

35°39'35.2"N | 44°56'28.7"E
Sulaymaniyah 1,500 MW Combined Cycle Power Plant, Iraq

SUSTAINABILITY & GROWTH

ANNUAL REPORT 2017



ANNUAL
REPORT
2017

ENKA

ENGINEERING & CONSTRUCTION
POWER GENERATION
REAL ESTATE
TRADE

ENKA

Engineering for a Better Future



WE SUPPORT





KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
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Convenience Translation into English of the Independent Auditor's Report Related to Annual Report Originally Issued in Turkish

Report on the Audit of Board of Directors' Annual Report Based on Standards on Auditing

To the Board of Directors and Shareholders of Enka İnşaat ve Sanayi Anonim Şirketi

Opinion

We have audited the accompanying annual report of Enka İnşaat ve Sanayi Anonim Şirketi (the "The Company") and its subsidiaries and joint operations ("collectively referred to as "the Group"), for the period 1 January 2017 - 31 December 2017.

In our opinion, the consolidated financial information included in the annual report and the analysis of the Board of directors about the consolidated financial position of the Group are consistent, in all material respects, with the audited complete set of consolidated financial statements and information obtained during the audit and provides a fair presentation.

Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by the Capital Markets Board of Turkey ("CMB") and Independent Standards on Auditing ("ISAs") which is a component of the Turkish Auditing Standards issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Annual Report section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA ("Code of Ethics"). We have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Auditor's Opinion on Complete Set of Consolidated Financial Statements

We have expressed an unqualified opinion on the complete set of consolidated financial statements of the Group for the period 1 January 2017 - 31 December 2017 on 2 March 2018.

Other Matter

The annual report of the Group for the period 1 January 2016 - 31 December 2016 was audited by another auditor who expressed an unmodified opinion on 1 March 2017 regarding the appropriateness of this annual report.



Board of Directors' Responsibility for the Annual Report

The Group management is responsible for the annual report in accordance with the Articles 514 and 516 of the Turkish Commercial Code ("TCC") Numbered 6102 and CMB's Series No: II.14.1 "Communique on Principles of Financial Reporting in Capital Markets" ("Communique") with the following:

a) The Group management prepares its annual report within the first three months following the reporting date and submits it to the general assembly.

b) The Group management prepares its annual report in such a way that it presents accurately, completely, directly, true and fairly the flow of annual operations and consolidated financial position of the Group. In this report, the financial position of the Group is assessed in accordance with the consolidated financial statements. The annual report shall also clearly state the details about the Group's development and risks that might be encountered. The assessment of the board of directors on these matters is included in the report.

c) The annual report also includes:

- Significant events after the reporting period,

- The Group's research and development activities,

- Employee benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, cash and cash facilities, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also consider the related regulations issued by the Ministry of Customs and Trade and related institutions.

Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the consolidated financial information included in the annual report and analysis of the Board of Directors in relation to the consolidated financial position of the Group are consistent with the audited consolidated financial statements of the Group and the information obtained during the audit and give a true and fair view and form a report that include this opinion in accordance with the TCC and the Communique.

We conducted our audit in accordance with standards on auditing issued by CMB and ISAs. Those standards are required that compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the consolidated financial information included in the annual report and analysis of the Board of Directors for the consolidated financial position of the Group are consistent with the consolidated financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Erdal Tıkmak, SMMM
Partner
2 March 2018
İstanbul, Turkey



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ENKA İnşaat ve Sanayi A.Ş.

The Board of Directors' Annual Report

Reporting Period	: 01.01.2017 - 31.12.2017
Registered Company Name	: ENKA İnşaat ve Sanayi A.Ş.
Registration or Incorporation	: 1957
Registered Country	: Istanbul / Turkey
Chamber of Commerce Registration Number	: 68194
Paid-in Capital	: 4,600,000,000 TL (Turkish Lira) 2,556,802,968 US Dollars (equivalent)
BS EN ISO 9001 Certificate No	: 2008 Registered : FS 57544
BS EN ISO 14001 Certificate No	: 2004 Registered : FS EMS 71388
OHSAS 18001 Certificate No	: 2007 Registered : OHS 71389
ASME A Certificate No	: 2013 Registered : 45151
ASME U Certificate No	: 2013 Registered : 45152
ASME U2 Certificate No	: 2013 Registered : 45153
ASME S Certificate No	: 2013 Registered : 45154
Corporate Governance Rating	: 9.18 (November 2017 - Saha Kurumsal Yönetim ve Kredi Derecelendirme A.Ş.)
Head Office Address	: Balmumcu Mah., Zincirlikuyu Yolu No: 10, 34349 Beşiktaş / İstanbul
Phone	: +90 (212) 376 10 00 (pbx)
Fax	: +90 (212) 272 88 69
Official Website	: http://www.enka.com
E-mail	: enka@enka.com



48.601411 | 135.064966
Khabarovsk Refinery, Russian Federation

COMPANIES

ENGINEERING & CONSTRUCTION

- ENKA İnşaat ve Sanayi A.Ş.
- Çimtaş Çelik İmalat Montaj ve Tesisat A.Ş.
- Çimtaş Gemi İnşa Sanayi ve Ticaret A.Ş.
- Cimtas Boru İmalatları ve Ticaret Ltd. Şti.
- Cimtas (Ningbo) Steel Processing Co. Ltd.
- Capital City Investment B.V.
- Kasktaş Kayar Kalıp Altyapı Sondaj Kazık ve Tecrit A.Ş.
- ENKA Teknik Genel Müteahhitlik Bakım İşletme Sevk ve İdare A.Ş.
- Titaş Toprak İnşaat ve Taahhüt A.Ş.
- ENKA Holding B.V.
- ENKA Construction and Development B.V.
- ENKA Power Systems B.V.

POWER GENERATION

- Adapazarı Elektrik Üretim Ltd. Şti.
- Gebze Elektrik Üretim Ltd. Şti.
- İzmir Elektrik Üretim Ltd. Şti.

REAL ESTATE

- MOSENKA
- Moskva Krasnye Holmy
- ENKA Holding Investment S.A.
- City Center Investment B.V.
- Limited Liability Company ENKA TC

TRADE

- ENKA Pazarlama İhracat İthalat A.Ş.
- Entaş Nakliyat ve Turizm A.Ş.
- Airenka Hava Taşımacılığı A.Ş.
- ENKA Systems Yazılım A.Ş.

(The full list of the companies can be found in the Consolidated Financial Statements as of December 31, 2017)

THE GENERAL ASSEMBLY MEETING

Date : March 28, 2018

Time : 14:00

Address : Balmumcu Mahallesi, Zincirlikuyu Yolu, No: 6

ENKA Konferans Salonu

Beşiktaş - İstanbul

AGENDA

1. Election of the General Assembly Presidential Board and authorization of the Presidential Board for signing the Minutes of the General Assembly Meeting,
2. Reading and discussing the Annual Report of the Board of Directors and the Financial Statements for the fiscal year 2017,
3. Reading and discussing the Report of Independent Auditors,
4. Regarding the regulations of Capital Markets Board, informing the shareholders about the donations made within the fiscal year 2017 under the framework of Company's current Donation and Aid Policy,
5. Approval of Balance Sheet and Income Statement Accounts of 2017,
6. Acquittal and release of the Board Members due to the Company's activities for the fiscal year 2017,
7. Election of the Board Members,
8. Regarding the regulations of Capital Markets Board, determining the attendance fee for the Board Members as 15.500 Turkish Liras per month according to the principles set in the Remuneration Policy Applicable to the Board Members and Administratively Responsible Managers,
9. Presentation to the approval of the shareholders, of the draft of amendments to the Article 6 and Article 27 of the Articles of Association of the Company which have been approved by the Capital Markets Board and the Ministry of Customs and Trade,
10. Approval of the selection of the Independent Auditors recommended as KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. by the Board of Directors,
11. Regarding the regulations of Capital Markets Board, making decision on distribution of the Balance Sheet profit of 2017 according to the current Profit Distribution Policy of the Company,
12. Informing the shareholders that there are no guarantees, pledges, mortgages and encumbrances given to the benefit of third parties regarding the regulations of Capital Markets Board,
13. Approving the Authorization of the Board of Directors for deciding the distribution of the Advance Dividend for the fiscal year 2018 in accordance with the Article No.37 of the Articles of Association and within the scope of Capital Markets Board's Communiqué No.II-19.1 dated January 23, 2014 for advance dividends,
14. Discussion and approval of set off of the Dividend Advances to be distributed so, from any distributable resources as given in the annual financial situation statement for the fiscal year 2018, if no sufficient profits are realized or even losses are suffered at the end of the fiscal year 2018,
15. Informing the shareholders about shares buyback in accordance with the disclosure of the Capital Markets Board of Turkey (the Board) in order to protect the interests of minority shareholders,
16. Authorization of the Board Members to engage in businesses mentioned in Articles 395 and 396 of the Turkish Code of Commerce and in compliance with the Corporate Governance Principles, informing the General Assembly on any businesses engaged in and performed by the same within such framework during the fiscal year 2017,
17. Requests and recommendations.



Sinan Tara
Chairman of the Board (Executive Member)



Haluk Gerçek
Vice Chairman of the Board (Executive Member)



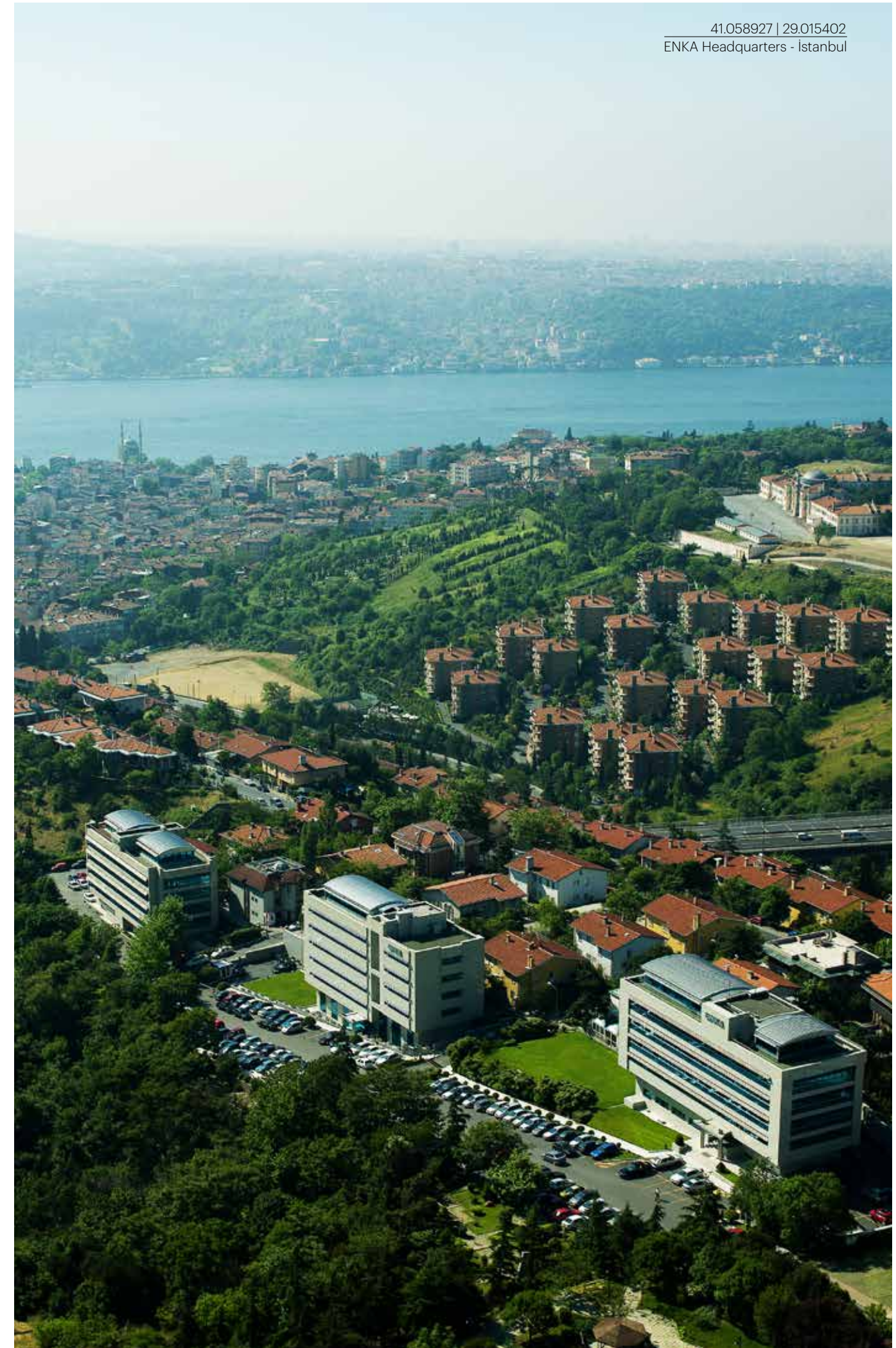
Erdoğan Turgut
Member of the Board
(Non-Executive Member)



E. Melih Araz
Member of the Board
(Non-Executive & Independent Member)



V. Ergin İmre
Member of the Board
(Non-Executive & Independent Member)





Chairman's Message

Dear Shareholders,

On behalf of the Board of Directors of ENKA İnşaat ve Sanayi A.Ş., we would like to extend to you our deepest respects, and to thank you for attending the Annual General Meeting, at which we gather to share our activities in 2017 and our expectations for 2018.

As of the end of 2017, ENKA's equity amounted to 6.2 billion US Dollars, its net cash position to 3.2 billion US Dollars, its consolidated turnover to 2.9 billion US Dollars, and its consolidated net profit close to 704 million US Dollars.

As in previous years, the sectors on which ENKA focuses on are engineering and construction, power generation, real estate investment and management as well as trading.

The turnover of the engineering and construction sector was 1.2 billion US Dollars.

New projects undertaken in 2017 include TAIF Business Center in Kazan and 495 MW capacity natural gas combined cycle power plant project for Nizhnekamskneftekim owned by TAIF Group in Tatarstan; US embassy buildings in Paraguay, Mexico, Greece and Kenya; and Tengiz Oil Field Development in Kazakhstan. Apart from these projects, together with the projects received by the group companies, ENKA's share of new projects received last year exceeded 1.2 billion USD.

With respect to energy generation, ENKA is Turkey's largest private sector electrical power generator. With its wholly-owned natural gas combined cycle power plants in Gebze, Adapazarı and İzmir, operated under the Build Operate model with a total installed capacity of 4,100 MW, it is able to meet approximately 11% of Turkey's annual electricity needs. In 2017, the contribution of our energy segment to the consolidated turnover was 1.3 billion US Dollars. As a new investment in the field of energy, works continue in the Namakhvani Project, which is a hydro power plant with a total capacity of 433 MW, to be built under the Build-Operate model in Georgia. Construction of the project will totally be completed by ENKA and it is planned to start this year. With this approximately 750 million US Dollars investment project, for the first time we will generate revenue to our energy segment from outside of Turkey.

In the real estate sector, from which we generated revenues of 319 million US Dollars last year, we continue to invest in and manage Class A office buildings and shopping malls through our companies established in Russia. In this segment, as of the end of the year, we own approximately 370 thousand square metres of net rentable Class A office space and 280 thousand square meters of net rentable space in shopping malls and a hotel which are all located in Moscow except one shopping mall. In all the office buildings which we manage, we are hosting some of the world's foremost international companies. Besides the fact that the name ENKA has become syn-

onymous with quality, our success in the development and management of real estate has been compounded by our company's record of fulfilling all its promises without fail. The fact that we do not finance the investments which we carry out in this sector through debt, but make use of the revenues which we earn, is the prime characteristic that distinguishes us from other real estate investment companies. Among the large-scale investments which we are making in this segment, the reconstruction of the Kashirskaya Shopping Mall in Moscow is almost completed. Following the completion of this 200 thousand square meters of gross area project, the reconstruction of the Maryina Roshcha Shopping Mall will start.

In terms of trading activities, a turnover of 234 million US Dollars was achieved by ENKA Pazarlama in 2017, which trades in reliable global brands in the areas of construction equipment, heavy vehicles and industrial products.

In 2017, as ENKA we reached the lowest accident frequency rate of the last 5 years. The Lost Time Incident Frequency Rate is much lower than the industry specific targets. Additionally, as an indication of importance given to the environmental, safety and health trainings, the total training time has risen by over 28% to over 1 million hours compared to the previous year.

In 2017, the Sustainability Committee was formed to represent senior management for a sustainable future. With the participation of ENKA's stakeholders, broad participated workshops and surveys were conducted in order to determine ENKA's sustainability priorities. These priorities are summarised under four main captions; Doing Good Business, Caring for Employees, Developing Communities and Reducing Environmental Impact. In addition, ENKA's Sustainability Policy has been created and announced in writing, which includes the topics that we had already focused on to date.

The most important factor in our success at ENKA is our ability to perform our works on time and in line with the highest quality standards. Without sacrificing any of our criteria and as far as conditions allow, we will continue to grow in the sectors on which we are focused.

I would like to wish all our esteemed shareholders the best of health, happiness and success in 2018.

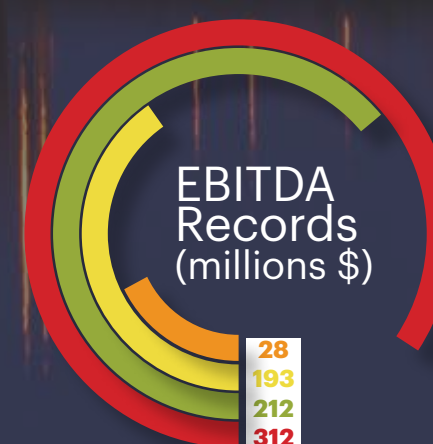
SİNAN TARA

Chairman of the Board

24 February 2018

FINANCIAL HIGHLIGHTS

EBITDA GENERATION



2017 EBITDA (\$745 Million)

- **%42** Power Generation
- **%28** Engineering & Cons.
- **%26** Real Estate
- **%4** Trade

ENGINEERING & CONSTRUCTION



OIL, GAS & PETROCHEMICALS
POWER PLANTS
INFRASTRUCTURE
BUILDING WORKS
GROUP COMPANIES

South Caucasus Pipeline Expansion -
Georgia

Future Growth Project - 3rd Generation
Injection Plant 3GI Civil and Underground
Services - **Kazakhstan**

Tengiz Base Operations and Maintenance
Works - **Kazakhstan**

Future Growth Project - Wellhead Pressure
Management Project - Core Substation ME
& Installation - **Kazakhstan**

Future Growth Project – Multi-Well Pads Civil
Installation Works - **Kazakhstan**

Crude Shipment Capacity New Tank Farm -
Kazakhstan

Early Works, Site Preparation, Load-in,
Installation, Hook-up, Mechanical
Completion, Pre-Commissioning and
Commissioning of Topsides for EPC-3
Island/Kashagan Oil Field - Future Growth
Project - North Caspian Sea - **Kazakhstan**

Cargo Transportation Route Channel
Dredging Works – Subcontract Works -
Prorva Access Channel - Future Growth
Project - East Caspian Sea - **Kazakhstan**

Marine Installation Works (Mooring Piles,
Fenders and Communication Platforms)
Prorva Access Channel - Future Growth
Project - East Caspian Sea - **Kazakhstan**

West Qurna I (WQI) Initial Oil Train Facility
(IOT) - **Iraq**

OIL, GAS & PETROCHEMICALS



SOUTH CAUCASUS PIPELINE EXPANSION PROJECT - GEORGIA

Compressor Station Georgia 1 (CSG-1)
Compressor Station Georgia 2 (CSG-2) & Access Road (15 km)
AREA 81 – Pressure Reduction & Metering Station



OIL, GAS & PETROCHEMICALS

LOCATION:
Gardabani, Tsalka, Vale - Georgia

OWNER / CLIENT:
South Caucasus Pipeline Company (SCP Co.) (a Consortium between BP (Technical Operator), SOCAR, TPAO, Petronas, Lukoil, and NICO)

PROJECT DURATION:
February 2014 – July 2018

CONTRACT TYPE:
Unit Price

CONTRACT VALUE:
US\$ 750 Million

SIGNIFICANT FEATURES / ACCOMPLISHMENTS:

- 15 million work-hours without a Lost Time Incident.
- Project shall increase gas supply and energy security to European markets through the opening of a new southern gas corridor.
- Highest safety, quality and environmental standards are being utilized for this signature project.
- 70% local content

The South Caucasus Pipeline Expansion (SCPX) Project is designed to increase the capacity of the South Caucasus Pipeline System. The existing 690 km pipeline, which transports gas from the Sangachal terminal in Azerbaijan to markets in Georgia and Turkey, is 42" in diameter and has a system design capacity of 7.4 bcma. The expansion involves laying a new 48" pipeline which will increase the capacity of the system by approximately 16 bcma and connecting it to the Trans Anatolian Natural Gas Pipeline.

A joint venture between Bechtel and ENKA (BEJV) was awarded the SCPX Early Works and Facilities contract on 7 February 2014. The client, the South Caucasus Pipeline Company (SCP Co.), is an international consortium owned by British Petroleum-United Kingdom (28.8%), TPAO-Turkey (19%), SOCAR-Azerbaijan (16.7%), Petronas-Malaysia (15.5%), Lukoil-Russia (10%) and NICO-Iran (10%).

