)

Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in consolidation. For the period ended 31 March 2019, revenues amounting to USD 211,024 (31 March 2018 - USD 200,875) is from Türkiye Elektrik Ticaret ve Taahhüt A.Ş. (TETAŞ), the share of which in consolidated revenue exceeds 10%. For the period ended 31 March 2019, cost of sales of the above mentioned revenues from TETAŞ, amounting to USD 154,643 (31 March 2018 - USD 95,277 ) is related with the purchases from Boru Hatları ile Petrol Taşıma A.Ş. (BOTAŞ), the share of which in consolidated cost of revenues exceeds 10%.

##### b) Geographical segments

1 January - 31 March 2019						
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Net sales	309,396	139,305	48,747	55,270	-	552,718
Inter-segment sales	13,200	-	-	-	(13,200)	-
Capital expenditures	7,588	5,716	468	1,194	-	14,966
31 March 2019						
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Segmental assets	4,962,627	2,567,176	165,096	279,483	-	7,974,382
1 January - 31 March 2018						
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Net sales	301,801	154,482	39,213	55,034	-	550,530
Inter-segment sales	17,018	22,795	-	-	(39,813)	-
Capital expenditures	13,066	30,179	13,765	519	-	57,529
31 December 2018						
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Segmental assets	4,968,762	2,437,170	96,639	293,710	-	7,796,281

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

#### 5. CONSTRUCTION CONTRACTS

The Group’s construction contracts details as of 31 March 2019 and 31 December 2018 is as follows:

	31 March 2019	31 December 2018
Costs incurred on uncompleted contracts	2,574,749	2,489,083
Recognized profit less recognized losses to date, net	480,758	439,169
	<u>3,055,507</u>	<u>2,928,252</u>
Less: Progress billing	(3,219,654)	(3,050,258)
	<u>(164,147)</u>	<u>(122,006)</u>
	31 March 2019	31 December 2018
Costs and estimated earnings in excess of billings on uncompleted contracts (net)	39,125	45,203
Billings in excess of costs and estimated earnings on uncompleted contracts (net)	(203,272)	(167,209)
	<u>(164,147)</u>	<u>(122,006)</u>

As of 31 March 2019, the amount of advances received of subsidiaries and companies shares in joint operations is USD 96,087 (31 March 2018: USD 37,392).

#### 6. INVESTMENT PROPERTIES

As of 31 March 2019 and 2018, movement of investment properties is as follows:

	1 January - 31 March 2019	1 January - 31 March 2018
Opening balance	1,891,078	2,081,941
Currency translation difference	79,467	(2,998)
Additions	2,662	29,338
Closing balance	<u>1,973,207</u>	<u>2,108,281</u>

#### 7. PROPERTY, PLANT AND EQUIPMENT

During the period ended 31 March 2019 the Group purchased property plant and equipment amounting to USD 11,529 (31 March 2018: USD 27,747). In addition during the period ended 31 March 2019 net book value of USD 1,262 (31 March 2018: USD 419) property plant and equipment sold for USD 1.406 (31 March 2018: USD 553).

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

#### 8. COMMITMENTS

##### Litigations

During the period ended 31 March 2019, the Group does not have any legal claims or progress to existing legal claims that need additional explanation other than disclosed as of 31 December 2018 the consolidated financial statements. The Group properly records the provision related to these carried forward legal claims. Provision rates and probable outflows are considered while estimating the provisions. The Group does not record provision for the legal claims that would not result in a probable cash outflow.

##### Commitments and contingencies

The breakdown of letters of guarantee, guarantee notes given, mortgage and pledges (together referred to as Guarantees) by the Group as of 31 March 2019 and 31 December 2018 is as follows:

Letters of guarantee, guarantee notes given, mortgage and pledges	31 March 2019		31 December 2018	
	Original Currency	USD Equivalent	Original Currency	USD Equivalent
A. Total amount of guarantees provided by the Company on behalf of itself		617,452		578,382
-USD	341,231	341,231	337,120	337,120
-EUR	173,440	194,715	140,435	160,912
-TL	151,709	26,954	132,544	25,194
-Others (*)		54,552		55,156
B. Total amount for guarantees provided on behalf of subsidiaries accounted under full consolidation method		65,665		64,751
-USD	418	418	85	85
-EUR	-	-	-	-
-TL	826	147	826	157
-Others (*)		65,100		64,509
C. Provided on behalf of third parties in order to maintain operating activities (to secure third party payables)				-
D. Other guarantees given		-		-
i. Total amount of guarantees given on behalf of the parent company				-
ii. Total amount of guarantees provided on behalf of the associates which are not in the scope of B and C				-
iii. Total amount of guarantees provided on behalf of third parties which are not in the scope of C				-
		683,117		643,133

(\*) U.S Dollar equivalents of letters of guarantee, guarantee notes given, mortgage and pledges other than USD, TL and EUR. As of 31 March 2019 the portion of other guarantess given to shareholders’ equity is 0% (31 December 2018 - 0%).



## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

#### 9. RELATED PARTY BALANCES AND TRANSACTIONS

No extraordinary or significant transaction is realized with related parties throughout the interim period.

#### 10. SHARE CAPITAL AND RESERVES

The shareholders of the Group and their percentage of ownership as of 31 March 2019 and 31 December 2018 is as follows:

	31 March 2019		31 December 2018	
	Percentage of ownership	Amount	Percentage of ownership	Amount
Tara Holding A.Ş.	49.72%	1,312,279	49.72%	1,312,279
Vildan Gülçelik	7.99%	210,883	7.99%	210,883
Sevda Gülçelik	6.43%	169,709	6.43%	169,709
Enka Spor Eğitim ve Sosyal Yardım Vakfı	5.87%	154,929	5.87%	154,929
Other	29.99%	791,538	29.99%	791,538
	100%	2,639,338	100%	2,639,338
Purchase of treasury shares (*)		(64,870)		(55,725)
		2,574,468		2,583,613

Based on the Group’s Ordinary General Assembly held on 28 March 2019; regarding to the distribution of the year 2018 profit, it has been resolved to distribute dividend to its shareholders for each TL 1 (full TL) nominal valued share net in total TL 950,000 (2018 - TL 901,000); further it has been resolved to distribute TL 34,183 (2018 - TL 32,348) as cash dividend to founder shares. Net in total TL 200,000 from TL 950,000 has been distributed as an advance dividend on 12 December 2018 and the remaining amount net in total TL 750,000 is distributed on 17 April 2019.

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

#### 11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

##### Foreign currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Euro, Russian Ruble, TL and also U.S Dollar which arises from the liabilities belonging to the companies in the consolidation scope, whose the functional currency is not U.S Dollar.

The Group is engaged in construction, trading, energy and real estate operations business in several countries and, as a result, is exposed to movements in foreign currency exchange rates. In addition to transactional exposures, the Group is also exposed to foreign exchange movements on its net investments in foreign subsidiaries.

The Group manages foreign currency risk by using natural hedges that arise from offsetting foreign currency denominated assets and liabilities.

The foreign currency risk of the Group arises from the credits used in U.S. Dollars and Euro. In order to mitigate the risk, the Group continuously monitors its cash inflows/outflows and also uses financial instruments to hedge the risk when it is necessary.

The following table details the Group’s foreign currency position as at 31 March 2019 and 31 December 2018:

	<u>31 March 2019</u>	<u>31 December 2018</u>
A. Assets denominated in foreign currency	739,724	746,603
B. Liabilities denominated in foreign currency	<u>(417,140)</u>	<u>(400,836)</u>
Net foreign currency position (A+B)	<u><u>322,584</u></u>	<u><u>345,767</u></u>

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

#### 11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont’d)

##### Foreign currency risk (cont’d)

The Group’s foreign currency position at 31 March 2019 and 31 December 2018 is as follows (non monetary items are not included in the table as they don’t have foreign currency risk):