The contract is worth US\$ 750 million, and the project is planned to be completed in July 2018. Under the contract, Bechtel and ENKA JV (BEJV) is responsible for all related early civil works and the construction of

two Compressor Stations (CSG-1 and CSG-2) and a Pressure Reduction and Metering Station (AREA 81) at three different locations within Georgia.

The early works stage scope of BEJV includes the construction of a 15 km access road between the existing Millennium Highway and the Compressor Station 2 (CSG-2).

In addition to the construction of new facilities at 3 different location, BEJV has performed the brownfield scope of work at the client's existing facilities located inside the Pumping Station Georgia 1 (PSG-1) at Gardabani and Pressure Reduction & Metering Station (AREA 80) at Vale.

Overall, 2017 was full of success with the achievements of three major milestones as completion and handover of all scope of works at the compressor station Georgia 1 (CSG-1) in Gardabani, Pressure reduction and Metering Station (AREA 81) in Vale and 15 km long Access Road at CSG-2 in Tsalka.

As of the year end, SCPX Project is under-way for 46 months or 1,423 days, reaching overall 22 million man-hours.

Compressor Station Georgia 1 (CSG-1) - Gardabani, Georgia

In 2017, all construction and completion activities were successfully completed 3 weeks ahead of schedule and the mechanical works including all quality documentation of the CSG-1 Compressor Station were completed.

In parallel, commissioning and start-up activities continued by the client and BEJV continues to support these activities with the provision of manpower, equipment and facilities.

Additionally in 2017, as a part of the brownfield scope of work, BEJV successfully completed the modernization and integration works inside the existing PSG-1 facility within 1 month.

Demobilization of the temporary facilities has been commenced in the 3rd quarter and is planned to be completed within 2nd quarter of 2018 in accordance with Client's start-up schedule. By the end of 2017, CSG-1 worksite has worked 8.5 million man-hours.



COMPRESSOR STATION GEORGIA 1 (CSG-1)

Location: Gardabani, Georgia



Final installation quantities for key commodities at CSG-1 can be summarized as follows:

- Compressor Station has the plot area of 120,000 m² consisting of 9,000 m² closed buildings and units as listed below:
 - 4 compressor buildings
 - 4 compression trains each having 1 gas compressor, 1 suction scrubber, 1 after cooler and 1 seal gas recovery compressor
 - 2 local equipment buildings
 - A building comprising a control, administration, warehouse and workshop
 - A building comprising 1 power generation, and primary substation building with 2 main and 1 emergency generator
 - 3 containerized instrument air packages
 - 1 nitrogen generation package
 - 2 fuel gas systems
 - 2 air receivers
 - 1 nitrogen receiver
 - 1 gas custody transfer metering package
 - 1x48" pig receiver
 - 1x48" pig launcher
 - 1 vent system including header, 2 knock-out drums and stack reaching to 80 m height and a guard house
 - 550,000 m³ of earth movement
 - 45,000 m³ of reinforced concrete
 - 5,500 tons of structural steel, handrails, ladders and grating
 - 20,000 m² of building cladding panel
 - 2,500 tons of mechanical and electrical equipment
 - 300 pieces of electrical and instrumentation equipment
 - 3,000 tons of pipe ranging from ½" to 48" diameter fabrication, installation, hydrotest and reinstatement
 - 7,500 m² of pipe and in-line valve (the equivalent of 12,050 m pipe and 1,030 valve box) heat traced and insulated using special type of 5 layer acoustic insulation
 - 60,000 m of steel cable tray & ladder
 - 1,000 km of electrical, instrumentation and telecom cables
 - 17,000 m² of asphalt plant road



COMPRESSOR STATION GEORGIA 2 (CSG-2) & ACCESS ROAD (15 KM)

Location: Tsalka, Georgia

OIL, GAS & PETROCHEMICALS



Compressor Station Georgia 2 (CSG-2) & Access Road (15 km) - Tsalka, Georgia

In 2017, construction activities continued in its full pace according to the schedule, reaching the peak manpower level of 2,000 workers.

One of the biggest achievements of the year was the hand-over of 15 km long Access Road in CSG-2 to the client.

On all disciplines a significant progress was achieved through 2017 and the Compressor Station is 90% complete that is ahead of the schedule.

As the end of 2017, at CSG-2 worksite 9 million man-hours had been worked.

The amount of concrete poured reached 40,000 m³, and civil works realization rate of 98% was achieved.

All buildings were completely cladded and closed. Architectural works realization rate of 80% was achieved inside the buildings. All the off-site steel and pipe fabrication were completed and shipped to worksite at the beginning of the year.

Moreover, structural steel work installation has been completed and pipe installation works achieved 28,000 dia.inch, that is 96% of total site welding.

Meanwhile, a progress rate of 95% has been achieved in hydrotest of pipes. Insulation works commenced by the last quarter and reached a rate of progress of 30%.

All the mechanical equipment installations are fully completed. The installation of electrical equipment is 95% complete, electrical, instrumentation and telecom works also progressed above the plan. As a result, 52 km of cable trays/ladders have been installed, 840 km of cables have been pulled and 12,000 cables end have been terminated.

In the 4th quarter of 2017, joint inspections with the client for mechanical completion has commenced and the current rate of progress is 25%. Like other completed worksites, BEJV is also targeting earlier completion at CSG-2.



AREA 81 – PRESSURE REDUCTION & METERING STATION
Location: Vale, Georgia



AREA 81 – Pressure Reduction & Metering Station - Vale, Georgia

In 2017, all construction and completion activities were successfully completed 6 weeks ahead of the schedule and the mechanical works including all quality documentation of the AREA 81 Pressure Reduction & Metering Station were completed as well.

Commissioning and start-up activities were performed by the Owner with BEJV's support with respect to manpower, equipment and facilities.

As a part of brownfield scope of work, BEJV has successfully prepared and completed 33 different work packages under the Owner's operation permit system including one month shut-down period for the modernization and integration inside the live AREA 80 facility.

Demobilization of the temporary facilities has been commenced in the 3rd quarter and planned to be completed within the 1st quarter of 2018 in accordance with Owner's start-up schedule.

By the end of 2017, AREA 81 work-site had worked 3.5 million man-hours.

Final installation quantities for key commodities at AREA 81 can be summarized as follows:

- Metering station has the plot area of 70,000 m² with facilities building and units as listed below:
 - 2 gas inlet filters
 - 1 gas custody transfer metering package
 - 4 water bath heaters
 - 1 flow control valve package
 - 1 pig launcher
 - 1 vent system including header, knock-out drum and stack reaching to 35 m height
- 400,000 m³ of earth movement
- 16,000 m³ of reinforced concrete
- 1,000 tons of structural steel, handrails and grating
- 1,000 tons of mechanical and electrical equipment
- 1,400 tons of pipe ranging from ½" to 48" diameter installed, hydrotested and reinstated
- 250 km of electrical, instrumentation and telecom cables
- 10,000 m² of asphalt plant road



DEVELOPMENT OF TENGIZ OIL FIELD - KAZAKHSTAN

OIL, GAS & PETROCHEMICALS

Future Growth Project - Third Generation Injection Plant (3GI)
Civil and Underground Services
Tengiz Base Business Works
Future Growth Project - Wellhead Pressure Management
Project - Core Substation ME&I Installation
Future Growth Project - Multi-Well Pads Civil Installation
Crude Shipment Capacity Project

LOCATION:
Tengiz, Kazakhstan

OWNER / CLIENT:
Tengizchevroil (TCO)
(a Joint Venture between Chevron,
ExxonMobil, LukArco and
KazMunayGas)

PROJECT DURATION:
September 2017 - December 2018

CONTRACT VALUE:
US\$ 89 Million

LOCATION:
Tengiz, Kazakhstan

OWNER / CLIENT:
Tengizchevroil (TCO)
(a Joint Venture between Chevron,
ExxonMobil, LukArco and
KazMunayGas)

CONTRACT VALUE:
US\$ 220 Million

Third Generation Injection (3GI) Civil and Underground Services

The contract awarded to ENKA-Bechtel joint venture by TCO, encompasses the civil and underground services for the Third Generation Injection (3GI) Plant facilities in Tengiz, Kazakhstan.

The total contract value of the project is US\$ 89 million, and ENKA's share is 50%.

The project scope of work includes pile cropping and head treatment, earthworks, road works and terracing, concrete works, installation of underground utilities systems including piping, drain trenches, chambers and duct banks, installation and termination of underground cables, installation of grounding materials for site areas such as 45, 47A, 47B, 49, 57 and 58.

The works including the road construction work, excavation, hauling and spreading, pile cropping and head treatment, man-hole fabrication, casting blinding and reinforced concrete commenced during 2017.

By the end of 2017, 6,000 m³ of excavation had been completed, 125,000 m³ 1B(t) fill material had been hauled, 25,000 m³ of material had been compacted. At the same time, 3,000 m³ of structural concrete had been poured, 1,623 ea of piles had been cropped and 60 ea of manholes had been pre-fabricated.

The completion rate of the project as the end of 2017 reached almost 5%. The project's planned completion is December 2018.

The number of employees working on the project reached 593 by the end of 2017 and the project had been underway for 127 working days and 306,000 man-hours had been worked without lost time incident (LTI).

Tengiz Base Operations and Maintenance Works

The total contract value of the project awarded to ENKA - Bechtel joint venture is US\$ 220 Million and the share of ENKA is 50%.

The scope of works includes: engineering, procurement, construction works such as civil works, structural works, piping, pipeline-laying and mechanical, electrical and instrumentation works; and maintenance of the client's oil and gas processing facilities.

The works carried out under the project within the year 2017 included the following:

- KTL Seasonal Gap Reduction (SGR):
 - Piling, foundations and underground services
 - Mechanical installation, structural steel, piping, and electrical and instrumentation works
 - Drain hub and piping installation works at KTL1 & KTL2
 - Civil and structural works associated with power and water supply
- Second Generation Enhancement (SGE):
 - SGP U200 pump house piping, structural, HVAC and electrical and instrumentation works
 - Chemical dozing building and boiler pump house civil, structural and HVAC works

- Facilities Engineering (FE):
 - KTL sour gas compressor upgrade, pipe pre-fabrication and turnaround works
 - KTL vessel replacement civil and structural works
 - SGP amine tank early civil works
 - SGP amine tank EPC tank erection works
 - SGP amine tank main piping and structural works
 - Field new flow line and hook-up works
 - Field pipeline repair works

Water Handling Upgrade (WHU)-Structural, architectural, electrical and instrumentation, piping and mechanical works.

As of the end of 2017, the project was 90% complete. The project is planned to be completed in November 2018. The number of employees working on the project reached 1,420 and the project had been underway for 1,244 working days and 13,195,813 man-hours had been worked without lost time incident (LTI).

Future Growth Project - Third Generation Injection Plant (3GI)
Civil and Underground Services

Future Growth Project - Wellhead Pressure Management
Project - Core Substation ME&I Installation

Future Growth Project - Multi-Well Pads Civil Installation

Crude Shipment Capacity Project



LOCATION:
Tengiz, Kazakhstan

OWNER / CLIENT:
Tengizchevroil (TCO)
(a Joint Venture between Chevron,
ExxonMobil, LukArco and
KazMunayGas)

PROJECT DURATION:
July 2017-October 2018

CONTRACT VALUE:
US\$ 21 Million

LOCATION:
Tengiz, Kazakhstan

OWNER / CLIENT:
Tengizchevroil (TCO)
(a Joint Venture between Chevron,
ExxonMobil, LukArco and
KazMunayGas)

PROJECT DURATION:
July 2015-April 2019

CONTRACT VALUE:
US\$ 90 Million

FGP - Wellhead Pressure Management Project - Core Substation ME&I Installation

The total contract value of the project is US\$ 21 million and the ENKA's share is 50%.

The work to be carried out under the project includes installation of a new 110 kV Core Substation and the interconnection of the facility's new and existing generating stations. The Core Substation will operate as the hub for the distribution of power.

The Core Substation comprises of 32 prefabricated and pre-tested modules, and includes a five diameter 110kV BAAH GIS switchboard and associated control & protection equipment, 10kV/400V distribution transformers, LV switchgear, UPS systems, system control equipment panels for FLS, ECS, SRC and automatic synchronizing.

The scope also includes the following:

- Locating, testing and terminating the 110kV underground cables and the associated intermediate underground cables
- Two 40/60/20MVA buffer transformers, overhead line disconnector assemblies with associated post insulators and supports
- Two 245MVA, 110kV series reactors, overhead line disconnector assemblies with associated post insulators and supports

- Two stand by diesel generators and associated stairs, platforms, piping, electrical control panels, switchyard grounding and lightning protection
- Eleven 110kV overhead line gantries, associated cable support structures and surge arrestors

Within the year 2017 the following works were carried out under the project:

Concrete pouring for switchgear and gantry foundations, backfilling activity for gantries and Core Substation Module foundations, installation of Skid Beams located under Core Substation Modules, transportation of Core Substation Modules and all preparatory works for modules, and installation of modules.

By the end of 2017, 5,100 m³ of 1B(t) sand backfilling and 410 m³ of structural concrete had been poured and 22 tonnes of steel had been erected, and 2 modules had been installed.

As the end of 2017 the project is almost 6% complete. The project is planned to be completed in October 2018.

By the end of 2017, the number of employees working on the project reached 165, and 100 working days and 49,199 man-hours had been worked without lost time incident (LTI).

FGP Multi-Well Pads Civil Installation

The total contract value of the project is US\$ 90 million. The share of the ENKA-Bechtel joint venture on the project amounts to US\$ 69 million and ENKA share is 50%.

The work to be carried out under the project includes site preparation, piling and civil works for the production of well pads WP 52-1, WP 52-2, WP 53-1, WP 53-2, WP 54-1, WP 54-2, WP 55-1 and WP 55-2, and for metering stations MS 52, MS 53 and MS 31, and for a 110/35kV substation, a 35/6kV substation, the central field manifold, the field operations office and the main manifold areas.

Works carried out under the project within the year 2017 included the road construction, worksite clearing and grubbing, site preparation, excavation, installation of grounding, construction of wellhead cellars, pile driving, pile testing and cropping, construction of pile precast foundations, construction of emergency flare pits, construction of reserve and technical water pits, construction of HDPE technical water line.

By the end of 2017, 185,000 m³ 1B(t) of sand backfilling and 63,000 m³ 6F(d) of mixed gravel backfilling had been completed, 5,459 m of HDPE pipeline had been installed, 6,237 m³ of structural concrete had been poured, 4,402 ea of concrete piles had been driven, 140 ea of augered cast-in place piles had been installed and 7,400 m of gravel roads had been completed.

The completion rate of the project as of the end of 2017 was 71%.

The project is planned to be completed in April 2019.

The number of employees working on the project reached 771 by the end of 2017 and the project had been underway for 804 working days and 2,919,075 man-hours had been worked without lost time incident (LTI).

DEVELOPMENT OF TENGIZ OIL FIELD - KAZAKHSTAN

OIL, GAS & PETROCHEMICALS

- Future Growth Project - Third Generation Injection Plant (3GI)
- Civil and Underground Services
- Future Growth Project - Wellhead Pressure Management
- Project - Core Substation ME&I Installation
- Future Growth Project - Multi-Well Pads Civil Installation
- Crude Shipment Capacity Project

LOCATION:
Tengiz, Kazakhstan

OWNER / CLIENT:
Tengizchevroil (TCO)
(a Joint Venture between Chevron,
ExxonMobil, LukArco and
KazMunayGas)

PROJECT DURATION:
July 2014-June 2018

CONTRACT VALUE:
US\$ 410 Million



Crude Shipment Capacity Project

The total contract value of the project is US\$ 410 million and the ENKA's share is 50%.

The contract awarded to ENKA and Bechtel joint venture encompasses the engineering, procurement and construction activities for Tengizchevroil LLP's Crude Shipment Capacity (CSC) Project. The project is to provide additional storage and export capabilities through the addition of new crude oil storage tanks, switching manifolds and export pumps together with all their associated piping systems, utilities and control systems.

The works carried out under the CSC project within the year 2017 are as follows:

Greenfield Construction

With respect to greenfield works, hydrotesting of the tanks TK031, TK032, TK033 and TK034 were completed. Sand-blasting and painting of TK031 were also completed inside and outside, the painting of the tanks TK032, TK033 and TK034 was completed outside, while works will be resumed inside TK033 after the completion of discharging the hydro-test water. The erection of foam and fire water ring pipes was completed at the tanks TK033 and TK034, for the tanks TK031 and TK032 the erection is still ongoing.

In addition to these activities, outstanding tasks for the installation of underground services such as valve boxes and underground pipes were near completion as of the end of December 2017. The installation of above-ground piping in the tank areas is ongoing.

The pipe hydro-testing site wide of Greenfield area is in progress and 98 test packs were completed to date. Installation of Cable Trays along the North-South Pipe Rack has been completed, cable pulling from Main Pipe Rack to TK033 and TK034 is completed. The cable pulling and termination inside the Monitoring Building including closing out all the punch list has been carried out. The cable pulling in Instrument Air Building was completed. Pulling of home run cables from Substation to Pump House is continuing.

Brownfield Construction

The North-South pipe rack foundations were completed and piping and insulations works are ongoing. Civil works are in progress across the site with focus on completion of remaining foundations. The boring activities under Sarykamys Highway were completed. FG piping on the East Side of the highway was also completed. The ongoing works with the UG will be continued. Earthing and cable installation and termination are in progress across Brownfield area including Fire Water Pump House and CTF RIE Building.

By the end of 2017, a total of 4,700 tons of tank erection had been completed, 7,900 m³ of concrete had been poured, 238,000 m³ of excavation and 245,000 m³ of backfilling had been completed, 810 tons of structural steel had been erected, 2,070 tons of above ground piping and 7,000 meters of underground water piping had been installed, 2,500 tons of pipe spool fabrication had been completed, 442,000 meters of cable had been pulled and 24,500 meters of cable tray had been installed.

As of the end of 2017, 95% of the greenfield works and 85% of the brownfield works were completed. The project is planned to be completed in June 2018.

The number of employees working on the project had reached 1,310 by the end of 2017. As of the end of 2017, the project had been underway for 1,239 working days and 8,247,029 man-hours had been worked without lost time incident (LTI).



DEVELOPMENT OF KASHAGAN OIL FIELD - KAZAKHSTAN

OIL, GAS & PETROCHEMICALS

Early Works, Site Preparation, Load-in, Installation, Hook-up, Mechanical Completion, Pre-commissioning and Commissioning of Topsides for EPC-3 Island / Kashagan Oil Field - North Caspian Sea - Kazakhstan

Cargo Transportation Route Channel Dredging Works – Subcontract Works - Prorva Access Channel - Future Growth Project - East Caspian Sea - Kazakhstan

Marine Installation Works (Mooring Piles, Fenders and Communication Platforms) - Prorva Access Channel - Future Growth Project - East Caspian Sea - Kazakhstan



Early Works, Site Preparation, Load-in, Installation, Hook-up, Mechanical Completion, Pre-Commissioning and Commissioning of Topsides for EPC-3 Island / Kashagan Oil Field - North Caspian Sea - Kazakhstan

The ENKA-MSS joint venture (JV) was awarded the contract by NCOC in May 2016. It involves the execution of civil, mechanical, electrical, pre-commissioning and commissioning works on EPC-3 Island in the Kashagan area of the Caspian Sea.

Within the scope of the contract, ENKA-MSS JV carried out the survey work, precast and in-situ concrete works, excavation and backfilling activities, the load-in and installation of major equipment provided by the client, mechanical completion, electrical, pre-commissioning & commissioning and start-up support works.

ENKA-MSS JV provided all the construction and commissioning equipment, marine vessels, personnel and materials necessary for the execution of the works excluding their design.

LOCATION:
Kashagan, North Caspian Sea, Kazakhstan

OWNER / CLIENT:
North Caspian Operating Company N.V. (NCOC)

PROJECT DURATION:
May 2016 – March 2017

CONTRACT NO:
NCOC N.V. / 2016-0001

CONTRACT VALUE:
US\$ 59 Million

However, permanent project materials such as production modules and pumps, and some marine vessels including an accommodation vessel and transportation barges are provided by the client. ENKA also provided accommodation vessel during peak period of the project.

EPC-3 Island had previously been constructed by ENKA in 2007 for the client’s drilling activities. At the beginning of 2016, ENKA-MSS JV signed a contract with the client for re-configuration works.

All works under this contract were commenced in May 2016 and completed early 2017 and EPC-3 Island has been producing oil and gas since February 2017 via main production and processing Complex, D-Island, which is also known as Hub-1.

ENKA achieved 862,037 man-hours without Lost Time Incident (LTI) by the end of the project.

Cargo Transportation Route Channel Dredging Works – Subcontract Works - Prorva Access Channel - Future Growth Project - East Caspian Sea - Kazakhstan

ENKA was awarded the contract by Van Oord on 1 October 2014. It involves the execution of works for Van Oord in the context of their dredging activities for TenizServis LLP / Chevron.

Within the scope of this project, Van Oord is dredging a channel below sea level to facilitate marine logistic support for TenizService LLP / Chevron’s future growth projects on the Tengiz Oil Field.

ENKA’s responsibilities under the contract consist of vessel chartering, provision of office/accommodation premises and equipment support to Van Oord.

In addition, ENKA supplied and installed offshore mooring structures under the contract, which required extensive know-how in the area of offshore construction works.

LOCATION:
Kashagan, East Caspian Sea, Kazakhstan

OWNER / CLIENT:
Van Oord Dredging and Marine Contractors Kazakhstan Branch

PROJECT DURATION:
October 2014 – December 2017

CONTRACT NO:
CaTRo-EN-VO-001

CONTRACT VALUE:
US\$ 78 Million

Chevron is successfully producing oil from the Tengiz field, which is located on the Caspian shore of Kazakhstan. Its Future Growth Project aims to double the rate of production.

The Cargo Transportation Route Channel Project serves as a route for transporting pre-fabricated pipe rack modules for use in the construction works of the Future Growth Project. Once these construction works are over, it is to become a trade point.

The subcontract and the related works commenced on 1 October 2014 and was successfully completed on 31 December 2017. ENKA has achieved 1,216,551 man-hours without Lost Time Incident (LTI) by the end of the contract.



DEVELOPMENT OF KASHAGAN OIL FIELD - KAZAKHSTAN

Early Works, Site Preparation, Load-in, Installation, Hook-up, Mechanical Completion, Pre-commissioning and Commissioning of Topsides for EPC-3 Island / Kashagan Oil Field - North Caspian Sea - Kazakhstan

Cargo Transportation Route Channel Dredging Works – Subcontract Works - Prorva Access Channel - Future Growth Project - East Caspian Sea - Kazakhstan

Marine Installation Works (Mooring Piles, Fenders and Communication Platforms) - Prorva Access Channel - Future Growth Project - East Caspian Sea - Kazakhstan



OIL, GAS & PETROCHEMICALS

Marine Installation Works (Mooring Piles, Fenders and Communication Platforms) - Prorva Access Channel - Future Growth Project - East Caspian Sea - Kazakhstan

ENKA was awarded this contract by TenizService LLP on 23 June 2017. It involves the execution of construction activities (Mooring Piles, Fenders Communication Platforms and Prorva Access Channel) for TenizService LLP / Chevron.

ENKA's responsibilities under the contract consist of mobilization and demobilization of piling and lifting equipment and associated support equipment and marine vessels.

Moreover, the contact comprises of the piling installation of 12 mooring piles in prorva turning basin, installation of 24 fenders in the turning basin and waiting places along the channel, and installation of 2 communication platforms at KP 10 and KP 37 waiting places surveys, project management, engineering, accommodation and services for client and others.

The contract works commenced on 23 June 2017 and are 70% successfully completed as of 31 December 2017.

ENKA has achieved 124,222 man-hours without Lost Time Incident (LTI) as of the end of the year and the project estimated to be completed by May 2018.



LOCATION:
Kashagan, East Caspian Sea,
Kazakhstan

OWNER / CLIENT:
TenizService LLP / Chevron

PROJECT DURATION:
June 2017 - May 2018

CONTRACT NO: 22

CONTRACT VALUE:
US\$ 24 Million



LOCATION:
Basrah, Iraq

OWNER / CLIENT:
ExxonMobil Iraq Limited

PROJECT DURATION:
August 2015-October 2018

CONTRACT TYPE:
Lump Sum Turn Key

CONTRACT VALUE:
US\$ 200 Million

SIGNIFICANT FEATURES / ACCOMPLISHMENTS:

- ENKA shall fully support ExxonMobil Iraq limited (EMIL) in its efforts to develop programs to promote education, health and infrastructure in the country.
- Shall provide significant training opportunities for many local craft employed for the Project.
- The increase in production shall provide revenue that could help further regenerate Iraq.

ENKA was awarded a contract by ExxonMobil Iraq limited (EMIL) in July 2015 for a new oil processing facility to increase production at its West Qurna 1 Oil Field in Iraq. The contract price is US\$ 200 million and ENKA's share is US\$ 104 million.

ENKA, with its regional partner, is providing the front-end engineering design (FEED), detailed design engineering, procurement, fabrication, construction, commissioning and start-up assistance to EMIL for the new facility, which will be capable of producing an annual average of 100,000 stock tank barrels of crude oil per day. The final customer of this new facility to be constructed adjacent to the existing degassing station facility DS8 is the South Oil Company (SOC) of Iraq.

The facility, located in the province of Al Basrah, is designed to process full well stream fluids from the production wellhead area and separate them into associated gas, untreated produced water, and stable product crude for export. The contract requires maximum possible modularization of the facility in due consideration of the logistics constraints.

ENKA is fabricating the pipe rack modules of the facility through its subsidiary Çimtaş. The supply, fabrication, testing and trial assembly works will be done at and shipped to site from Çimtaş Module & Shipyard facilities located in Gölcük - Kocaeli, Turkey.

As of end of 2017, overall progress for engineering, design, procurement, construction and fabrication works is at 60%.

Fabrication of pipe rack modules were completed at Çimtaş and shipment of these modules were successfully realized in August and November of 2017. Erection works for modules are underway at the site. Fabrication and shipment of remaining minor pipe spools and steel platforms from Çimtaş are to be completed by end of January 2018. Delivery and erection of main equipment in the Hot Oil Heater Radiant Panel section are in process and pressure vessels were erected as well.

In 2017, civil works progressed on multiple fronts: total of 2,500 m³ of structural concrete, which adds up to 80% of overall concrete quantity was poured, pile manufacturing and driving activities were completed. Foundation works, piping erection, LER building finishing works, pipe welding and erection of pipe rack modules, erection of skids and equipment and brown-field civil works are underway.

The project had involved 667 personnel as of December 2017. The project had been underway for 868 working days and 2,407,546 man-hours had been worked without lost time incident (LTI).

The project is planned to be completed in October 2018.



POWER PLANTS

Baghdad 1,500 MW Combined Cycle Power Plant - Besmaya, Iraq

Samawa 750 MW Combined Cycle Power Plant - Samawa, Iraq

Dhi Qar 750 MW Combined Cycle Power Plant - Nasiriyah, Iraq





LOCATION:
Baghdad, Iraq

OWNER / CLIENT:
Mass Group Holding Ltd.

PROJECT DURATION:
October 2014 – February 2018

CONTRACT TYPE:
Lump Sum Turn Key

**SIGNIFICANT FEATURES /
ACCOMPLISHMENTS:**

- The project will help addressing the urgent power needs of Baghdad and improve the living conditions in the Iraqi capital and surroundings.
- First IPP Project in Central Iraq.

The Baghdad Combined Cycle Electrical Power Plant (Besmaya) Project was undertaken by ENKA on a "Lump Sum Turn Key EPC" basis under a contract signed between ENKA and Mass Group Holding Ltd. in the last quarter of 2014.

ENKA's responsibilities under this contract include engineering, procurement, fabrication, transport and logistics, construction, erection, installation, commissioning, start-up and performance testing works for the whole power plant, as well as the training of operating and maintenance personnel and the provision of technical support for the operation of the plant.

Located 25 km southeast of Baghdad, the Besmaya Power Plant is designed as a dual fuel-fired combined cycle plant with a nominal capacity of 1,500 MW.

The simple cycle part of the plant consists of four GE 9FA series gas turbines, each nominally rated 250 MW, together with all auxiliaries and associated plant equipment. The combined cycle part of the plant consists of four heat recovery steam generators (HRSG) with surface-type condensers, two steam turbine generators (STG) each nomi-

nally rated 250 MW, two wet type mechanical draft cooling towers and all the requisite equipment and systems for a safe, reliable and efficient combined cycle power generating facility.

The plant has been commissioned and is being put into operation in two phases.

In the first phase, both blocks of gas turbine generators (4x250 MW) have been commissioned and taken into commercial operation in simple cycle mode generating electrical power for the grid at a nominal capacity of 1,000 MW.

The combined cycle section which constitutes the second phase is substantially complete. The combined cycle performance and reliability run tests of Block-1 and Block-2 have successfully been completed.

At its peak, the project involved 3,100 personnel including 430 white collars staff. By the time of its completion, 19 million man-hours will have been spent.





LOCATION:
Samawa, Iraq

OWNER / CLIENT:
Ministry of Electricity of Iraq

PROJECT DURATION:
34 months

CONTRACT TYPE:
Lump Sum-Turnkey

CONTRACT VALUE:
US\$ 525 Million

ENKA entered into a consortium agreement dated 3 January 2017, with General Electric (GE), in an effort to undertake works awarded by Ministry of Electricity of Iraq, under a contract dated 5 February 2017, for Samawa Combined Cycle Power Plant Project.

The scope of works on EPC basis includes design, manufacture, delivery to site, erection, painting, setting to work, commissioning, start-up and testing of the Samawa Combined Cycle Power Plant, where gas turbines & generators and their off base auxiliaries supplied by the client will be installed and commissioned by the GE-ENKA consortium in simple cycle mode and then converted to combined cycle by adding steam tail and associated equipment. The power plant configuration is 4x4x1 and will be capable to be operated by 3 different fuels, namely natural gas (NG), light distilled oil (LDO) and heavy fuel oil (HFO). Fuel storage and treatment facilities for liquid fuels are also included in the scope of work. The gross output at ISO conditions will be 750 MW for NG and 730 MW for HFO and LDO.

Four frame (9E) gas turbine - generator sets (4x125) MW and its auxiliaries purchased by the client from GE under designated Mega Deal Project, dated 16 December 2008 and will be installed as free issue equipment by the GE-ENKA consortium.

Contract duration is 1,020 days from the Commencement Date.

The project will be financed by UK Export Finance (UKEF) and Overseas Private Investment Corporation (OPIC). The GE-ENKA consortium supports the client in order to arrange the finance and financial closure is estimated to be achieved by end of 2nd quarter of 2018. The Contractor engaged an international consultant to prepare Environmental & Social Impact Assessment (ESIA) study to support the finance arrangement.

ENKA share is 63.6% in the consortium and ENKA's scope of works are conceptual engineering and detail design of overall civil works and mechanical & electrical works for Balance of Plant (BoP), in addition, procurement, manufacture, delivery to the site of BoP equipment as well as overall construction services, including overall civil works, erection

and installation of BoP and Power Block equipment, and testing & commissioning activities to achieve successful operation on a turnkey basis.

Power Block equipment and Main Machinery sets, excluding free issue equipment, such as HRSGs, Diverter Dampers, STG, ACC, DCS, 132kV AIS and 400kV GIS, Step-up Transformers, Auto-transformers will be designed, procured, manufactured and transported to the site by GE. GE is also responsible for testing and commissioning of equipment supplied by themselves.

Upon signature of the contract, project initiation activities have commenced. Site UXO Certificate has been received. Site topographical survey has been conducted. Soil investigation study has been completed and Soil investigation report has been approved by the client.

ENKA pioneer construction team mobilized to Samawa CCPP project site in August to commence mobilization activities. Site handover protocol has been signed. Civil, architectural, mechanical and electrical engineering activities have commenced. Advance engineering release activities for ST, HRSG & ACC have commenced and are progressing. Procurement activities for long lead, major procurement items for Power Block and Balance of Plant Equipment have commenced and are ongoing.

The site mobilization activities have commenced and are currently progressing. Test pile construction has been com-

pleted and pile test report has been prepared. Site perimeter wall activities have commenced and are in progress. Overall progress of completed works including engineering, procurement and mobilization activities as of end of December 2017 is 13%.

As of the end of December 2017, a total of 260 people, including 47 staff and 213 labourers are working on the project.

By the end of 2017, the project had been underway for 141 days and the number of man-hours worked without lost time incident (LTI) was 295,810.

The project completion is planned for April 2021 with the realization of Financial Closure by June 2018.





LOCATION:
Nasiriyah, Iraq

OWNER / CLIENT:
Ministry of Electricity of Iraq

PROJECT DURATION:
34 months

CONTRACT TYPE:
Lump Sum-Turnkey

CONTRACT VALUE:
US\$ 525 Million

ENKA entered into a consortium agreement dated 3 January 2017, with General Electric (GE) in an effort to undertake works awarded by the Ministry of Electricity of Iraq (Client), under a contract dated 5 February 2017, for Dhi Qar Combined Cycle Power Plant Project.

The scope of works on EPC basis includes design, manufacture, delivery to site, erection, painting, setting to work, commissioning, start up and testing of the Dhi Qar Combined Cycle Power Plant, where gas turbines & generators and their off base auxiliaries supplied by the client will be installed and commissioned by the GE-ENKA consortium in simple cycle mode and then converted to combined cycle by adding steam tail and associated equipment. The power plant configuration is 4x4x1 and will be capable to be operated by 3 different fuels, namely natural gas (NG), light distilled oil (LDO) and crude oil (CO). Fuel storage and treatment facilities for liquid fuels are also included in the scope of work. The gross output at ISO conditions will be 750 MW for NG and 730 MW for CO and LDO.

Four frame (9E) gas turbine - generator sets (4x125) MW and its auxiliaries purchased by the client from GE under designated Mega Deal Project, dated 16 December 2008 and will be installed as free issue equipment by the GE-ENKA consortium.

Contract duration is 1,020 days from the Commencement Date.

The project will be financed by UK Export Finance (UKEF) and Overseas Private Investment Corporation (OPIC). GE-ENKA consortium supports the client in order to arrange the finance and financial closure is estimated to be achieved by end of 2nd quarter of 2018.

GE-ENKA consortium engaged an international consultant to prepare Environmental & Social Impact Assessment (ESIA) study to support the finance arrangement.

ENKA share is 63.6% in the consortium and ENKA's scope of works are conceptual engineering and detail design of overall civil works and mechanical & electrical works for Balance of Plant (BoP), in addition, procurement, manufacture, delivery to the site of BoP

equipment as well as overall construction services, including overall civil works, erection and installation of BoP and Power Block equipment, and testing & commissioning activities to achieve successful operation on a turnkey basis.

Power Block equipment and main machinery sets, excluding free issue equipment, such as HRSGs, Diverter Dampers, STG, ACC, DCS, 132kV AIS and 400kV GIS, Step-up Transformers, Auto-transformers will be designed, procured, manufactured and transported to the site by GE. GE is also responsible for testing and commissioning of equipment supplied by themselves.

Upon signature of the contract, project initiation activities have commenced. Site UXO Certificate has been received. Site topographical survey has been conducted. Soil investigation study has been completed and soil investigation report has been approved by the client.

ENKA pioneer construction team mobilized to project site in August to commence mobilization activities. Relocation of existing overhead transmission line has been achieved and Site Handover Protocol has been undersigned. Civil, architectural, mechanical and electrical engineering activities have commenced. Advance engineering release activities for ST, HRSG & ACC have commenced and are progressing. Procurement activities for long lead, major procurement items for Power Block and Balance of Plant Equipment have commenced and are ongoing.

The site mobilization activities have commenced and are currently progressing. Test pile construction has been completed and pile test report has been prepared. Site perimeter wall activities have commenced and are in progress.

Overall progress of completed works including Engineering, Procurement and Mobilization activities as of end of December 2017 is 13%.

As of the end of 2017, a total of 144 people, including 37 staff and 107 labourers are working on the project. The project had been underway for 141 days and the number of man-hours worked without lost time incident (LTI) was 163,749.

The project completion is planned for April 2021 with the realization of financial closure by June 2018.

INFRASTRUCTURE

Pristina - Hani i Elezit Motorway (Route 6)
Project - **Kosovo**





LOCATION:
Pristina-Hani i Elezit, Kosovo

OWNER / CLIENT:
Ministry of Infrastructure the Government of the Republic of Kosovo

PROJECT DURATION:
July 2014-December 2018

CONTRACT TYPE:
Lump Sum

CONTRACT VALUE:
EUR 608 Million

SIGNIFICANT FEATURES / ACCOMPLISHMENTS:

- Links Kosovo to Macedonia
- As of May 2017, over 5 million workhour is reached in the project without a lost time incident.
- “2016 GRAA (Global Road Achievement Awards) Winner of the Environmental Mitigation category” selected by IRF (International Road Federation)

The contract for the Pristina-Hani i Elezit Motorway was signed between Bechtel-ENKA General Partnership (BEGP) and the Ministry of Infrastructure of the Government of Kosovo in July 2014. The contract is an EPC contract and BEGP is responsible for engineering, procurement and construction of the overall project. This project is BEGP’s second project in Kosovo.

65 km dual carriageway motorway is a part of the South-East Europe Core Road Network, in which it is referred to as Route 6. The project is linking Kosovo’s capital city Pristina to Hani i Elezit on the border with Macedonia. The motorway is expected to have significant strategic and economic benefits. Kosovo will be connected to Skopje and will have access to Corridor 10, facilitating its trade with the rest of the world. The economic benefits will not be limited to Kosovo. The motorway is part of a European network of roads and is expected to contribute to economic integration throughout the region.

The contract has a value of EUR 608 million. ENKA and Bechtel have equal shares. The project is to be completed by December 2018.

The project envisages the construction of 65 km of 2x2-lane motorway, designed in three sections. The first two sections of the motorway have a platform width of 27.5 m in fill sections and 29.3 m in cut sections. For the third section, which is located in a mountainous region, the platform width is reduced to 25.0 m in fill sections and 26.8 m in cut sections, and climbing lanes are provided as necessary. Geometrical characteristics of the motorway have been designed in accordance with Trans-European Motorway (TEM) standards as well as Croatian standards whereas design is performed in accordance with European standards. Construction works are going ahead in accordance with the 2001 general technical requirements (GTR) of the Croatian Road Authority.

Project scope includes 13 bridges (7,920 m), 19 overpasses, 18 underpasses, 240 box and pipe culverts, 19 million m³ of excavation, 10 million m³ of earth and rock fill, 540,000 m³ of concrete, 740,000 m³ of subbase & CTB, 595,000 tons of asphalt and 170 km of guardrail.

As of December 2017, with the exception of some local areas, the full 65-km route has been expropriated. The expropriation of the remainder is expected to take place in early 2018. Design works are 89% complete. ENKA is currently concentrating on construction of the third section of the motorway, which passes through mountainous terrain and constitutes the most challenging part of the project. Due to existing geotechnical and topographical conditions in this section, a revision including a 5.7 km long bridge has been incorporated into the alignment design.

As of December 2017, 76% of construction works, 6 bridges with a total length of 630 m, 16 overpasses, 15 underpasses, 209 box and pipe culverts, 15.8 million m³ of excavation, 8.6 million m³ of fill, 254,000 m³ of concrete, 592,000 m³ of subbase & CTB, 434,000 tons of asphalt and 130 km of guardrail have been completed.

The number of personnel reached 2,465 at its peak, including citizens of 11 different countries such as Kosovo, Turkey, Albania, Romania, Macedonia and the United States. Citizens of Kosovo made up 80% of the total. The total number of machines is 1,281, and supplementary machinery is used when necessary. There is one camp site with a capacity to accommodate 754 people.

By the end of 2017, over 16 million man-hours had been worked. BEGP has provided all the personnel working on the project with training in safety and quality. Due to these

training activities, over 8,000,000 man-hours were achieved without lost time incident (LTI). By the end of 2017, 35,971 people received a total of 57,387 hours of training in 57 different skills or aspects of health, safety and environment (HSE).

By December 2017, the first 35 km of the project had already been opened to traffic. According to current project schedule, all construction works will be completed by December 2018.

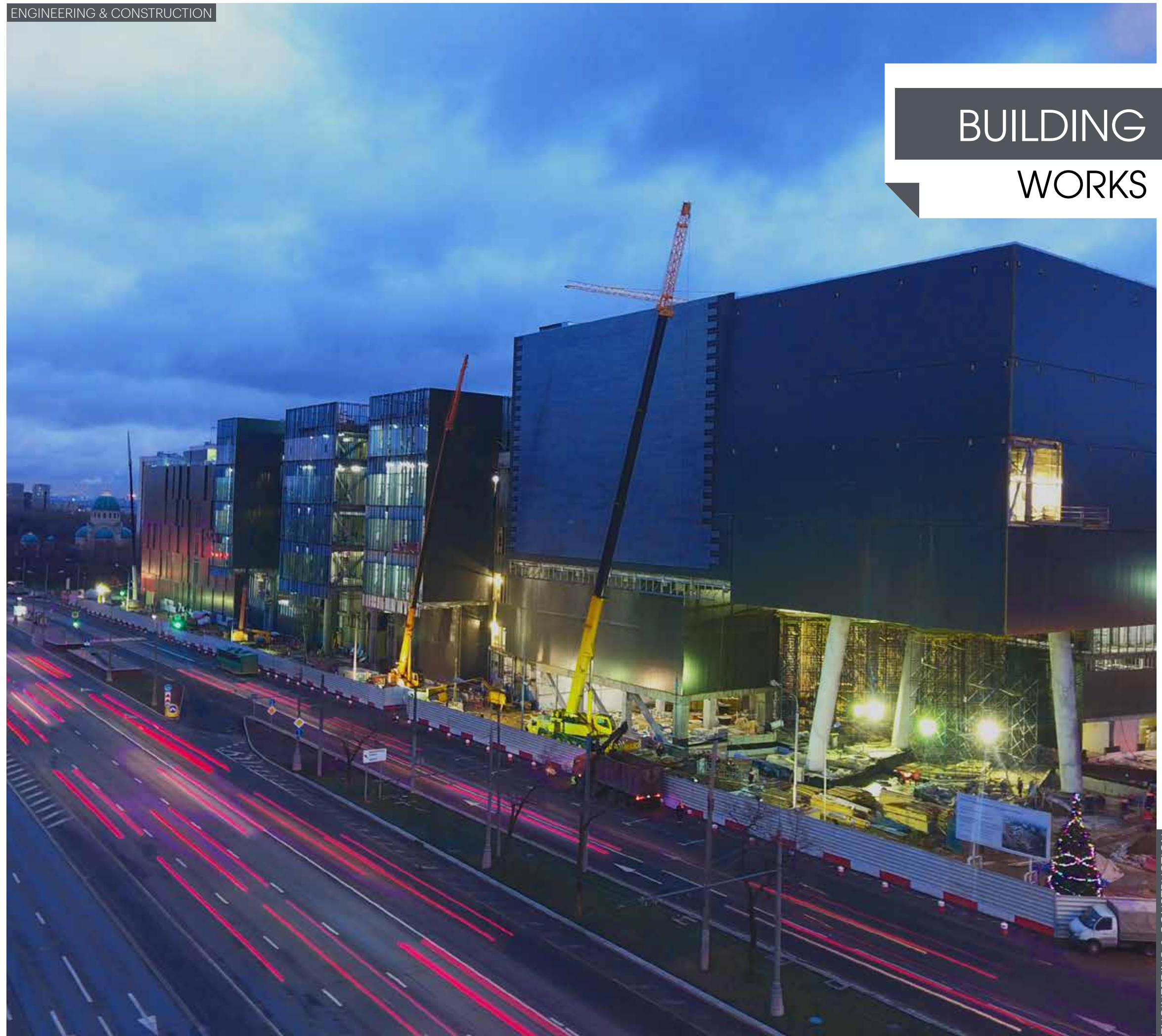
BUILDING WORKS

Kashirskaya Multi-Functional Trade Center -
Moscow, **Russian Federation**

Multi-Functional Medical Complex -
Gelendzhik, Krasnodar, **Russian Federation**

TAIF Business Center - Kazan, Tatarstan,
Russian Federation

The US Embassy Projects





BUILDING WORKS

LOCATION:
Moscow, Russian Federation

OWNER / CLIENT:
ENKA TC

PROJECT DURATION:
October 2015 – March 2018

CONTRACT TYPE:
Lump Sum

CONTRACT VALUE:
US\$ 210 Million

SIGNIFICANT FEATURES / ACCOMPLISHMENTS:
Received a green building certificate - Green Standard in November 2017

The project involves mobilization works, relocation of the existing external utilities, reinforced concrete diaphragm wall construction works, excavation works, the preparation of working drawings, concrete works, steel works, mechanical and electrical works, facade works, the installation of lifts and conveyors and architectural works.