	31 March 2019						Total USD Equivalent
	TL	USD Equivalent	Euro	USD Equivalent	Other USD (*)	USD (**)	
Cash and cash equivalents	28,180	5,007	81,992	92,052	88,016	25,222	210,297
Financial investments	248,312	44,118	112,795	126,635	53,995	-	224,748
Trade and other receivables	83,617	14,856	64,255	72,139	33,060	4,213	124,268
Other current assets	178,459	31,707	28,285	31,756	21,393	42,752	127,608
<b>Current assets</b>	<b>538,568</b>	<b>95,688</b>	<b>287,327</b>	<b>322,582</b>	<b>196,464</b>	<b>72,187</b>	<b>686,921</b>
Financial investments	-	-	11,771	13,215	35,955	-	49,170
Trade and other receivables	-	-	-	-	-	-	-
Other non-current assets	8,997	1,598	28	31	519	1,485	3,633
<b>Non-current assets</b>	<b>8,997</b>	<b>1,598</b>	<b>11,799</b>	<b>13,246</b>	<b>36,474</b>	<b>1,485</b>	<b>52,803</b>
<b>Total assets</b>	<b>547,565</b>	<b>97,286</b>	<b>299,126</b>	<b>335,828</b>	<b>232,938</b>	<b>73,672</b>	<b>739,724</b>
Short-term borrowings	-	-	20,924	23,492	38,067	-	61,559
Trade and other payables	55,937	9,938	80,917	90,845	29,515	920	131,218
Other current liabilities and accrued expenses	398,442	70,791	3,006	3,375	42,887	22,371	139,424
<b>Current liabilities</b>	<b>454,379</b>	<b>80,729</b>	<b>104,847</b>	<b>117,712</b>	<b>110,469</b>	<b>23,291</b>	<b>332,201</b>
Trade and other payables	-	-	-	-	-	-	-
Long-term borrowings	-	-	21,061	23,646	58,432	-	82,078
Other non-current liabilities	-	-	59	66	-	2,795	2,861
<b>Non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>21,120</b>	<b>23,712</b>	<b>58,432</b>	<b>2,795</b>	<b>84,939</b>
<b>Total liabilities</b>	<b>454,379</b>	<b>80,729</b>	<b>125,967</b>	<b>141,424</b>	<b>168,901</b>	<b>26,086</b>	<b>417,140</b>
<b>Net foreign currency position</b>	<b>93,186</b>	<b>16,557</b>	<b>173,159</b>	<b>194,404</b>	<b>64,037</b>	<b>47,586</b>	<b>322,584</b>
<b>Net notional amount of derivatives</b>	<b>-</b>	<b>-</b>	<b>55,962</b>	<b>62,829</b>	<b>-</b>	<b>-</b>	<b>62,829</b>

(\*) U.S.Dollar equivalents of the foreign currency balances other than TL and Euro.

(\*\*) U.S.Dollar balances of consolidated subsidiaries and joint ventures whose functional currency is other than U.S.Dollar.

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

#### 11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont’d)

##### Foreign currency risk (cont’d)

	31 December 2018						Total USD Equivalent
	TL	USD Equivalent	Euro	USD Equivalent	Other USD (*)	USD (**)	
Cash and cash equivalents	25,852	4,914	64,370	73,755	115,853	17,143	211,665
Financial investments	238,968	45,423	105,612	121,010	46,929	-	213,362
Trade and other receivables	94,708	18,002	57,223	65,566	49,937	3,418	136,923
Other current assets	200,695	38,148	28,026	32,112	19,067	42,237	131,564
<b>Current assets</b>	<b>560,223</b>	<b>106,487</b>	<b>255,231</b>	<b>292,443</b>	<b>231,786</b>	<b>62,798</b>	<b>693,514</b>
Financial investments	-	-	11,238	12,876	33,807	-	46,683
Trade and other receivables	-	-	-	-	-	-	-
Other non-current assets	9,798	1,862	1	1	3,916	627	6,406
<b>Non-current assets</b>	<b>9,798</b>	<b>1,862</b>	<b>11,239</b>	<b>12,877</b>	<b>37,723</b>	<b>627</b>	<b>53,089</b>
<b>Total assets</b>	<b>570,021</b>	<b>108,349</b>	<b>266,470</b>	<b>305,320</b>	<b>269,509</b>	<b>63,425</b>	<b>746,603</b>
Short-term borrowings	3	1	20,823	23,859	45,432	-	69,292
Trade and other payables	86,518	16,445	48,883	56,010	38,868	420	111,743
Other current liabilities and accrued expenses	380,257	72,280	2,022	2,317	37,692	22,194	134,483
<b>Current liabilities</b>	<b>466,778</b>	<b>88,726</b>	<b>71,728</b>	<b>82,186</b>	<b>121,992</b>	<b>22,614</b>	<b>315,518</b>
Trade and other payables	-	-	-	-	-	-	-
Long-term borrowings	-	-	20,932	23,984	58,560	-	82,544
Other non-current liabilities	432	82	50	57	-	2,635	2,774
<b>Non-current liabilities</b>	<b>432</b>	<b>82</b>	<b>20,982</b>	<b>24,041</b>	<b>58,560</b>	<b>2,635</b>	<b>85,318</b>
<b>Total liabilities</b>	<b>467,210</b>	<b>88,808</b>	<b>92,710</b>	<b>106,227</b>	<b>180,552</b>	<b>25,249</b>	<b>400,836</b>
<b>Net foreign currency position</b>	<b>102,811</b>	<b>19,541</b>	<b>173,760</b>	<b>199,093</b>	<b>88,957</b>	<b>38,176</b>	<b>345,767</b>
<b>Net notional amount of derivatives</b>	<b>(61,972)</b>	<b>(11,780)</b>	<b>37,165</b>	<b>42,584</b>	<b>-</b>	<b>-</b>	<b>30,804</b>

(\*) U.S.Dollar equivalents of the foreign currency balances other than TL and Euro.