As the end of 2017, the overall rate of progress on the project has reached 91%.

Infrastructural works within ENKA's scope and all structural reinforced-concrete works had been completed by May 2017, with a total volume of 127,900 m³ of concrete casted and 20,483 tons of rebar installed.

The structural steel works had commenced in the 1st quarter of 2017 and were completed within the 4th quarter of 2017. A total of 6,350 tons of structural steel was erected during this period, most of which was designed and supplied by ÇİMTAŞ, an industry leading subsidiary of ENKA.

Regarding architectural works, a total of 100,769 m² of aerated autoclaved concrete block walls has been erected and 173,880 m² of screed are poured. Commissioning

of conveyor units has also commenced. Ongoing major architectural works such as façade cladding, glass partitions, Terrazzo and exterior granite floor finishing will be completed in the 1st quarter of 2018.

Mechanical, electrical and plumbing works including transformer station with 21 MVA installed power, a cooling plant with a capacity of 11.6 MW and a boiler station of 28 MW capacity, 172 km of piping, 119,000 m² of ducting, 1,480 km of cabling, 72.5 km of cable tray and 278 km of conduit/trunk installation had been completed. Upon completion of the works electrical vehicle charging stations will also be available for public usage.

Furthermore, overall design of the project has been awarded with "Green Standards" by Ecostandard Group, a prominent Russian building certification company.

It is obligatory for all personnel employed in the project to receive a strict training in both HSE and quality norms. In 65,263 training sessions, employees have received a total of 127,701 hours of training in various subjects of health, safety and environment

(HSE). Consequently, the project has achieved a 13,000,000 man-hours milestone without Lost Time Incident (LTI) by the end of 2017. Currently, 2,960 workers are employed at the project.

The planned completion date of the project is March 2018.

Upon project completion the shopping center will be serving its customers with a complex of public amenities conveniently blending retail stores, fitness, entertainment, F&B, hypermarket and one of Russia's largest IMAX cinema ever built to present date.



ENGINEERING & CONSTRUCTION

MULTI-FUNCTIONAL MEDICAL COMPLEX - GELENDZHIK, RUSSIAN FEDERATION



LOCATION:
Gelendzhik, Krasnodar,
Russian Federation

OWNER / CLIENT:
ROSNEFT

PROJECT DURATION:
October 2016-December 2017

CONTRACT TYPE:
Lump Sum Turnkey

CONTRACT VALUE:
US\$ 46 Million

MAIN QUANTITIES:
Total indoor construction area
- 11,495 m²

**SIGNIFICANT FEATURES /
ACCOMPLISHMENTS:**

461 working days and
1,442,165 man-hours
without any lost time
incident (LTI) as the end of
December 2017

ENKA commenced the Multi-functional Medical Center Complex Project in Gelendzhik, Krasnodar to construct a modern medical complex within the third quarter of 2016. This is one of the fast track projects of ENKA. The contract was signed by Rosneft and ENKA on 10 October 2016. The Multi-functional Medical Complex will be operated by SOGAZ. ENKA's scope of works includes detailed design, civil & structural works, lifts, mechanical, electrical and plumbing, façade works, architectural works, finishing works, external works and supply & installation of medical equipment and furniture, that are necessary for the operation of the facility. Project's total indoor construction area is approximately 11,495 m² and it consists of three separate buildings, including the Multi-functional Medical Centre, the Multi-flat Residential House & the New Laundry.

Multi-functional Medical Center

The Multi-functional Medical Centre was designed as a modern health complex that shall provide high standard healthcare services. The centre includes patient rooms with the total of 28 beds, including 5 VIP

rooms, 1 day-stay room and 8 intensive care units. The indoor construction area is approximately 6,082 m² and has 5 stories. The centre also has an outpatient clinic that has latest technological medical scanning systems and equipment. The façade of the building has been designed using modern materials and suitable colors in harmony with the city architecture and the nearby municipal hospital. In addition to that, materials used in the building interior design have been selected considering patients' health and maximising hygiene standards. With these characteristics, the building will be one of the most modern complexes of SOGAZ and the city of Gelendzhik. As a part of the project, the building is connected to the main building of the city hospital via a transition gallery.

Multi-flat Residential House

The Multi-flat Residential House building has been designed as a modern living complex, consisting of 8 stories including 1 underground car park floor and its indoor construction area is approximately 4,625 m². The building has 2 VIP flats and 42 regular flats, offices & a meeting room, a fitness



center and car park area. Design of the VIP flats offers high quality living standards and maximum comfort. Standard flats were designed to provide all comforts for living needs. The fitness center is located on the ground floor and is equipped with modern fitness equipment, required for high quality fitness activities.

New Laundry Building

The New Laundry Building is located within the boundaries of the "City Hospital Complex" and is a 2-storey building. The New Laundry indoor construction area is approximately 788 m². The facility is equipped with modern laundry equipment

and devices with a washing, drying and disinfecting capacity of 4 tons/hr. The facility had been handed over to the client and the city hospital operations team on 23 June 2017; one month earlier than the planned completion date, and is actively operational.

As of the end of December 2017, the project was completed and handed over to the client Rosneft and operation company SOGAZ.

The project had reached 660 personnel at the peak and been completed with 461 working days and 1,442,165 man-hours without any lost time incident (LTI).





LOCATION:
Kazan, Tatarstan/Russian Federation

OWNER / CLIENT:
TAIF PSC

PROJECT DURATION:
April 2017-June 2019

CONTRACT TYPE:
Lump Sum

CONTRACT VALUE:
US\$ 173 Million

SIGNIFICANT FEATURES / ACCOMPLISHMENTS:

259 working days and 482,013 man-hours had been worked without LTI as the end of December 2017

The TAIF Business Centre Project is located in the heart of Kazan at no. 80 Pushkina Street, very close to the River Kazanka, the Kazan Kremlin, and various government buildings including the Presidential Palace. It has a total gross area of 51,714 m². There will be 22,910 m² of car park and 28,804 m² of office space with high quality internal architectural finishes and an esthetical external glazed facade.

The project has eight storeys above ground level, rising to a height of 33.5 m, and four storeys below ground level, with a depth of 15 m.

ENKA is responsible for all of the following construction and installation works:

- Earthworks (excavation, backfill)
- External utilities
- Reinforced concrete works
- Mechanical works
- Electrical works
- Architectural and facade works
- Vertical transportation
- Internal finishing including furniture, fixtures and equipment

The contract was signed in January 2017 and the project is scheduled to be completed within 34 months of commencement.

By the end of 2017 the earthworks had been performed, insulation works and reinforced concrete works are partially complete.

The completion rate of the project as of the end of 2017 is 15%.

As of the end of 2017, the number of personnel working on the project reached 457 and 259 working days and 482,013 man-hours had been worked without lost time incident (LTI).





BUILDING WORKS

LOCATIONS:

- **Afghanistan / Kabul**
- Algeria / Algier
- Bosnia and Herzegovina / Sarajevo
- Burundi / Bujumbura
- Cameroon / Yaounde
- Djibouti/Djibouti
- Dominican Republic/ Santo Domingo
- Equatorial Guinea / Malabo
- **Greece / Athens**
- Guinea / Conakry
- **India / Hyderabad**
- **Kenya / Nairobi**
- Mali / Bamako
- Mauritania / Nouakchott
- **Mexico / Mexico City**
- Nepal / Kathmandu
- Netherlands / Wassenaar
- Papua New Guinea/ Port Moresby
- **Paraguay / Asuncion**
- Russian Federation/ Moscow
- **Saudi Arabia / Dhahran**
- Sierra Leone/ Freetown
- **Sri Lanka/ Colombo**
- Turkey / Istanbul
- **Turkmenistan /Ashgabat**

ENKA has an agreement with Caddell Construction Co. of the USA to provide consultancy and project services in contracts for the construction of US embassy buildings undertaken by the American company. The agreement was reached after ENKA and Caddell collaborated on the construction of the US Consulate building project in Istinye Istanbul, which was completed in 2003.

Under the agreement, ENKA contributed to the completion of US embassy building projects in the countries such as; Cameroon in 2005, Guinea, Mali and Sierra Leone in 2006, Algeria and Nepal in 2007, Bosnia and Herzegovina in 2010, Djibouti in 2011, Burundi in 2012, Equatorial Guinea in 2013, Dominican Republic in 2014, and Djibouti, Mauritania, Russia, Netherlands in 2017. A project for Papua New Guinea was cancelled. The client for all these projects is the Bureau of Overseas Construction Operations of the US State Department (OBO).

Further projects were awarded to Caddell Construction Co. for embassy buildings and similar works in Sri Lanka (Colombo), India (Hyderabad) and the Kingdom of Saudi Arabia (Dhahran) in 2016, Paraguay (Asuncion), Mexico (Mexico City), Greece (Athens) and Kenya (Nairobi) in 2017. ENKA and Caddell are currently cooperating on these nine projects, which have a total value close to US\$ 2,6 billion.

As of the end of 2017, the first phase of the project in Afghanistan is fully completed. The overall rate of progress of the last phase reached 95%. The completion of the last phase is planned for the first quarter of 2018.

Meanwhile, the Djibouti Camp Lemonnier, Nouakchott, Hauge projects are 100% complete with handover realized.

The first phase of the project in Russia is 98% complete and the completion of the last phase is planned for the first quarter of 2018.

For the Turkmenistan project, design works and concrete works have been completed. The overall rate of progress is 67%. This project is due for completion in July 2018.

Design and mobilization have been completed for the Sri Lanka project, concrete works have started. Mobilization have begun for the Dhahran, Asuncion and Hyderabad projects. The planned completion dates for these four projects are as follows: Sri Lanka in August 2020, India in February 2021, Paraguay in October 2020 and Saudi Arabia in May 2021 respectively.

Greece, Mexico and Kenya projects will start in the first quarter of 2018 and their completion is planned as follows: Greece project in February 2022, Mexico project in April 2022, and Kenya project in September 2021.

As of the end of 2017, 231 white-collar and 1,847 blue-collar employees were working for these projects.



ENGINEERING & CONSTRUCTION

GROUP COMPANIES



40°44'12.3"N | 29°49'24.1"E
Izmit Bay Crossing Suspension Bridge, Turkey

ÇİMTAŞ
ENKA TEKNİK
KASKTAŞ
TİTAŞ

Çimtaş Çelik İmalat Montaj ve Tesisat A.Ş.
(Çimtaş Steel) - **Turkey**

Cimtas Boru İmalatları ve Ticaret Ltd. Şti.
(Cimtas Pipe) - **Turkey**

Çimtaş Precision Machining Industries
(Çimtaş Precision Machining) - **Turkey**

Çimtaş Gemi İnşa Sanayi ve Ticaret A.Ş.
(Çimtaş Module and Shipyard) - **Turkey**

Cimtas Ningbo Modular Skids & Pipe Spools
(Cimtas Ningbo) - **China**





Established in 1973, Çimtaş and its subsidiaries engineer and fabricate pressure vessels, heat recovery steam generators, storage tanks, steel structures, steel bridges, steel wind towers, oil and chemical tankers, floating platforms, power ships, piping systems for power, oil, gas and chemical industries, process skids and modules, turbine auxiliary systems, combustion casings, cold and hot formed pipe fitting components, end covers and liners for gas turbines according to ISO, ASME, AISC, API, LTA and CE requirements.

In 2017, Çimtaş fabricated a total of 40,000 tons of welded products at its four facilities located in Turkey and one in China.

Çimtaş Steel, being the leading steel wind tower manufacturer in Turkey, fabricated and delivered 79 steel wind towers consisting of 280 sections for Nordex (Germany) and Enercon (Germany) in 2017.

Fabrication and trial assembly of the New York Wheel Project's RIM Sections and RIM Reinforcements have been completed by the 3rd quarter of 2017 as scheduled.

The New York Wheel is a giant ferris wheel, being constructed in New York's Staten Island and a candidate to be one of the most iconic structures in the world. The New York Wheel consists of 18 RIM sections each weighing 150 tons, 11 m wide and 33 m long. Diameter of the completed wheel will be 183 m and each ride will take 35 minutes with 36 passenger capsules located around the wheel, each carrying 40 people.

Within the scope of this project, development of the 3D model, workshop drawings, procurement, fabrication, pre-assembly, trial assembly and painting works have been completed by Çimtaş Steel. In addition to the aforementioned scope, Çimtaş Steel will also complete electrical installation works including the installation of LED lighting, busbar and Wi-Fi systems.

High grade S500 steel material is being used in the design of the RIM sections where all the welded joints are required to be full penetration welds due to fatigue design conditions. All shop and field joints are being machined with Çimtaş's in-house 5 axis CNC milling machine due to tight tolerances required by the design.

All fabricated and installed parts were dimensionally measured with 3D laser tracker. In addition to trial assembly in pairs, all RIM sections and RIM reinforcements have been virtually trial assembled by inserting measured dimensions into the 3D model.

During the execution of New York Wheel Project, Çimtaş Steel received the AISC certification and became an approved vendor of New York Municipality. After the completion of electrical installation works at Çimtaş Shipyard, all RIM sections and RIM reinforcements will be shipped to New York by Çimtaş Steel in 2018.

Çimtaş Steel manufactured 75 sets of Wind Turbine Rotor & Stator Rings for Enercon in 2017. Following the completion of the first 75 sets, the parties agreed on another 100 sets of Rotors & Stators to be manufactured in 2018.

Due to continuous spinning movement for converting motion of wings to electrical energy within the generator, both rotor & stator parts require precise machining tolerances with a grade of ± 0.1 mm on various surfaces for their critical role of energy efficiency.

Wind turbine rotor has 3.7 m diameter and stator has 4.5 m diameter where all machining works have been performed in-house by Çimtaş Steel.

Çimtaş and Enercon are currently planning the fabrication of 7.5 m diameter rotors and 9 m diameter stators for new generation wind turbines in 2018.

Other fabrication projects completed by Çimtaş Steel during the year 2017 are as follows:

Structural Steel Projects:

- The South Caucasus Pipeline Expansion Project – Georgia; Client: Bechtel -ENKA JV (Total project weight 8,422 tons)
- Kashirskaya Multi-functional Trade Centre Project – Russia; Client: ENKA (Total project weight 5,352 tons)

Pressure Vessels Projects:

- Tengiz Oil Field Development Project - Kazakhstan; Client: Tengizchevroil LLP
- Tengizchevroil LLP Thermal Oxidizer Unit Project Waste Heat Boiler - Kazakhstan; Client: Hamon Deltak Corporation





Cimtas Pipe is a market leading Integrated Piping Solutions company providing engineering, procurement, manufacturing, welded fabrication, machining and painting services of LSAW pipes, fittings and pipe spools for the power, process, OEM piping systems and pressurized equipment to Power, OG&C, Mining & Metals industries.

In 2017, Cimtas Pipe has fabricated and delivered over 11,000 tons of process and power pipe spools and manufactured 1,120 tons of fittings and 690 tons of LSAW pipes to the following projects:

Oil & Gas Projects:

- Corpus Christi LNG Train 2
- Sabine Pass LNG Train 5
- South Caucasus Pipeline Expansion
- West Nile Delta Gas Development Plant
- Galeota Expansion Project
- BOTAS - Marmara Ereğlisi LNG Terminal

Power Plant Projects:

- AKSA Yalova Power Plant - Steam Turbine Upgrade
- MAN Diesel Turbine Piping for AKSA Yalova Power Plant
- AREVA NP NCPF Pressurizers
- Besmaya CCPP (1,500 MW)
- Hummel Station CCPP (1,124 MW)
- South Helwan Supercritical Power Plant (1,950 MW)
- Kızıldere 3 Geothermal (95 MW)



In 2017, by completing Sabine Pass Train 5 and Corpus Christi Train 2 Projects, Cimtas Pipe has successfully fabricated and delivered 48,000 tons of spool as a part of Cheniere LNG Program since 2013.

In the same program, Corpus Christi Train 3 is planned to start in 2018.

Cimtas Pipe has fabricated and delivered a total 290 tons of pipe spools to South Caucasus Pipeline Expansion Project.

In 2017, Cimtas Pipe continued the West Nile Delta Gas Development by fabrication of over 6,400 tons of pipe spools.

Cimtas Pipe has completed fabrication of the "Critical Piping and Valves" package for South Helwan Supercritical Power Plant Project (3 x 650 MW) in Egypt. In 2017, Cimtas Pipe has successfully delivered 1,670 tons of pipe spools.

Furthermore, Cimtas Pipe has successfully completed the final 80 tons of pipe spools for ENKA Besmaya Combined Cycle Power Plant in Iraq and 60 tons of pipe spools for Bechtel Hummel Power Plant in the U.S.A.

Additionally, Cimtas Pipe delivered a total of 470 tons of pipe spools for Bechtel Galeota Expansion Project.

Cimtas Pipe has been officially approved as an R&D Center under the name Cimtas Engineering and Design by the Turkish Ministry of Science, Technology and Industry in November 2017.





Cimtas Pipe continued delivering turn-key solutions in the fields of plant design and piping, pipe stress analysis, pipe supports, branch connections, pressurized vessel / equipment engineering including sourcing of compressors, valves, instrumentation and supports for MAN, Aksa, TCO, Tüpraş, Petkim, Areva and ENKA and receiving new orders.

In 2017, Cimtas Pipe continued its successful performance on delivering gas turbine piping systems for GE Power, as evident by its ability to maintain the fifteen years uninterrupted preferred partner position, which indicates the sustainable customer confidence and loyalty.

High customer satisfaction enables Cimtas Pipe to keep growing customer base in several different business lines.

Cimtas Pipe has initiated a new product line for Baker Hughes, a General Electric Company and fabricated a total of 45 tons / 9 sets of Desuperheaters in 2017.

CP Fitting Works (CP FW), has manufactured and delivered 1,120 tons, 21,200 pieces of pipe fittings which were cold and hot formed stainless-carbon-alloy elbows, tees, reducers within the range of ½ to 60 inches, as well as special branch connections and flanges to the above named following projects:

- Botaş-Silver Teknik Kelkit DGBH
- Botaş / Gen Group Marmara Ereğlisi LNG Extension
- TCO LLP Future Growth / Wellhead Pressure Management

Cimtas Pipe qualified and produced heavy wall Alloy P91 and P22 grade fittings for the power plant projects.

During the ASME Nuclear stamp renewal fitting manufacturing has been successfully included in the nuclear certification scope.

Cimtas Pipe successfully certified its Metallographic & Metallurgical laboratory in accordance with ISO/EN 17025 which allows Cimtas Pipe to service all industrial branches including nuclear.

LSAW Pipe Manufacturing Plant, the biggest investment of Cimtas Pipe history has started its operations in July 2017 and successfully acquired API certification in December 2017.

The first Leed Gold certified LSAW process dedicated pipe plant of Turkey, that is able to produce pipes of 406-1524 mm diameter and 8-65 mm thickness, has a monthly capacity of +15,000 tons for line pipes and 5,000 tons for process pipes. The facility has been awarded with three orders to date; of which the two; namely the “fast track BOTAŞ - Marmara Ereğlisi LNG Terminal Project” which has been fabricated and delivered in 2017, and the “Corpus Christi Liquefaction Project Stage 2” in the USA which has been started to be manufactured in 2017 and the final delivery will be completed in 2018. The other project is “X80M Riser Pipe Maintenance Project” for Poseidon / Saipem-GE, which will be fabricated in 2018.

After inauguration of the LSAW Pipe Manufacturing Plant, Cimtas Pipe has successfully started its “Integrated Piping Solutions” service for challenging oil & gas projects.





Çİmtaş Precision Machining Industries, is a Çİmtaş subsidiary specialized in engineering, procurement and manufacturing with high technology special processes including 5-axis CNC precision machining, Turkey's largest electron beam welding, forming, high temperature vacuum heat treatment and brazing, non-destructive testing, 3D CMM & laser inspection, thermal spray coating, automated blasting, painting and surface treatment on ferrous and non-ferrous alloys for industrial gas turbines' combustion components (end covers, turbulated liner, transmission pieces).

In 2017, Çİmtaş Precision Machining has successfully introduced and launched 9 new products and increased the total qualified product number to 33 for GE Energy Power.

In the basis of value that we created through the diversification in product types, high quality and fast supply, we have achieved high customer satisfaction and loyalty.

As a result of the created value, a long-term agreement for 6 years has been signed with GE Power and Çİmtaş Precision Machining has been positioned as a center of excellence for the manufacturing of combustion casings and components.

3,500 parts for gas turbine combustion systems have been successfully delivered to different GE Power locations worldwide in 2017.

Thermal spray coating, plasma welding, cold metal transfer (CMT) robotic welding applications and hydraulic press forming technologies have been actively used in our manufacturing processes with the introduction of new components.

The growth trend with the excellence center continues in the manufacturing of ceramic coated super alloy materials working under high temperature.

The new B2 building with a 4,700 m² manufacturing area will be operational in January 2018 has been initiated in December.

With the implementation of the continued efficiency and quality improvements through our robust lean production culture, the quality performance and employee competencies have been continuously enhancing.

In 2017, Çİmtaş Precision Machining and Cİmtaş Pipe have started to transform their production lines into digitally smart production systems in order to maximize efficiency and increase customer satisfaction.

During its digital transformation journey, Çİmtaş Precision Machining received an award lead by International Data Cooperation Turkey (IDC) for the "Best Operational Excellence Projects of the Year" in 2017 at the Best Innovations Projects Award Ceremony.

Within March 2017, after the audit of Space, Aviation and Defense Industry AS EN 9100 Quality Management Systems which was carried out by BSI, our certification was renewed and extended until March 2019 within the scope of machining, welded manufacturing, electron beam welding, heat treatment under vacuum and NDT functions.

Audits conducted by TAI - Turkish Aerospace Industries Inc. have been successfully completed and approved supplier status within the AS9100 framework has been achieved.

Following the "Strategic Partner" award received from GE Power in 2015, Çİmtaş Precision Machining, has been granted a second award; "Overall Strategic Partner" in 2017, and will continue to grow in Power, Oil & Gas and Aviation industries by expanding its product portfolio through vertically integrated high-end manufacturing systems.





Pipe Rack fabrication works of West Qurna I - Initial Oil Train Project were started in 2016 and continued in 2017. Within the scope of this project, Çimtaş Module & Shipyard successfully performed engineering, material procurement, fabrication and installation of piping and structural steel, post weld heat treatment (PWHT), pressure tests, trial assembly, painting and insulation works. Total quantities of West Qurna I - Initial Oil Train Project fabricated under Çimtaş Module & Shipyard's scope are 1,346 tons of piping, 702 tons of structural steel and 70 tons of secondary steel.

Çimtaş Module & Shipyard completed the secondary steel fabrication works for South Caucasus Pipeline Expansion Project in the first quarter of 2017.

Çimtaş Module & Shipyard also completed the engineering, material procurement, fabrication, pressure testing and painting works of 10 pieces of LDO Unloading Station Air Release Tanks for Baghdad Besmaya Combined Cycle Power Plant in the 4th quarter of 2017.

Contract negotiations for the supply of an amine tank for Tengizchevroil LLP Second Generation Plant (SGP) project located in Kazakhstan were completed in 2017 and accordingly, relevant fabrication will be started in the 1st quarter of 2018. Estimated project tonnage is 135 tons where Çimtaş Module & Shipyard will perform material procurement, fabrication, painting and packaging works.





In 2017, Cımtas Ningbo celebrated its 15th anniversary in China. Since 2002, Cımtas Ningbo has been successfully manufacturing and delivering piping, skids, modules and quick disconnect clamps to more than 50 countries, in compliance with regional requirements and codes, including ASME, PED, METI, TR-CU, CSA and TS-China.

In 2017, Cımtas Ningbo delivered on-time 260,000 dia-inch of gas and steam turbine piping systems, turbine auxiliary units and quick disconnect clamp assembly components to its customers, including:

- GE Power and Water (USA, France & China)
- GE Energy Services (USA & Hungary)
- GE Oil & Gas (Italy)
- Mitsubishi-Hitachi Power Systems (Japan & USA)
- Fjord Processing System (Australia)
- Toshiba Corporation Power Systems (Japan)
- Alstom Wuhan Boiler Group (China)
- BOA (USA)
- Gexpro (USA)
- Redwolf (USA)

After a successful audit performed by Bureau Veritas in November 2017, Cımtas Ningbo is now also certified per the AS EN 9100 Quality Management System for piping and skid fabrication and assembly.

Cımtas Ningbo's greenfield investment on 55,000 m² of land in Ningbo is planned to be operational by 2019. The new purpose-built facility will comprise custom-designed manufacturing technologies. The new investment will enable Cımtas Ningbo to increase the depth and breadth of its product portfolio into power, boiler and plant piping, modularization and skids for additional metallurgies, sizes and industries.

Cımtas Ningbo is strongly committed to be a responsible corporate citizen. The joint training program initiated with the Liaoyang Technical College is one of the examples of Cımtas Ningbo's various corporate responsibility projects.





Established in 1981, ENKA Teknik has become a partner of preference for turnkey projects involving plant engineering, fabrication, procurement, construction and assembly works and commissioning and operation of industrial projects. It regularly completes all tasks to the full satisfaction of its clients. Its project management system software, developed entirely in-house, ensures the security and traceability of documents, information and data, and is the main tool used for rapid and accurate decision-making in the projects which ENKA Teknik undertakes.

ENKA Teknik serves clients in Turkey, North Africa, the Middle East and Central Asia, either as main contractor or as a consortium partner, in its main areas of business – namely: energy plants, oil and gas systems, water treatment plants and environmental systems, cement plants, materials handling, processing and storage systems, balance of plant (BoP), and electrical and control systems.

The primary objective of ENKA Teknik is, and has always been, customer satisfaction. This is achieved through effective implementation of the ISO 9001 Quality Management System, and through the “Zero Accident” target which has been set by the management and is assured by employee implementation of health and safety precautions.

ENKA Teknik makes its services available through its Head Office in Istanbul, its offices in Libya-Tripoli, Iraq-Basrah, and offices at project sites. The head office continued its busi-

ness development activities in 2017 by tracking projects in the company's areas of business and prepared various proposals.

The Awbari 4x160 MW Gas Turbine Power Plant Project was carried out under a contract worth EUR 378 million that had been signed prior the revolutionary events in Libya in 2011. The signatories of the contract were the General Electricity Company of Libya (GECOL) on the one hand and a consortium of GESCO (a GECOL subsidiary that provides GTG equipment) and ENKA Teknik on the other. ENKA Teknik's share in the consortium was valued at EUR 180 million. Work on the site had to be suspended in 2011 and 2014, at the stages of start-up and commissioning respectively, due to political and civil unrest.

After suspension of site activities of the project, ENKA Teknik was in close contact with the client, General Electric Company of Libya (GECOL) and other administration and Governmental bodies to follow up developments in the country until restoration of law and order by Libyan Government up to an allowable level. During this period requirements of technical, administrative, contractual and financial parts of the project had been investigated and built up in principles with the client in order to re-activate the project. After series of meetings with the client for resumption of works, ENKA Teknik signed a protocol in October 2016 defining commitments of the client supported by Libyan Governmental bodies and principles of technical, administrative, con-

tractual and financial resolutions with clear definitions of target milestones in order to maintain workable conditions for the Project which has remote, deserted location in the Country. Security, immigration, custom, transportation, local availability of living & working services and materials, operational availability of contract articles, financing were key elements of resolution in order to re-activate the project.

Finally, by resolution of pre-requisite principles of conditions that were agreed and implemented with the client with support of Libyan Governmental bodies, the project had re-

started at site with a pioneer team mobilization in April 2017. Along with the re-invigoration of temporary site facilities, construction equipment and accelerated mobilization to site, project team had restarted its remaining activities with the involvement of its commissioning group in May 2017.

Since ENKA Teknik made decision on re-activate the project in Awbari, Libya there have been significant positive development in Libya:

- Previously Awbari City in vicinity of the project site was evacuated land with limited population without living facilities. After re-activation of

the project, citizens of the city have come back to their origin, welcomed ENKA and committed to maintain stability of living

- Local administrations and services such as airport, hospital, municipality, bank, police, military have remained their duties
- Living and construction material availability for citizens and for the project have been considerably increased, which was previously transported from Northern cities by charter plane or truck
- Domestic flights have been re-activated with weekly several flights.





Following to re-activation with improved working and living conditions of the project, one of the project party, supplier of main equipment, Siemens was convinced to re-activate supervision performance in August 2017.

Principles of road map to re-activation of the project were taken as “realized example” that were under implementation by the Client and other Libyan Administrations, to convince contractors of different countries to re-activate suspended business performance in Libya.

The project commissioning activities were performed by experienced ENKA sources with the least need of outsourced supervision services.

In line with ENKA commitment the project with one of gas turbine-generator units had the first ignition in October 2017 and synchronized to main national grid. In November 2017, the site activities had to be suspended again due to an attempt to the project site and failure of security provisions. The site crew was returned after withdrawal of Siemens’ technical team from the site.

The Zawia, Derna, Soussa and Zuara Desalination Plant projects and the Zawia Potable Water Pipeline Project were completed by a consortium of ENKA Teknik and Sidem-Veolia before the Libyan uprising in 2011. The share of ENKA Teknik in this consortium was EUR 145 million. The projects were contracted with the General Electricity Company of Libya (GECOL) and later transferred to the General Desalination

Company of Libya (GDCOL). Preliminary and final acceptance of the projects has been pending due to the prevailing conditions in Libya. In 2017, the project consortium has been in contact with the client (GDCOL) to finalize issues related to the acceptance and handover of the projects.

The Najybia (Basrah, Iraq) 4x125 MW Gas Turbine Power Plant Project is one of the “Mega Deal” projects of the Ministry of Electricity of Iraq. The value of the contract was US\$ 237 million, while an additional piling works contract amounted to US\$ 35 million. The whole project was completed and handed over to the client under a certificate of provisional acceptance dated 2 September 2015. The defect liability period ended on 2 September 2016. In 2017, ENKA Teknik received the final acceptance as well as financial dues and it was relieved all project guarantee responsibilities.

The PS-1 Crude Oil Pumping Station Project was carried out on the Rumaila Oil Field in Basrah, Iraq, under a contract with the Iraqi state-owned South Oil Company (SOC) worth US\$ 59 million. The work has been completed, temporary acceptance has been achieved, and the project was handed over to the client on 23 April 2016. In 2017, ENKA Teknik received the final acceptance as well as financial dues and it was relieved of all project guarantee responsibilities.





Kasktaş started ground engineering and foundation works in 1957 as an internal department of ENKA and was transformed into an individual company in 1975. With a total of 367 personnel including 57 technical and 27 administrative personnel, Kasktaş offers high-quality and economical solutions through its personnel experienced in geotechnical design and all types of soil engineering, and its special geotechnical machinery and equipment. In addition to having a large and modern machinery park, it continues to add new machinery and equipment to its fleet in order to meet the current requirements in the area of soil engineering.

Moreover, having successfully completed Third Party Inspection of the ISO 9001 Quality Management System, administered by BSI in 2017, Kasktaş maintains its activities without compromising on quality. The Environmental and Occupational Health and Safety System, which had been established in the company headquarters and the main workshop earlier in 2007, have been extended within the first half of 2009 in order to include all construction sites both in Turkey and abroad. Its affiliate located in Saudi Arabia has also implemented the ISO 14001 Environmental and OHSAS 18001 Occupational Health & Safety Management Systems, which have been also certified by BSI in 2009.

Kasktaş entered 2017 with 9 ongoing projects and another 9 new projects were also undertaken in 2017. The major projects completed by Kasktaş in 2017 according to their regions are presented:

TURKEY

- Mahall Bomonti İzmir Project, Shoring Works
- Mahall Bomonti İzmir Project, Barette Pile and Bored Pile Installation Works
- Ferko Line Office and Hotel Project, Shoring, Foundation Pile and Soil Improvement Works
- Aliağa Star Refinery, DS1- EA5 Permanent Soil Nail and Permanent SBMA Anchor Works
- Aliağa Star Refinery, Sump Pit Piling Works
- Bahçeşehir University Higher Education Building Project, Shoring Works
- Bostancı-Dudullu Metro Project, Depot Station Shoring Works
- İzmir Çiğli Housing Area Landslide Prevention Project, Barette Pile Works

SAUDI ARABIA

- Riyadh Metro Project, Line 5, Station 5A2, 5A5, 5A6 and South Shaft (Piling and Anchorage Works)
- Riyadh Metro Project, Line 3, Station 3E6 and Western Stretch (Piling and Anchorage Works)
- Jabal Al Ka'aba Project

RUSSIAN FEDERATION

- Mayak Multi-Functional Residence Project
- Krasnopresnenskaya-14 Multi-functional Complex
- ENKA 3. Ring Car-Park
- Domodedovo Airport Bored Pile Works
- Selepihinskaya Multi-functional Complex

IRAQ

- Dhi Qar Combine Power Plant Bored Pile Works





Founded in 1974, Titaş, with its experience of 43 years, continues to complete any kind of work undertaken by integrating modern construction machinery with contemporary technology and a team spirit of the highest quality.

Titaş has been successfully carrying out excavation-backfilling works on highway projects, drainage, quarry and crusher plant operations, municipal domestic water distribution networks and housing waste water networks, as well as energy, communication, natural gas, heating-cooling networks, and also infrastructure works on university campuses and embassy complexes, both domestically and internationally - all within work schedules.

After having realized its contract works in Morine-Merdare Motorway in Kosovo by the end of 2013, Titaş signed a commitment to undertake quarry and crusher plant installations / operations and asphalt works on the South Caucasus Pipeline Expansion (SCPX) Early Works & Facilities Project in Georgia. Titaş set up a Georgian Branch for the project.

Despite the extreme weather and environmental conditions present at 1,500 – 2,000 meter altitudes, Titaş completed its works according to the employer's work schedule.

In 2017, Titaş continued to work for South Caucasus Pipeline Expansion (SCPX) Project at the CSG-2 facility.

By the end of 2017, Titaş had completed all of the works described in the scope of its contract.

Within the year 2017 gabion walls, construction of 15,4-km 2-lane asphalt road; guardrails, road signs, road markings, minor and major approach roads, riprap works and landscaping works have been completed.

By the end of 2017, some of the cumulative realized quantities from the beginning of the SCPX project are described below:

- Topsoil Removal: 915,000 m³
- Excavation: 1,155,000 m³
- Backfilling: 980,000 m³
- Non Frost Capping Layer: 120,000 m²
- Road Sub-base: 130,000 m²
- Road Base: 120,000 m²
- Binder Layer: 100,000 m²
- Asphalt Layer: 100,000 m²
- Gabion Walls: 3,000 m³
- Road Barriers: 3,500 m
- Road Signs: 319 pieces
- Riprap Filling: 10,000 m³
- Landscaping: 85,000 m²

The SCPX project is completed within 1,192 work days with 1,151,832 man-hours without lost time incident.



POWER GENERATION



GEBZE ELEKTRİK ÜRETİM LTD. ŞTİ.

ADAPAZARI ELEKTRİK ÜRETİM LTD. ŞTİ.

İZMİR ELEKTRİK ÜRETİM LTD. ŞTİ.

40°51'50.1"N 30°23'51.4"E
ENKA Gebze-Adapazarı Power Plants, Turkey

POWER GENERATION

Gebze Elektrik Üretim Ltd. Şti.

Adapazarı Elektrik Üretim Ltd. Şti.

İzmir Elektrik Üretim Ltd. Şti.



POWER GENERATION

InterGen-ENKA, a 40%-60% partnership between ENKA and InterGen established in 1997, was contracted by the General Directorate of Turkish Electricity (TEAŞ) and the Ministry of Energy and Natural Resources to carry out the turnkey construction and operation of three natural gas combined cycle power plants in Gebze, Adapazarı and İzmir with a total installed capacity of 3,830 MW. The plants were to be constructed in accordance with the Build-Own-Operate model.

The total investment for the three plants was US\$ 2.04 billion. Of this amount, 25% was financed through equity and 75% through project finance. The US\$ 1.53 billion worth of project finance was committed by Exim Bank of the USA (US\$ 860 million).

Hermes of Germany (US\$ 185 million), OND of Belgium (US\$ 125 million), OPIC of the USA (US\$ 300 million) and various commercial banks (US\$ 60 million).

The Environmental Impact Assessment Report completed in accordance with the format of the Ministry of Environment has received the official approval of the Ministry. Since the plants were partly financed through foreign project loans, an additional environmental impact assessment report was prepared for the exclusive review of the export credit agencies in accordance with the environmental guidelines of the World Bank. This indicated minimum levels of impact and was duly approved.

In line with the technology that is commonly employed at natural gas combined cycle power plants around the world today, the Adapazarı, Gebze and İzmir plants operate well within the criteria set by air quality, water pollution and noise control regulations, and they constitute an exemplary group of investments in the field of energy in Turkey.

The turnkey construction of the Gebze, Adapazarı and İzmir natural gas combined cycle power plants were awarded to the Bechtel-ENKA Joint Venture (BEJV), in which ENKA had a 50% share. The projects were launched in 2000. The Gebze and Adapazarı plants were commissioned in 2002 and the İzmir plant in 2003. Thus ENKA, together with its partner InterGen, become the largest electricity producer in the private sector in Turkey.

The electricity production companies have signed 20-year contracts to purchase natural gas from the Petroleum Pipeline Corporation (BOTAŞ) and to sell electricity to Turkish Electricity Trading Corporation (TETAŞ). As the 20-year period includes the project development and construction phases, the contract period is essentially 16 years from the date on which the plants entered into commercial operation. Under the electricity sales agreement, the electricity produced in the plants is sold to TETAŞ in accordance with an average tariff of 4.2 US Dollar cents per kilowatt-hour. This makes it the cheapest electricity sold to the public sector by a private producer. This is made possible by the advanced technology employed in the plants and the low financing

costs. The electricity sales price consists of four components: investment costs, fuel costs, fixed operating costs and variable operating costs.

Among the four components, the fuel costs item is a pass-through item at a guaranteed level of efficiency, and variations in the price of natural gas are reflected proportionally in the sales price. Accordingly, ENKA does not incur any risk with regard to the price of natural gas.

At the commencement of commercial operation of the plants, ENKA acquired InterGen's shares, thereby increasing its 40% stake and becoming the sole owner of the electricity generation companies.

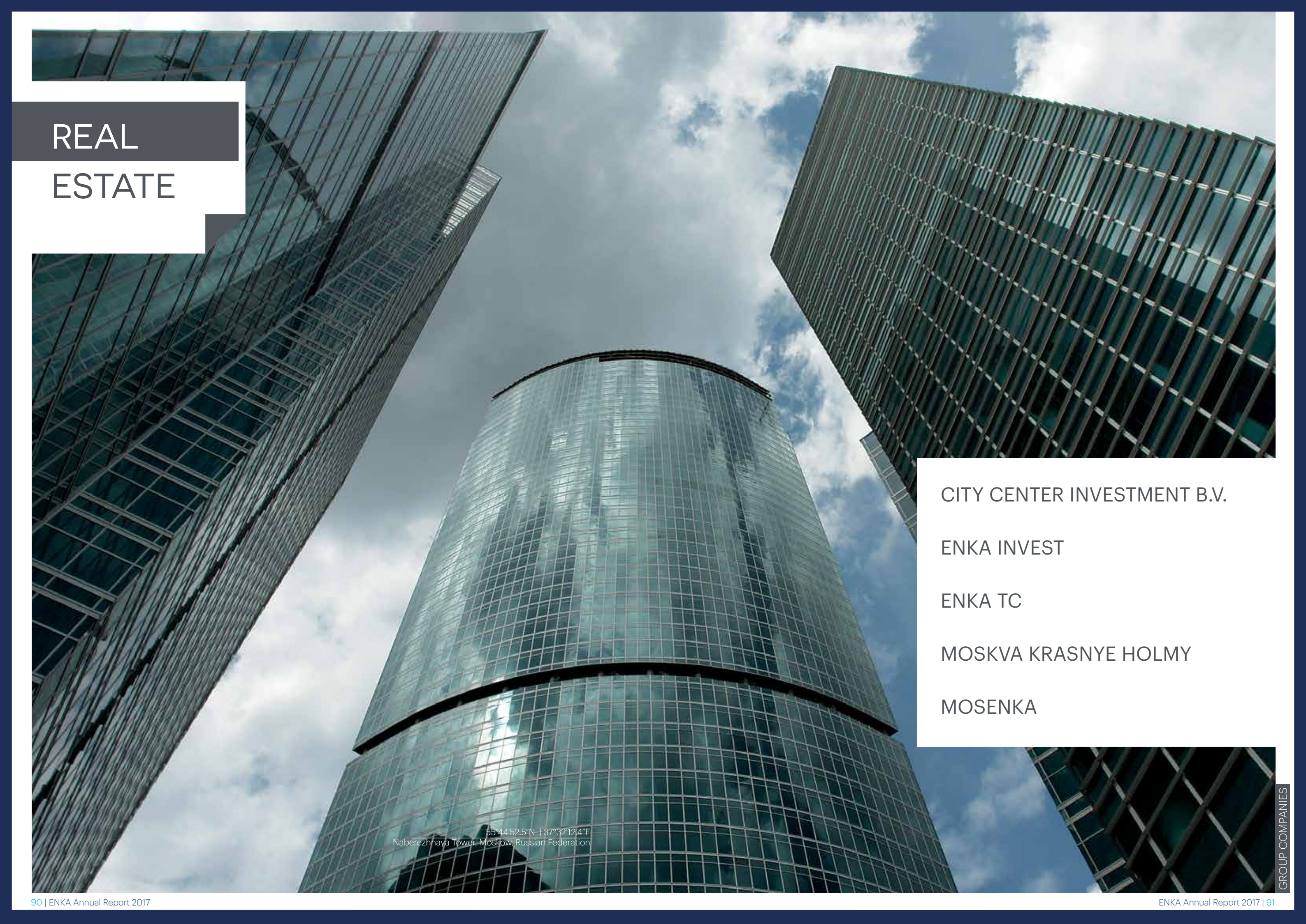
ENKA Power Plants has generated over 410 billion kilowatt-hours electricity during its 15 years of commercial operation period and with their collective annual generation capacity of 32 billion kilowatt-hours, are capable of meeting 11% of Turkey's aggregate energy consumption.