(\*\*) U.S.Dollar balances of consolidated subsidiaries and joint ventures whose functional currency is other than U.S.Dollar.

**ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2019**

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

**11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont’d)**

**Foreign currency risk (cont’d)**

	31 March 2019		31 December 2018	
	Profit / (loss)		Profit / (loss)	
	Valuation of foreign currency	Devaluation of foreign currency	Valuation of foreign currency	Devaluation of foreign currency
<i>In the case of TL gaining 10% value against US Dollar</i>				
1- TL net asset / (liability)	1,656	(1,656)	1,954	(1,954)
2- Portion hedged against TL risk (-)	-	-	(1,178)	1,178
<b>3- TL net effect (1+2)</b>	<b>1,656</b>	<b>(1,656)</b>	<b>776</b>	<b>(776)</b>
<i>In the case of Euro gaining 10% value against US Dollar</i>				
4- Euro net asset / (liability)	19,440	(19,440)	19,909	(19,909)
5- Portion hedged against Euro risk (-)	6,283	(6,283)	4,258	(4,258)
<b>6- Euro net effect (4+5)</b>	<b>25,723</b>	<b>(25,723)</b>	<b>24,167</b>	<b>(24,167)</b>
<i>In the case of other foreign currencies gaining 10% value against US Dollar</i>				
7- Other foreign currency net asset / (liability)	6,404	(6,404)	8,896	(8,896)
8- Portion hedged against other foreign currency risk (-)	-	-	-	-
<b>9- Other foreign currency net effect (7+8)</b>	<b>6,404</b>	<b>(6,404)</b>	<b>8,896</b>	<b>(8,896)</b>
<b>Total (3+6+9)</b>	<b>33,783</b>	<b>(33,783)</b>	<b>33,839</b>	<b>(33,839)</b>

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

#### 12. FINANCIAL INSTRUMENTS – FAIR VALUE EXPLANATIONS AND ACCOUNTING POLICY FOR HEDGING FINANCIAL RISK

##### **Fair value of financial assets and liabilities**

Fair value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

Foreign currency denominated receivables and payables are revalued with the exchange rates valid as of the date of the financial statements.

The following methods and assumptions were used to estimate the fair value of the financial instruments that are not carried at fair value on the balance sheet:

##### **Financial assets**

The fair values of cash, amounts due from banks and other monetary assets are considered to approximate their respective carrying values due to their short-term nature. The carrying values of trade receivables are estimated to be their fair values due to their short-term nature. It is considered that the fair values of the long term receivables are approximate to their respective carrying values as they are accounted for in foreign currencies.

##### **Financial liabilities**

The fair values of trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The fair values of bank borrowings are considered to approximate their respective carrying values, since initial rates applied to bank borrowings are updated periodically by the lender to reflect active market price quotations. The fair values of the trade receivables after discount are considered to be approximate to their corresponding carrying values. It is considered that the fair values of the long term payables and long term financial borrowings are approximate to their respective carrying values as they are accounted for in foreign currencies.

##### **Fair value hierarchy**

The Group classifies the fair value measurement of each class of financial instruments that are measured at fair value on the balance sheet, according to the source, using three-level hierarchy, as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Valuation techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

#### 12. FINANCIAL INSTRUMENTS – FAIR VALUE EXPLANATIONS AND ACCOUNTING POLICY FOR HEDGING FINANCIAL RISK (cont’d)

##### Fair value hierarchy (cont’d)

###### 31 March 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Private sector bonds	1,437,226	-	-
Equity securities	464,420	-	-
Foreign government bonds	822,518	-	-
Turkish government bonds	25,173	-	-
Mutual funds	41,184	-	-
<b>Financial assets at fair value through profit or loss</b>	<b>2,790,521</b>	-	-
Derivative instruments	-	1,825	-
<b>Financial liabilities at fair value through profit or loss</b>	-	<b>1,825</b>	-

###### 31 December 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Private sector bonds	1,494,740	-	-
Equity securities	429,055	-	-
Foreign government bonds	647,119	-	-
Turkish government bonds	12,927	-	-
Mutual funds	41,140	-	-
<b>Financial assets at fair value through profit or loss</b>	<b>2,624,981</b>	-	-
Derivative instruments	-	5,176	-
<b>Financial liabilities at fair value through profit or loss</b>	-	<b>5,176</b>	-

#### 13. SUBSEQUENT EVENTS

None.