The Energy Market Regulatory Authority (EPDK) has issued an electricity supply license to ENKA Enerji Üretim A.Ş. Under the license, ENKA Enerji is engaged in wholesale/retail activities for the eligible consumers.

Since the commercial operation began, ENKA has improved the infrastructure at the plants and invested in state-of-the-art technology with the "Advanced Gas Path and DLN2.6+ Upgrade". Due to this industry-leading technology, ENKA Power has, improved fuel efficiency, lowered its emission footprint and enhanced the capacity, operational flexibility and reliability of the power plants.



GROUP COMPANIES



REAL ESTATE

CITY CENTER INVESTMENT B.V.

ENKA INVEST

ENKA TC

MOSKVA KRASNYE HOLMY

MOSENKA

55°44'52.5"N | 37°32'12.4"E
Naberezhnaya Tower, Moscow, Russian Federation



City Center Investment B.V. (hereinafter “CCI”) commenced business in 2003 with the realization of the Naberezhnaya Tower complex. Being one of the most prestigious business centers in Moscow, the Naberezhnaya Tower holds a Commercial Real Estate Award for the best Class-A business center. Located at the heart of Moscow’s financial district, it has an inspiring architecture and state-of-the-art facilities. Due to its competitive advantages in the commercial real estate market, CCI built long term relationships with its tenants.

Naberezhnaya Tower complex continues to operate with 120 personnel in the sphere of office leasing, management and operation of the facilities and as a contractor of fit-out works for its’ tenants. The complex consists of 3 blocks with a total leasable area of 163,092 m².

ENKA is approaching the 30th anniversary of its first construction projects in Russia, CCI concluded nearly 13,500 m² of new lease contracts and carried out 7,100 m² of office fit-out works in Naberezhnaya Tower in 2017. The occupancy rate of Naberezhnaya Tower by 2017 is 95% and it still carries the title of the building with the highest occupancy rate in the financial district.

In 2017, the CCI leasing department reached its targets following 2 years of turbulent macro economic environment in the Russian Federation by uniquely positioning itself to observe the changes in the commercial real estate industry and developing an accurate marketing strategy by concluding 26,000 m² of lease agreement prolongation, a continuation which also provides sustainable financial stability.

Naberezhnaya Tower has been the most compelling office choice for leading international and Russian companies for more than a decade. Existing tenants of City Center Investment B.V. include reputable corporations such as CMS Cameron McKenna, Unipro, Eli Lilly, Elanco, Campina, Fortum, GlaxoSmithKline, Medtronic, Merz Pharma, Mitsui & Co, Norilsk Nickel, Pfizer, Qualcomm, Renaissance Capital, Richemont, SKF, Universal Pictures, KPMG, IBM, Juniper Networks, Zara, Berlin Chemie, VTB Capital and General Electric.





ENKA Invest began operating in 1994, as a part of ENKA's real estate investment division which has been working in Moscow since the early 1990s. ENKA Invest built long-term relationships with its tenants by providing exceptional facility services. ENKA Invest has 85 employees in the sphere of office and residential leasing, building and facility management and providing building services for the fit-out works required by tenants as well.

It has 4 complexes located in the centre of Moscow with a total leasable area of 76,000 m².

Paveletskaya Plaza, Tsvetnoy Palazzo, Sretenka Complex and Chaplygina House are built, owned, developed and being operated by ENKA invest.

In line with its' sustainability projects ENKA Invest is currently deploying its sources to renovate office lobbies in Paveletskaya Plaza for 2018.

The occupancy rate in ENKA Invest's buildings was approximately 72% by the end of 2017.

Some of the leases with international tenants, the business relations of which date back to the 1990s, have even been extended and ensured the sustainable financial stability.

In addition to stable occupancy rates, ENKA Invest team observes the changes in the commercial real estate industry and developing accurate marketing strategy.

As of the end of 2017, ENKA Invest's existing tenants include big multinational firms such as Accenture, Chanel, Citibank, Cleary Gottlieb Steen & Hamilton, HSBC, IATA, La Prairie, Hays, LG Electronics, Linde Gas, Linklaters, National Oilwell Varco, Nestle, Nintendo, Setra Lubricants, Statoil, Bearing Point, Polycom and UBS.





ENKA TC, formerly RamENKA, was established in Moscow as an equal partnership between ENKA and Migros in 1997 to create shopping centers and supermarket chain in Russian Federation.

In November of the same year, it launched its first Ramstore hypermarket and shopping center in the Kuntsevo District of Moscow, which was constructed by ENKA within a total area of 19,400 m².

The company continued its growth and opened its second hypermarket and shopping center in Maryina Roshcha, despite the economic crisis in the Russian Federation in 1998.

Maintaining its high quality standards, ENKA completed the construction of 32,500 m² Maryina Roshcha shopping center in a short time.

ENKA TC opened 23 new stores between 1999 and 2003, increasing the number of stores to 25 and the number of shopping centers to 6 by the end of 2003.

In the same year the regions outside Moscow, Krasnoyarsk, Kazan and Nizhniy Novgorod soon saw the opening of stores. Despite some closures between 2004 and 2007, the total number of stores had increased to 53, and shopping centers to 10.

The company used its own resources as well as International Finance Corporation (IFC) and commercial bank loans for its investments. A total of US\$ 170 million in loans were provided by IFC between 1998 and 2006. All of these debts were repaid in 2008 before their maturity dates.

In addition to retail space in shopping centers, the company started renting large scale offices in 2007 at the Vernadskogo complex.

By purchasing the 50% share of Migros in 2007, ENKA became the sole owner of the company and consequently renamed it to "ENKA TC". In order to concentrate on real estate operations as its main line of business, ENKA TC transferred the hypermarket operations in the shopping centers to AUCHAN through rental agreements. Upon completion of this operation the leasable area of ENKA TC increased from 167,000 m² to 227,000 m².

Shopping malls owned by ENKA TC and operated under the "Ramstore" brand name were rebranded as "Kapitoliy" in 2009. Also, in January 2010, the supermarket brand name "Ramstore" was renamed "Citystore".

In accordance with the company's plans to exit the retail business and concentrate on real estate operations within the scope of sales agreements, ENKA TC retail assets were transferred to OOO BILLA and OOO BILLA REALTY in April 2012.

Following this transfer process, at the end of 2012, ENKA TC had completely exited the retail sector. Rental revenues of the company reached US\$ 102 Million in 2017.

Two of ENKA TC's most significant shopping mall developments won the "Best Shopping Center" awards from the Commercial Real Estate Committee (CRE) in the Russian Federation. Kapitoliy Shopping Mall in St. Petersburg was honored with "St. Petersburg's Best Shopping Center" award in 2006, while Kapitoliy-Vernadskogo Shopping Mall in Moscow received "Moscow's Best Large-Scale Shopping Mall" award from the CRE in 2007.



Also awarded the "Best Project in the Sphere of Investment and Construction in Moscow in 2012" organized by Moscow's local government from a list of 60 nominee projects. Kapitoliy-Sevastopolsky Shopping Mall in Moscow was also awarded by the Moscow Municipality with "The Most Convenient Shopping Center in the South-West Administrative District of Moscow" in 2009.

During the 2nd quarter of 2011, ENKA TC finished the project development phase and commenced redevelopment works for Kuntsevo Shopping Mall, which originally opened in 1997. Within the scope of this project, the existing building, covering 19,400 m² was demolished and a new 245,000 m² modern complex was constructed. The complex consists of a shopping mall, office buildings and a small number of apartment units. The construction of the shopping mall was completed and commenced operation at the end of 2014 and the construction of the office buildings was completed in the 2nd quarter of 2015. This US\$ 484 million investment project features a shopping mall with 61,000 m² of net leasable area, an office building with 29,094 m² net leasable area, and an underground parking lot with a 2,028-car capacity.

ENKA TC's Kuntsevo re-development project was deemed worthy of the 2012 "Cityscape Future Retail Award in Emerging Markets" at the International Conference for Global Real Estate. The Award ceremony, in which 36 nominee projects in 13 different countries were showcased, took place in Dubai. Kuntsevo Plaza also became one of Russian Federation's 37 green investment projects after receiving a green building certificate (Green Standard – GOLD) in April 2013.

Kuntsevo Plaza received the "Best Shopping Center" award organized by the Russian Council of Shopping Centers (RCSC) in April 2015. Furthermore, Kuntsevo Plaza was awarded in three more categories in 2016, by International Property Awards:

- Best Retail Architecture Russia
- Best Retail Development (5 stars) Russia
- Best Retail Development Europe

Moreover, in June 2017, Vernadskogo Kapitoliy has been deemed worthy as "The Best Shopping Centre" and Kuntsevo Plaza as both "The Best Office Complex" and "The Best Shopping Complex" at the "100 Best Office and Retail Centres in Russia" award ceremony, which was held in St. Petersburg. The shopping mall at Sergiev Posad in Moscow Region which commenced construction during the 2nd quar-

ter of 2013, was opened for retail operation at the beginning of September 2014. This shopping mall project has a total area of 36,750 m² (leasable area of 24,883 m²) and a parking area with a 696-car capacity. This project was realized with an investment of US\$ 59 million.

The re-development project and project approval process for the existing Kashirskaya Shopping Mall was completed and the existing building was demolished and new project construction had started during the 4th quarter of 2015. The new building has a total area of 196,750 m² (leasable area is approximately 72,000 m²) and a total investment of US\$ 210 million is expected. The new shopping mall will be put into operation within 2018.

In addition, the reconstruction plan for the existing Maryina Roshcha Shopping Mall (re-development) has been approved by the Moscow Municipality with project development process being started. The construction of the project will be realized in two phases. The multilevel above ground carpark with an approximate gross building area of 3,500 m², will be constructed in the first phase within 2018. The existing building is planned to be demolished in the second phase of construction within 2019, following with the start of shopping centre and office components of the new project construction. The new building is expected to have an area of approximately 245,000 m² in total (leasable area of approximately 111,000 m²) and a total investment of US\$ 305 million.

Project development works in Moscow on Prospekt Vernadskogo (in front of Vernadskogo Kapitoliy Shopping Mall owned by ENKA TC) for a new 36,670 m² (leasable area of approximately 20,000 m²) class-A office building are planning to be continued during 2018 with project construction works projected to start in 2020. Investment for this project is estimated at US\$ 50 million.

Project development works in Moscow on Leningradsky Pravoberejnaya (in front of Leningradsky Kapitoliy shopping mall owned by ENKA TC) for a new 55,000 m² (leasable area of approximately 22,000 m²) office building and underground parking project started and are expected to be completed in 2018, with commencement of construction projected for 2022. Investment for the development is estimated at US\$ 80 million.



Having signed an investment agreement with a number of Russian partners, including the Municipality of Moscow, ENKA established Moskva Krasnye Holmy (MKH) with the specific aim to develop, in five progressive stages, the Russian Cultural Centre, a centre that includes office buildings, trade, cultural and sport centres on a seven-hectare plot of land with a 49-year lease. ENKA owns 100% of this company which commenced operation in the summer of 1995 and has thus far completed a number of buildings totalling 156,000 m². The occupancy rate of office buildings is 76% by the end of 2017. Existing tenants of LLC Moskva Krasnye Holmy include reputable corporations such as SAP, Nissan, VTB Factoring, Akrihin, Chadbourne & Parke and Strategy Partners.

The corporate policy of the company emphasizes a process of institutionalization and dictates that productivity and profitability excel by employing the finest local staff and the best local companies to collaborate with a core Turkish management team. The total number of company employees has reached 105, where 14 of them are Turkish citizens.

The company's 2017 turnover is about US\$ 28 million.



OTEL MOSKVA - KRASNYE HOLMY, SWISSOTEL KRASNYE HOLMY, MOSCOW



The complex, known as Riverside Towers, accommodates a five-star hotel with 234 rooms, under the name “Swissotel Krasnye Holmy” and operated by the FRHI Group since 2005. Recently, FRHI Hotels & Resorts company owning luxury brands was acquired by AccorHotels Group, one of the world’s largest global hotel companies.

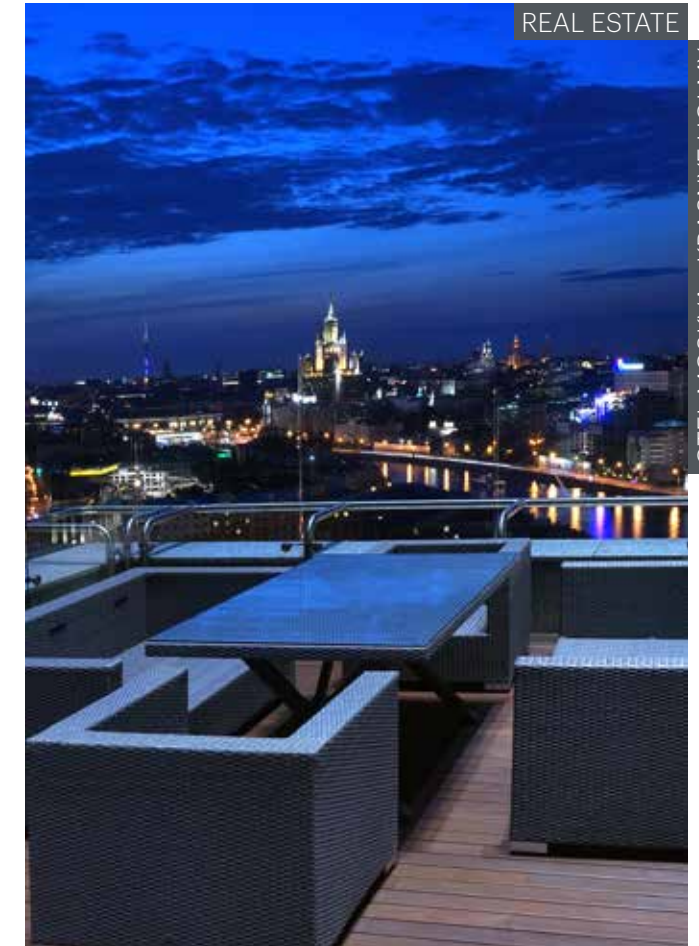
Swissotel Krasnye Holmy Moscow brings to the heart of the Russian capital unsurpassed service and luxury combined with the most breathtaking views of the city. The hotel is situated very conveniently in Moscow’s business district. Surrounded by major office complexes and financial institutions including Paveletskaya Tower, Aurora Business Park, Vivaldi Plaza, it is in close proximity to Paveletsky railway station and transfer to Domodedovo airport gives a significant advantage for business travellers.

The five-star luxury hotel became the winner of 2017 TripAdvisor Travelers’ Choice® - the 25 best luxury hotels in Russia and the 25 best hotels for service in Russia with many wonderful ratings and reviews from the main booking companies and social networking service.

Swissotel Krasnye Holmy Moscow also became the winner in nomination “Russia’s Leading Business Hotel 2017” and “Russia’s Leading Luxury Business Hotel 2017”.

The trendy hotel’s roof bar, City Space Bar & Restaurant, one of the world’s top ten bars, is highly popular and is the ideal place to drink a cocktail while enjoying breathtaking 360-degree views of Moscow. The bars and restaurants of the hotel host various Moscow and international gastronomic festivals and master classes of world-class bartenders.

In order to optimize business processes and increase efficiency of hotel management, a new company named OMKH LLC was established through spin-off in April 2017. The 2017 turnover is about US\$ 16 million with 306 employees.



REAL ESTATE

OTEL MOSKVA - KRASNYE HOLMY

GROUP COMPANIES



In 1991, ENKA took advantage of its good business relations in Russia as well the steady economic progress of the country, to found MOSENKA in Moscow with some Russian partners as the first real estate services.

ENKA now owns 100% stake in MOSENKA, which developed and rented out office space, aiming to meet Moscow's growing demand.

MOSENKA has reconstructed six historic buildings with a total construction area of 46,500 m² and converted them into modern office buildings. The occupancy rate of office buildings is 79% by the end of 2017.

Tenants of MOSENKA include well-known local and international companies such as Lego, Lufthansa, Accor, Air Liquide, Saipem, Roquette, Claas and Ipsen.

Currently, the company employs 74 personnel and the turnover is about US\$ 12 million.



TRADE



ENKA PAZARLAMA İHRACAT İTHALAT A.Ş.

ENTAŞ NAKLİYAT VE TURİZM A.Ş.

AIRENKA HAVA TAŞIMACILIĞI A.Ş.

ENKA SYSTEMS YAZILIM A.Ş.



ENKA Pazarlama was established in 1972 and entered the construction market with the sale and servicing of Hitachi excavators and Kawasaki wheel loaders.

From the first day, ENKA Pazarlama adopted the principle of representing the well-known brands of the world. Focusing on heavy construction equipment and machinery, industrial equipments, lifting equipments, ENKA Pazarlama provides its services throughout Turkey with 5 regional branches, 1 sales office, 1 liaison office and 70 dealers and authorized services.

ENKA Pazarlama provides sales and after-sales support to all customers with 5 service centers which are all TSE approved and hold ISO 9001:2015 quality certificate with "reliable solutions partner" mission.

ENKA Pazarlama has its own covered area of 7,500 m² on the 15,200 m² plot of land in İstanbul; 4,800 m² covered area on the 12,000 m² plot of land in Ankara; 4,882 m² covered area on the 13,450 m² plot of land in İzmir; 1,800 m² covered area on the 8,400 m² plot of land in Adana; and a covered area of 3,970 m² in Mersin Free Zone.

ENKA Pazarlama is one of the leading companies in Turkey with its technical know-how and customer satisfaction oriented approach.

In 2017, ENKA Pazarlama has updated its ISO 9001:2015 Quality System by providing quality and economical solu-

tions to its customers and continuously following new technologies.

As a distributor of the world's leading manufacturers, ENKA Pazarlama provides the following product groups:

Construction Machinery Group:

- Hitachi: Hydraulic excavators, wheel loaders, mining hydraulic excavators, rigid dump trucks
- Kawasaki: Wheel loaders
- Bell: Articulated dump trucks
- Dynapac: Soil, asphalt, double drum and single drum rollers and pavers
- Nobas: Motor graders
- Tana OY: Landfill compactors and shredders

Industrial Products Group:

- FPT (Iveco Motors): Marine engines, generator engines and industrial engines
- Mitsubishi: Marine engines and industrial engines
- Sole Diesel: Marine engines and generators
- SDMO: Generators and lighting systems

Lifting Equipments Group:

- TCM: Forklift and warehouse equipment

- Tailift & CT Power: Forklift equipments by Toyota Group
- Hitachi Sumitomo: Crawler cranes
- Tadano: Wheeled hydraulic mobile cranes
- Palfinger: Truck mounted cranes

ENKA Pazarlama with its over EUR 200 million annual business volume and with the strength of 45 years experience, aims to continue investing in its future and sustain trust-worthy and high-quality service.





ENTAS was established in 1976 and became a member of IATA (International Air Transport Association) in 1982. ENTAS is a member of ASTA (the American Society of Travel Agents) and UFTAA (the Universal Federation of Travel Agents Associations) as well as national organizations such as TURSAB (the Association of Turkish Travel Agents) and ISAD (the Association of Istanbul Travel Agents).

ENTAS offers national and international customers a wide range of cultural and business travel alternatives for both individuals and groups. With its emphasis on high-quality service, it has secured a lasting position in the sector.

ENTAS has made its mission to understand requirements accurately, to improve the quality of its services constantly, and most importantly to maintain its wide range of products and long-lasting collaborations by ensuring full customer satisfaction.

It also aims to contribute to the development of the sector, keeping close watch on global best practices with a view to implementing them in Turkey.

ENTAS has repeatedly pioneered the use of the latest online international reservation systems in Turkey, including Amadeus, Galileo and Troya.

The services offered by ENTAS include:

- Worldwide airline ticket sales, hotel reservations, transfers and rent-a-car services
- Private or business trips and holidays
- Luxury packages for individuals and groups
- "Blue Voyage" yacht expeditions and special rail and cruise packages
- City tours with or without a professional tour guide
- Specialist cultural, religious, sports, health, adventure and nature tours and holidays
- Special programs for education and language schools
- Private plane rental and VIP services
- Organization of conferences, seminars, fairs and symposia
- Dealer conventions and motivational trips
- Corporate events such as personnel dinners, award ceremonies, anniversaries and launches
- Contracts with singers and other performers, supply of technical equipment, stage design and venue decoration services
- Catering services, visa services and travel insurance.

In addition to its call center services, ENTAS is able to provide detailed purchasing reports tailored to the wishes of its corporate customers and to forward such reports automatically to the relevant individuals within the requested period of time.

ENTAS has sustained its leading position over the years. For more than a decade it has consistently ranked among the top 5 national agencies in airline ticket sales. It has the highest turnover of any agency operating from a single location without branch offices.





Airenka Hava Taşımacılığı A.Ş. was established with the Operation License, no. 2002-HT-04, dated April 22, 2002, by the General Directorate of Civil Aviation, and as of that date was authorized as an air taxi operator for domestic and international routes.

Airenka operates a Hawker 900XP aircraft manufactured with the latest on-board flight technology in 2009. The highly experienced flight crew regularly advance and refresh their training in the United States to comply with international aviation rules and regulations.

In 2017, the company logged a total of 471 flight hours to 37 different cities located on 3 continents.



ENKA Systems Yazılım A.Ş. is a tech and software company that was established to develop and market the technological solutions needed by companies engaged in large scale and global operations and was incorporated in April 2017 as a subsidiary of ENKA.

In 2017, ENKA Systems launched 6 products onto the market. These software products are:

- EDMS: Global Document Management System
- EGEM: Global Equipment Management System
- EGFS: Global Finance System
- EGPS: Global Procurement System
- EGVN: Global Vendor Network
- EPS: Global Personnel System

In terms of the technology used and the innovative solutions they provide, these software are the most advanced of their kind on the market. In addition R&D projects on an Aircraft Intelligence (AI) assisted procurement system and BIM assisted document management solution are successfully underway.

On December 8, 2017, ENKA Systems is entitled as a R&D Center by Ministry of Science, Industry and Technology.

In the middle term, ENKA Systems aims to become the largest global technology firm that produces business solutions, especially for the construction sector. In keeping with this objective, it plans to establish an office in Europe in its second year, with offices in the Middle East, the Far East and the USA to follow.

SOCIAL ACTIVITIES



ENKA FOUNDATION

ENKA SPORTS CLUB

ENKA SCHOOLS

ENKA CULTURE & ARTS

The intellectual basis of the ENKA Foundation, which was founded in 1983, is premised on upholding the foundation tradition at the core of our culture and protecting the core concepts of the foundation.

Accordingly, through guiding Turkish youth to sports, making sports a part of their lives, finding out talented young sportive potential with scientific methods, educating them and raising champions to get successful results in international areas, fostering education and social structure constitute the foundation's natural mission.

Sadi Gülçelik Sports Complex, as a concrete fulfilment of this mission, was founded in 1983 on the gentle slopes of 107,931 m² in İstinye, İstanbul.

ENKA Foundation, which brings together firstly founded ENKA Sports Club, later followed by ENKA Schools in İstinye in 1996, ENKA Schools in Adapazarı launched just after the 1999 earthquake, Private ENKA Kocaeli Technical High School launched in 2008 and ENKA Kocaeli Science and Technology High School launched in 2014 and ENKA Culture and Arts, work with all its units and members towards disseminating and sharing the wealth of its heritage with the society at large.





ENKA SPORTS CLUB

As of 2017, the ENKA Sports Club, within the framework of its sports events, has been preparing and participating in national and international competitions with 1,250 licensed athletes and 80 trainers who are experts in their fields.

Our club set out with the motto of “The Future Belongs to Youth”. To this end ENKA implements a quality educational system for our club teams and sports schools in order to equip thousands of children with the necessary mental and physical discipline they need to excel. ENKA Sports Club recruits talented young people as national athletes every year. ENKA Sports Club is built on a solid infrastructure that consists of its sports schools as well as the students from ENKA Schools and other talented young people who come from diverse backgrounds.

TRACK AND FIELD

In track and field, ENKA Sports Club has 616 active athletes in total, including 68 athletes competing in the national teams, 421 athletes with active licenses, and 195 athletes in training. Every year ENKA Sports Club selects new members from thousands of students from the Sarıyer and other surrounding school districts. With its vision, its highly skilled staff and modern facilities, ENKA Sports Club is regarded as a model sports club in Turkey and trains athletes not only from Istanbul but from all over Turkey.

International Great Organizations during the season of 2017:

At the 34th European Indoor Championships, held in Belgrade between March 03-05, our athlete Yasemin Can renewed U23 Indoor Record in 3,000 m with a time of 8:52.33 in the qualifications and with the result of 8:43.46 in the final she broke the Turkish Record and ranked 2nd in Europe.

The Turkish team was awarded with the first medal in the history of the World Cross Championships held in Kampala, the capital of Uganda, on March 26th. Ali Kaya, Aras Kaya, Meryem Akdağ and Yasemin Can represented our country in the mixed team competition held for the first time in the history of the championships. In the competition among 13 teams, our team was ranked 3rd in the World with a degree of 22.37 following Kenya and Ethiopia, as the giants of cross.

The athletes of our club were awarded with 4 gold, 6 silver and 3 bronze medals in the 4th Islamic Solidarity Games held in Baku between May 16-20.

Mesure Tutku Yılmaz, as one of our athletes was ranked 4th in the World with a degree of 4.00 m in Pole Vault; Dünya Ezgi Sayan was ranked 6th in the World in Hammer Throw with a personal best degree of 65.05 m; Ömer Faruk Avan was ranked 11th in the World in Javelin Throw with a degree of 63.38 m in the World Youth Athletics Championships held in Kenya between July 12-16, 2017.

Yasemin Can reached double championship by breaking the records in 5,000 m and 10,000 m in the U23 European Athletics Championships. Emel Dereli was ranked 4th in Europe in Shot Put, Emin Öncel was ranked 6th in Europe in Javelin Throw. Can Özüpek as one of the two athletes of ours in Triple Jump was ranked 5th in Europe with a degree of 16.10 m and Necati Er was ranked 9th in Europe with a degree of 15.82 m.

Sinan Ören was ranked 4th in Europe by renewing Turkish Junior Record with 50.84 seconds in 400 m Hurdles in the European Junior Championships held in Italy, Grosseto between July 20-23.

Yasmani Copello Escobar was ranked 2nd in the World with a degree of 48.49 in 400 m Hurdles at the World Athletics Championships held in London between August 04-13, 2017. Yiğitcan Hekimoğlu, Jak Ali Harvey and Emre Zafer Barnes were ranked 7th in the World with a degree of 38.73 as our athletes from our national team reached to finals in 4x100 m Relay for the first time in the history of World Athletics Championships.

Tuğba Güvenç became the champion by running 9:51.27 in 3,000 m Steeplechase in the 29th World University Games held in Taipei, the capital of Taiwan between August 23-28.

Yasemin Can and Kaan Özbilen became European Champions in women and men categories in the 24th European Cross Championships held with the participation of 37 coun-

tries in Samorin, Slovakia on December, 10th. While our women national team including Yasemin Can and Meryem Akdağ was ranked 3rd in Europe, our men national team, including Polat Arıkan, who completed the race at the 9th place, as well as Kaan Özbilen, became the European Champion.

Inter-club Turkish Leagues in the season of 2017:

Turkish Interclub U-16 League: Our women team since the year 2013; our men team since the year 2012, has been winning championships and again this year became the Turkish Champion at the Under 16 Turkish Interclub Championships.

Turkish Interclub Youth League: Our club's men & women team completed the league 2nd in Turkey.

Turkish Interclub Junior League: In the final of Turkcell Juniors Interclub League, our junior men team completed as a Turkish Champion in 2017 season and is entitled to represent our country at 2018 European Championships Club Cups. Our junior women team finished being 2nd in the season.

Super League: Our men and women teams as being double Champion in Turkcell Super League in 2017, is entitled to represent our country at 2018 European Championships Club Cups. Our club declared in league history becoming 10th champion in men and 15th champion in women.

National Records Renewed by our Athletes in 2017

Name-Surname	Event	Result	Competition / Venue	Date	Record
Mesure Tutku Yılmaz	Pole Vault	4.10	Indoor Olympic Trials / Atakoy	21.01	U18 - U20 STR
		4.00	Interschool Ranked Athletics Province First / Mersin	07.03	U18TR
		4.00	Belarus-Turkey-Ukraine Youth Championships / Bursa	06.05	U18TR
		4.05	Olympic Trials / Mersin	20.05	U18TR
		4.08	Youth League-Final / Bolu	02.08	U18TR
Yasemin Can	3,000 m	8:43.46	34 th European Indoor Championships / Serbia	03.03	Indoor TR
	3,000 m	8:52.33	34 th European Indoor Championships / Serbia	03.03	U23 Indoor TR
	10,000 m	31:39.80	European U23 Championships / Poland	13.07	CR
	5,000 m	15:01.67	European U23 Championships / Poland	13.07	CR
Buse Arikazan	Pole Vault	4.27	Istanbul Indoor Cup 2017 / Ataköy	17.02	Indoor TR
		4.30	Istanbul Indoor Cup 2017 / Ataköy	17.02	Indoor TR
Cemre Bitgin	Triple Jump	13.12	3 rd Ruhi Sarıalp Indoor Jumping Cup / Atakoy	14.01	U23 Indoor TR
		13.25	Indoor Record Trials / Atakoy	23.12	U23 Indoor TR
Necati Er	Triple Jump	15.86	3 rd Ruhi Sarıalp Indoor Jumping Cup / Atakoy	14.01	U23 Indoor TR
		15.96	Balkan Indoor Championships / Belgrade	25.02	U23 Indoor TR
		16.24	Indoor Record Trials / Atakoy	23.12	U23 Indoor TR
Batuhan Altıntaş	200 m	21.29	Indoor Olympic Trials / Atakoy	04.02	U23 Indoor TR
	400 m	45.85	IAAF Permit 3 rd International Sprint and Relay Cup / Erzurum	10.06	U23TR
Mahsum Korkmaz	4x400 m	3:16.94	1 st Balkan (U20) Junior Indoor Championships / Atakoy	12.02	U20 Indoor TR
		3:09.45	European Juniors (U20) Championships / Italy	20.07	U20TR
Ramazan Kara / İ.Mert Şen	4x200 m	1:30.62	Indoor Olympic Trials / Atakoy	28.01	U20 Indoor TR
Batuhan Altıntaş / Enis Ünsal	4x400 m	3:10.14	European U23 Championships / Poland	13.07	U23TR
Mikdat Sevler	110 m Hurdles	13.73	Turkcell (U20) Juniors League-Qualification / Ankara	06.08	U20TR
Metin Doğu	High Jump	2.21	3 rd TAF Cup Clubs Indoor Meeting / Atakoy	21.01	U23 Indoor TR
Mustafa Güneş	60 m Hurdles	7.93	Balkan Indoor Championships / Belgrade	25.02	Indoor TR
Ersu Şaşma	Pole Vault	5.13	Interschool National Championships / Mersin	23.05	U20TR
Ali Kaya	5,000 m	13:36.75	European Team Championships / Finland	23.06	CR
Sinan Ören	400 m Hurdles	50.84	European Juniors (U20) Championships / Italy	20.07	U20TR
Aykut Ay	4x100 m	40.49	European U23 Championships / Poland	13.07	U23TR



SOCIAL ACTIVITIES

ENKA SPORTS CLUB

TENNIS

We have total of 482 active players, including 214 players with active licenses and 268 at formative stages.

At the end of the age group tournaments (in the 10, 12, 14, 16, 18 ages and senior groups), which were organized by the Turkish and International Tennis Federations (TTF-ITF), our tennis players won 35 championships, played in 32 finals and 51 semi-finals in singles category. Furthermore, as to doubles' tournaments, 61 championships were won and 61 finals and 85 semi-finals were played. At the age categories of 14, 16, 18 and seniors, our 16 players took place in the National Teams.

International Great Organizations During the Season of 2017

Ayla Aksu and Altuğ Çelikbilek became Champions in singles and doubles, as well as Sarp Agabigün became Champion in doubles in the 4th Islamic Solidarity Games held in Azerbaijan between May 12-22.

WTA, ATP Tournaments

Çağla Büyükakçay reached to quarter finals in singles and became semi finalist in doubles in \$226,750 WTA TEB BNP Istanbul Cup.

İpek Soylu became a quarter finalist in doubles in WTA \$226,750 ASB Classic Tournament and also reached to the semi finals in doubles in \$226,750 Alya WTA Malaysian Open, \$250,000 WTA Tashkent Open and \$125.000 WTA Hua Hin Championships.

Ayla Aksu became quarter finalist in doubles in \$226,750 WTA TEB BNP İstanbul Cup held in Garanti Koza.

Tuna Altuna made history as the first Turkish player succeeding to play in finals of a tournament in the level of \$439,000 ATP TEB BNP İstanbul Cup.

\$100,000-\$60,000 ITF Women's, ATP Challenger Tournaments

Çağla Büyükakçay became quarter finalist in singles \$80,000 ITF Woman RBC Pro Challenge in the USA and in \$100,000 ITF Woman in Hungary; and became quarter finalist in doubles \$80,000 ITF Woman GA in the USA.

İpek Soylu became quarter finalist in doubles in \$100,000 French ITF Woman and \$60,000 ITF Woman Saint Gaudens; and became Champion in doubles \$60,000 ITF Women Lale Cup. She reached to final in singles and quarter finals in doubles in \$60,000 WTA/ITF Woman held in Bursa.

Tuna Altuna became Champion in doubles in €43,000 ATP Challenger in Sweden and became quarter finalist in doubles in €75,000 ATP Challenger in Germany.

Cem İlkel became finalist in singles in \$75,000+H ATP Challenger in Uzbekistan.

Ayla Aksu became semi-finalist in doubles in \$60,000 ITF Women Lale Cup. She became quarter finalist in doubles in \$60,000 ITF Women held in İzmir; became quarter finalist in singles in \$60,000 WTA/ITF Woman held in Bursa and reached to the final in singles in \$60,000 ITF Women's Circuit held in Artvin.

\$25.000 ITF Women's & Men's Tournaments

İpek Soylu became Champion in doubles in \$25,000 ITF Woman Knoll Open held in Germany.

Ayla Aksu became Champion in doubles in Portugal between June 05-11; reached to the finals in singles and doubles in Spain between 31 July-06 August; became Champion in doubles in Nigeria between October 09-15.

İpek Öz, reached to the final in doubles in \$25,000 ITF Republic Girls Tournament held in Antalya.

Sarp Agabigün, became Champion in doubles in \$25,000 ITF Futures F26 Koza Wos Cup.

SOCIAL ACTIVITIES



\$15.000 ITF Women's & ITF Men's Tournaments

Melis Sezer, obtained 3 Championships and played 4 finals in doubles.

Ayla Aksu, played 4 finals in singles and obtained 1 Championship in doubles.

İpek Öz, obtained 1 Championship in singles; 3 Championships and played 3 finals in doubles.

Tuna Altuna, obtained 2 Championships and played 3 finals in doubles.

Cem İlkel, obtained 1 Championship and played 3 finals in singles; obtained 1 Championship and played 3 finals in doubles.

Altuğ Çelikkilek, obtained 1 Championship in singles; 3 Championships and played 4 finals in doubles.

Sarp Agabigün, obtained 1 Championship in singles and played 2 finals in doubles.

Grade 1-2-3-4-5 ITF Junior Tournaments

Our players won 7 Championships and 6 finalist in singles; 6 Championships and 14 finalist in doubles in the tournaments where took place in different locations and dates.

Turkish Individual Championships in the Season of 2017

In Women:

At Senior Turkish Championships;

İpek Öz, finalist in singles and Champion in doubles

Melis Sezer, Champion in doubles

At Aged 18 Turkish Championships;

Ece Tan, finalist in singles and Champion in doubles

In Men:

At Senior Turkish Championships;

Altuğ Çelikkilek, Champion in singles

Sarp Agabigün, finalist in singles

At Aged 16 Yaş Turkish Championships;

Bora Şengül, finalist in singles and Champion in doubles

Berk İlkel, finalist in doubles

Ali Gülen, finalist in doubles

At Aged 14 Turkish Championships;

Fatih Sarı, finalist in singles and doubles

In the ranking of International in 2017

As of 25 December 2017, our players' Çağla Büyükakçay's ranking was 158th, İpek Soylu's 198th, Ayla Aksu's 230th, İpek Öz's 612th and Melis Sezer's 642nd in the ranking of WTA; Cem İlkel's 257th, Altuğ Çelikkilek's 427th and Sarp Agabigün's 885th on ATP list.

As of 25 December 2017, ITF Junior in 2017, our junior players' rankings were as in the following; Yankı Erel 62nd, Bora Şengül 241st and Berk İlkel 434th; in women rankings Zeynep Sönmez 172nd, Zeynep Erman 216th, Ebru Zeynep Yazgan 569th, Selin Lidya Sepken 743rd and Yasemin Ada Börü 957th.



SWIMMING

Our total 576 swimmers; 406 with active licenses and 170 young trainees took part in swimming branch in 2017. When the season of 2017, during which our 37 swimmers swam in the National Swimming Team, is referred to;

In International Organizations in the Season of 2017

Ümit Can Güreş, became Junior European Champion by breaking the Junior and Senior Turkish Records with a time of 23.72 in 50 m butterfly in European Juniors Swimming Championships in Israel.

At the European Short Course Swimming Championships held in Copenhagen, Denmark, between December 13-17, with our head trainer Fatih Yıldırım and trainer Orhan Mengi, as being national team trainers in the championship, also our club swimmers Viktoria Zeynep Güneş, İmge Roza Erdemli, İskender Başlakov, Ümit Can Güreş, Ege Başer and Berkay Ömer Öğretir represented our country.

Our European Junior Champion swimmer Ümit Can Güreş swam in 50 m - 100 m butterfly and 50 m backstroke and 4x50 m medley relay meetings. He broke 11 records and in the individual category he was 5th in Europe.

Ümit Can Güreş firstly renewed his own Open Aged Turkish Record in 50 m Butterfly in the morning preliminary with a time of 22.95 and being 9th he reached to semifinal. In the semifinal he broke his second record with a time of 22.65 and put his name in the final list. Moreover breaking his 3rd record with a time of 22.56 he showed his success being 5th in Europe. In this way Ümit Can Güreş, born in 1999, as being the youngest swimmer in the finals, signed the most important success in his career.

Our swimmer also renewed his own 17-18 and Open Aged Turkish Records in 100 m butterfly in preliminary with a time of 51.56; Aged 17-18 Turkish Record in 50 m backstroke preliminary with a time of 24.24. Moreover in the 4x50 m medley relay national team that Ümit Can Güreş placed in pre-

liminary, with a time of 1:34.39; in the final Ümit Can Güreş and İskender Başlakov placed, with a time of 1:33.18 renewed Open Aged Turkish Records.

İmge Roza Erdemli who represented our country in 200 m butterfly in the Multinations Junior Swimming Championships held in Czech Republic, renewed the Multinations Juniors Record with a degree of 2:14.75 as well as Aged 15-16 / 17-18 Turkish Records and was ranked 1st. Furthermore she was ranked 3rd in 4x100 m Junior Girls Medley Relay Team.

Şevval Köseoğlu who represented our country in 100 m free-style in the Multinations Youth Swimming Championships held in Greece was ranked 2nd with a time of 58.82 and was ranked 3rd with Youth Women 4x100 m Medley Relay Team.

Ümit Can Güreş became Champion by breaking ISF World Swimming Championship Record with a time of 54.15 in 100 m butterfly in the ISF World Swimming Championship held in Budapest, Hungary.

Ümit Can Güreş, renewed the Turkish Junior Record with a time of 53.02 in 100 m butterfly; Viktoria Zeynep Güneş, won 5 gold (one gold in relay) and 1 silver medal; İmge Roza Erdemli, 1 Bronze; Ege Başer, 2 Gold (one gold in relay) and 1 Bronze; Ümit Can Güreş, 1 Silver; Kaan Özcan, 1 Gold (in relay), 1 Silver and 1 Bronze; Batuhan Hakan, 1 Silver; Erge Can Gezmiş, 1 Gold (in relay) and 1 Silver; Samet Alkan 1 Bronze; Ediz Yıldırımer 1 Bronze and Nezir Karap, 1 Gold (in relay) in the 4th Islamic Solidarity Games held in Baku.

Ümit Can Güreş, was ranked 5th in the World in 50 m butterfly and 8th in the World in 100 m butterfly in the 6th FINA World Juniors Swimming Championships.

At the Interclub Junior and Open Aged Short Course Turkish Swimming Championship, our junior men team became Champion, open aged men team was 2nd, junior and open aged women team completed being 3rd in the championship.

National Records Renewed by our Swimmers in 2017

Name - Surname	Event	Mark	Pool	Meeting / Venue	Date	Record
Ümit Can Güreş	50 m Butterfly	23.72	50 m	European Junior Swimming Champ. / Israel	28.06	Aged 17-18 / 19+ TR
	100 m Butterfly	52.86	50 m	World Junior Champ. / USA	23.07	Aged 17-18 TR
	100 m Butterfly	53.02	50 m	4 th Islamic Solidarity Games / Baku	13.05	Aged 17-18 TR
	50 m Butterfly	23.07	25 m	Turkish Individual Swimming Champ. and National Team Selections /Tozkoparan	05.07	Aged 17-18 / 19+ TR
	100 m Butterfly	51.56	25 m	European Short Course Champ. / Denmark	13.12	Aged 17-18 – Open Aged TR
	50 m Back	24.24	25 m	European Short Course Champ. / Denmark	13.12	Aged 17-18 TR
	50 m Butterfly	22.95	25 m	European Short Course Champ. / Denmark	13.12	Aged 17-18 & Open Aged TR
	50 m Butterfly	22.65	25 m	European Short Course Champ. / Denmark	13.12	Aged 17-18 & Open Aged TR
	50 m Butterfly	22.56	25 m	European Short Course Champ. / Denmark	13.12	Aged 17-18 & Open Aged TR
	4x50 m Medley	1:34.39	25 m	European Short Course Champ. / Denmark	13.12	Open Aged TR
	100 m Butterfly	50.83	25 m	Turkcell Turkish Interclub Short Course Junior and Open Age Swimming Meetings / Tozkoparan	20.12	Aged 17-18 / 19+ TR
	200 m Butterfly	1:56.19	25 m	Interclub Juniors and Open Aged Turkish Champ. / Tozkoparan	20.12	Aged 17-18 / 19+ TR
İmge Roza Erdemli	200 m Butterfly	2:11.19	25 m	Turkish Individual Swimming Champ. And National Team Selections / Tozkoparan	05.07	Aged 17-18 TR
	200 m Butterfly	2:14.75	50 m	Multinations Junior Champ. / Prague	08.04	Multinations JR and Aged 15-16 / 17-18 TR
	200 m Butterfly	2:13.94	50 m	Oğuz Aslanoğlu Swimming Meet. / Tozkoparan	13.04	Aged 15-16 / 17-18 TR
	200 m Butterfly	2:13.74	50 m	European Junior Swimming Champ. / Israel	28.06	Aged 17-18 TR
	200 m Butterfly	2:13.61	50 m	European Junior Swimming Champ. / Israel	28.06	Aged 17-18 TR
	200 m Butterfly	2:12.41	50 m	Turkcell Turkish Youth-Junior and Open Age National Team Selections / Tozkoparan	16.11	Aged 15-16 / 17-18 TR
	200 m Butterfly	2:09.55	25 m	Turkcell Turkish Interclub Short Course Junior and Open Age Swimming Meetings / Tozkoparan	20.12	Aged 15-16 / 17-18 TR
Bora Çalış	4x100 m Medley	3:54.30	50 m	EYOF 2017 / Hungary	24.07	Aged 15-16 TR
	4x100 m Medley	3:53.26	50 m	EYOF 2017 / Hungary	24.07	Aged 15-16 TR
Buse Topçu	800 m Freestyle	8:37.58	25 m	Turkcell Turkish Interclub Short Course Junior and Open Age Swimming Meetings / Tozkoparan	20.12	Aged 17-18 / 19+ TR
Erge Can Gezmiş	200 m Freestyle	1:45.15	25 m	Turkcell Turkish Interclub Short Course Junior and Open Age Swimming Meetings / Tozkoparan	20.12	Aged 19 + TR
Şevval Köseoğlu	4x100 m Free	3:50.89	50 m	EYOF 2017 / Hungary	24.07	Aged 15-16 / 17-18 TR
Sara Naz Atılgan Ece İmge Önal Zeynep Ağa Ece Bahar Demirkıran	4x100 m Free	4:05.83	25 m	Turkish Youths Swimming Champ. and National Team Camp Selection / Tozkoparan	18.01	Aged 13 TR
Sara Naz Atılgan Nehir Erdoğan Zeynep Ağa Ece B. Demirkıran	4x100 m Medley	4:30.55	25 m	Turkish Youths Swimming Champ. And National Team Camp Selection / Tozkoparan	18.01	Aged 13 TR
İmge Roza Erdemli Şevval Köseoğlu Leyla Özdoğuran Derin Zaimoğlu	4x100 m Free-style	3:46.02	25 m	Turkcell Turkish Interclub Short Course Junior and Open Age Swimming Meetings / Tozkoparan	20.12	Aged 17-18 TR
Can Çetinkaya Efe Başer Kaan Yılmaz Sarp Dandik	4x100 m Medley	4:06.12	25 m	Turkish Youths Swimming Champ. and National Team Camp Selection / Tozkoparan	18.01	Aged 14 TR
İmge Roza Erdemli Ceylin Tosun Melisa Sude Gonca	4x200 m Free-style	8:27.80	50 m	Balkan Junior Champ. / Bulgaria	06.05	Aged 17-18 TR
Ümit Can Güreş İskender Başlakov	4x50 m Medley	1:33.18	25 m	European Short Course Champ. / Denmark	13.12	Open Aged TR
Efe Turan Yağızhan Şen Haktan Durmuş Ümit Can Güreş	4x100 m Free-style	3:19.56	25 m	Turkcell Turkish Interclub Short Course Junior and Open Age Swimming Meetings / Tozkoparan	20.12	Aged 17-18 TR

WATER POLO

In our water polo branch, we have total 224 players, including 103 active licensed players and 121 at formative stages. In the season of 2017 our 19 players placed in the National Team.

In International Organizations in the season of 2017

Our National Team, which tied with Iran in the final match of the games including Berk Alkan, Tugay Ergin, Atamer Albayrak and Kaan Özden Yıldız in the 4th Islamic Solidarity Games held in Baku, won the gold medal by completing the tournament with 10 points and 44 average.

Yiğit Aktükün, Kerem Akçal, Alp Akkuş, Emre Gürdenli, Yuşa Han Düzenli, Selim Tanbay and Kerem Gemalmazoğlu among the players of our club was included in our National Team in group A of the qualification tour in U17 European Championships held in Graz, Austria between May 11-14. Our national players in group A were ranked 2nd in their group and were ranked 12th by participating in the final of U17 European Championships held in Malta between September 10-17. Among the players of our club Selim Tanbay, Kerem Gemalmazoğlu, Yuşa Han Düzenli, Alp Akkuş and Emre Gürdenli represented our National Team in the finals.

Our U15 National Team including Hakan Ketenci, Yaman Aktükün, Tuluhan Kosova, Mehmet Yutmaz and Ege Kaner was ranked 3rd in Balkans in U15 Balkan Games.

Our U17 National Team including Kerem Akçal, Selim Tanbay, Kerem Gemalmazoğlu, Yuşa Han Düzenli, Alp Akkuş and Emre Gürdenli became undefeated Champion in International Rostom and Zurab Chachava Memory Tournament held in Georgia.

Our National Team composed of Atilla Sezer, Damir Buric, Cristodoulos Kolomvos, Tugay Ergin, Atamer Albayrak, Kaan Özden Yıldız, Arda İnan Akyar, Berk Alkan, Berke Can Yalçın, Ege Kahraman, Arda Işık, Fatih Acar and Doruk Doyran represented our country in LEN Champions League Group B held in Strazburg, France between September 15-17.

Turkish Inter-clubs Leagues in the season of 2017

Beginners (2004)	2 nd in Turkey
U14 (2003)	National Title in Turkey
U15 (2002)	National Title in Turkey
U17 (2000)	National Title in Turkey
U19 (1998)	National Title in Turkey
Senior Team	2 nd in Turkey

WRESTLING

Zehra Demirhan was ranked 5th in Europe in 40 kgs in European Youth Championships and was ranked 11th in the World Youth Wrestling Championships.

Zehra Demirhan was selected to Youth National Team as the Champion of Turkey in 43 kgs in the Turkish Youth Championships.

Şule Kabak was ranked 2nd in 60 kgs and Gizem Kabak was ranked 2nd in 63 kgs in the U23 Turkish Championships.

Gizem Kabak was ranked 9th in 58 kgs, Şule Kabak was ranked 9th in 60 kgs and Aysun Erge was ranked 10th in 53 kgs in the International 45th Yaşar Doğu Wrestling Tournament.

Our athletes wrestling in Turkish Junior Wrestling Championship completed the championship with 3 bronze medals. Elif Yanık in 55 kgs, Gizem Kabak in 59 kgs and Şule Kabak in 63 kgs were ranked 3rd in Turkey and were qualified to the contestant line up of the European Junior Championships.

Zehra Demirhan, as our wrestler representing our country in 43 kgs in the International Youths Victory Tournament completed the competition as 2nd.

Sevgi Özbege, born in 2005, was ranked 3rd in Turkey, in Turkish Children Wrestling Tournament.

Elif Yanık was ranked 1st in 55 kgs and Merve Pul was ranked 2nd in 67 kgs in the 20th International Championships Tournament.

Esra Pul was ranked 2nd in 51 kgs and Şule Kabak was ranked 2nd in 59 kgs in the 3rd Balkan Junior Championships.

SCHOLARSHIP

283 talented and hard-working athletes in need of financial support got the right to receive scholarships during the 2017-2018 academic year.

SUMMER AND WINTER SPORTS SCHOOLS

Like previous years, we had a successful summer and winter sports school terms in 2017 as well. In the 33rd Summer Sports School programs realized by the experienced and professional staff of ENKA Sports Club, a total of 1,528 students were trained in two semesters in part or full-time programs in swimming, tennis, volleyball, basketball, athletics, and football categories, and in the 2016-2017 Winter Sports Schools programs, a total of 1,986 students were trained in four semesters.

SOCIAL MEMBER ACTIVITIES

A fitness centre, outdoor and indoor tennis courts, and an outdoor 50 m pool which can be covered in winters, and two indoor swimming pools of 25 m and 25x33 meters respectively, various sports grounds and an indoor sports hall, international synthetic track and field facility, and a health centre are at service of our 5,456 adult and young members. After being restructured in a way that it can provide high quality service at reasonable prices primarily for our athletes and also for our members, our club local is carrying on its activities.



ENKA SCHOOLS

ENKA Schools - Istanbul, Turkey

ENKA Schools - Adapazarı, Turkey

Private ENKA Vocational and Technical
Anatolian High School - Kocaeli, Turkey

Private ENKA Science and Technology High
School - Kocaeli, Turkey





Founded in 1996, ENKA Schools Istanbul educates a total of 1,237 students in pre-school, primary school, middle school and high school with a student centred and constructivist approach to teaching and learning.

ENKA Schools aim to lay the intellectual and behavioural foundations that will prepare and motivate students to develop to the full extent of their capacities, to employ the mental and moral habits that foster freedom of thought and action, and to seek to be leading citizens of Turkey or their country of origin.

Established with the aim of being a model of modern education, recognized in Turkey and internationally for our forward-thinking educational practices, ENKA Schools Istanbul is progressing steadily towards its goal. Well established and well respected within the Turkish educational system, the school currently employs 173 teachers, 41 of whom are international and a total of 258 academic and administrative staff.

ENKA Schools boasts world class facilities. The schools occupy an area of more than 50,000 m² within the ENKA Sadi Gülçelik Sports Complex with the school buildings providing 21,450 m² of usage area in total. The school facilities are housed in two main buildings. The primary school and high school buildings consist of four floors and four blocks. The pre-school is housed in a separate specially designed building and has its own separate play area.

The range of facilities exhibits the special importance ENKA places on contemporary education, sports, and the arts. In addition to modern, purpose-built classrooms, the school's academic facilities include three full science laboratories, an auditorium, three libraries totaling 40,000 volumes, computer laboratories, two design rooms, and a multimedia room.

ENKA Schools Istanbul provides a technology-focused learning environment for students featuring: a wireless campus, computer and design labs with the CNC laser cutting machine, robotics and coding resources, smart projectors in

the classrooms, 3D printers and the latest technology tools and equipment. In 2014 as part of the 1:1 learning model, the school rolled out a "learning with iPads programme". Students in Grade 4 and up bring their own iPads.

The school is accredited by and follows the Turkish Ministry of Education (MEB) principals and regulations. Upon graduation, all students receive a Turkish National Diploma. In addition to this, ENKA Schools is internationally accredited by the Council of International Schools (CIS) and the New England Association of Schools and Colleges (NEASC). ENKA Schools is authorized by the International Baccalaureate Organization (IB) to offer the Primary Years Program (PYP) and the Diploma Program (DP). ENKA Schools is currently in the candidacy stage to be authorized to offer the Middle Years Program (MYP). With the preparations for MYP that has been ongoing for the past four years, all our lesson plans have been aligned with the general MYP principles of comprehension and inquiry based learning. We are planning to get the MYP authorisation after the visit that will take place in 2018 and become a K-12 IB school.

The school also implements Cambridge International Examinations to offer IGCSE examinations.

To maintain high academic standards and keep its teachers updated in the latest in pedagogical research, the school offers a robust program of ongoing professional development for faculty.

Additionally, ENKA faculty also provide educational leadership in Turkey and abroad by speaking at international workshops. ENKA Schools Istanbul is a certified national training center for Turkish schools to learn how to implement the International Baccalaureate curriculum and GEMS (Great Explorations in Math and Science program from the University of California at Berkeley).

Clubs, community service, after-school and school team activities serve an important role as do academic pursuits with-

ENKA SCHOOLS ISTANBUL



in the educational program. These activities emphasize the development of leadership and communication skills, promote responsibility, and a sense of discovery and self-confidence. These opportunities improve the personal aptitude and interest of students, and help them prepare for their future. They also help ensure that ENKA students become responsible citizens who are sensitive towards populations in need. To achieve this end, there are 103 clubs and 75 after school activities and school teams in 16 different categories such as the Duke of Edinburgh International Award, Round Square, Young Guru Academy, Model United Nations, European Youth Parliament, ENKA Youth Forum, International Chain of Awareness, the School Magazine (Oceanus), Lego Robotics, Cooking, English Drama, Film Production, Dance, Yoga, Ceramics, Swimming, and Exploring Istanbul. ENKA students represent ENKA Schools throughout Turkey and abroad via many of these clubs and activities.

Students have achieved both national and international rankings and records in basketball, volleyball, football, tennis, swimming, skiing, gymnastics, taekwondo, chess, sailing, fencing, modern pentathlon, archery, and equestrian sports. Some of these international achievements include:

- 3rd place at the 2007 World High School Tennis Championship
- The World Champion title in the 200 meters in the free-style category in the 2012 World High School Swimming Championship
- 2 students' World Champion title in the 4x100 meters
- "Best Female Athlete" title in the 2014 Belgrad Trophy for basketball

- 3rd place in the world in 4 different events in the July 2016 Gymnasiade for swimming
- 1st place in the world in 3 different events in the 2017 ISF International Swimming Championship for High Schools
- 3rd place in Europe in the 16 Year Old Division in the 2017 Berlin Fed Cup for tennis.

Typically 100% of ENKA School graduates continue to university. About 85% of graduates attend universities abroad each year. The school's Overseas College Counselling Office (OCCO) assists students in planning for studies at higher education institutions outside of Turkey. Graduates attending Turkish universities are supported by the school's Turkish Universities and Career Counselling Department.

As part of the university introduction program, field trips to universities are organized and representatives of universities visit the school. "Career Day" is organized annually in order to familiarize students with professions in which they are interested. Various aptitude tests are offered to increase students' awareness regarding their interests and abilities to support their university selection and possible career areas.

Istanbul ENKA Schools graduated its first high school cohort in 2008. Graduates continue to study at top universities in Turkey such as METU, Boğaziçi University, Özyeğin, Bilgi, Koç, ITU and Sabancı University and others. Each year ENKA graduates gain acceptance to leading international universities, including Harvard, Stanford, Columbia, Brown, Northwestern, Duke, John Hopkins, Oxford, Imperial College, Edinburgh, King's College, Manchester, Warwick, University of Toronto, McGill, and University of British Columbia. ENKA graduates also continue to play a role through the ENKA Schools Alumni Association which was established in 2010.



As of 2017, Adapazari ENKA Schools offer equality of opportunity in education with its 111 full-time and five part-time teachers and 715 students, and aim to bring up creative individuals with international awareness who can use critical thinking and communication skills across all the disciplines, who ask questions, who can express themselves in different languages, and who are respectful of differences.

Adapazari ENKA Schools aim to be a community which:

- is innovative,
- is aware of social issues and able to produce solutions for them, and
- pursues lifelong learning.

Primary school: The primary school continues to function as an IB PYP authorised school with 231 students and 37 full-time teachers.

The school received the White Flag awarded to clean and healthy schools under a joint project of the Ministry of Health and the Ministry of National Education.

Primary school students represented Turkey at the ‘Magic of Friendship, Traditions of the Country’ arts festival held in Baku, Azerbaijan.

The primary school swimming teams of girls and boys won the Sakarya Province championship in 2016-2017.

The primary school girls chess team was the Sakarya Province Champion, while the boys chess team came 5th in the province.

The primary school rhythmic gymnastics team was Sakarya Province Champion in 2016-2017.

The primary school artistic gymnastics team came 2nd in Sakarya Province competition in 2016-2017.

An individual female athlete from the primary school was the

2016-2017 Sakarya Province Wushu Champion and came 3rd in Turkey.

An individual male athlete from the primary school became the Sakarya tennis Champion in the age-9 category in 2016-2017.

4 primary school students were selected to participate in the Pera Academy of Fine Arts Piano Festival.

8 of our teachers participated in PYP workshops abroad in 2017 and 2 in workshops held in Turkey.

Teachers from the Physical Education and Sports Department were selected to deliver a presentation at the ECIS PE Conference held at the Vienna International School.

Middle school: The middle school continues to function as an IB MYP authorised school with 240 students and 34 full-time teachers.

During 2016-2017, 3 of our teachers participated in PYP workshops abroad.

In the 1st and 2nd sessions of the TEOG examination (the national examination for transition to secondary education) held during the 2016-2017 academic year, a student from the middle school answered all the questions correctly.

Students from the FPSPI Club came 1st in Turkey and represented Turkey at the competition in the USA.

A 7th grade male student was selected “Athlete of the Year” in swimming for the province of Sakarya.

The middle school U14 girls and boys swimming teams were Sakarya Province champions.

The middle school U14 girls and boys teams finished 2nd in their groups in the Turkey semi-finals group races.

A 7th grade male student came 2nd in Turkey in the 50 m back-



ENKA SCHOOLS ADAPAZARI

stroke and was champion in the 100 m backstroke.

A 7th grade male student became Sakarya Province Champion in the U14 modern pentathlon category.

A 7th grade male student became Sakarya Province Champion in the 1,000 m running category.

The middle school U14 girls tennis team was Sakarya Province Champions.

The middle school U14 boys tennis team finished in 2nd place in Sakarya Province.

An 8th grade male student became Sakarya Province Champion in wushu and finished in 3rd place in the Turkey finals.

Our U14 (mixed) chess team was Sakarya Province Champions.

Our U14 girls chess team came 3rd in Sakarya Province.

Our U17 girls chess team was Sakarya Province Champions.

At the School Sports Marmara Region Chess Championship, our U14 (mixed) team became Regional Champions.

At the School Sports Turkey Chess Finals, our U14 (mixed) team finished in 7th place.

High school: The high school continues to function as an IB MYP (Prep-9th-10th grades) authorised school with 244 students and 40 full-time teachers.

3 students will study abroad in the 2017-2018 academic year under the AFS programme and 2 students under the NCA programme.

At the Sakarya Province U17 Chess Championship, an 11th grade student won the title. Our high school basketball team was Sakarya Province Champions.

The high school boys swimming team became Sakarya champions at the provincial Youth Swimming Contest.

Our Linguistics Club students came 1st in the National Linguistics Competition held throughout Turkey, and won places in the 4 member Turkish team that will compete at the International Linguistics Olympics to be held in Dublin, Ireland.

A 10th grade student was selected as an International Delegate at the European Youth Parliament (EYP) Green Regional Session ‘17 Conference, which had the theme of Environmental Protection.

Upon the decision of the jury at the 20th EYP National Selection Conference, an EYP club student was selected to attend the EYP Finland National Conference as an International Delegate. A total of 6 students were selected from Turkey.

An EYP club student was selected by EYP Turkey to attend the 85th International Session Conference to be held in Brno, in the Czech Republic, as an International Delegate. A total of 9 students were selected from Turkey.

A 10th grade student won the “Best Speaker” award at the Turkey High Schools Debating Championship, which was held with 200 participants. An 11th grade student came in 7th place at the same event.

5 students represented the school in the EU Project run by UWC Germany.

General

A running team of 33 teachers and 3 high school students participated in the 39th Istanbul Marathon to collect donations for the Turkey Education Foundation (TEV) as part of ENKA’s Sustainability efforts.

At present, 165 students throughout the school are licenced sportspersons in the branches of swimming, basketball, volleyball, athletics, gymnastics, chess, table tennis, archery, wushu, kick-box and step-aerobics.

ENKA SCHOOLS KOCAELI - TECHNICAL SCHOOL

ENKA Anatolian High School is Turkey's first and only private vocational school that serves all of its students on full scholarships. It was established in 2008 at a temporary building then moved to its main campus in 2010. Our school services 463 students with 74 teachers in three major disciplines; industrial automation, machinery technologies, and chemical technologies.

ENKA Technical School provides training for the required areas of professions using the modern and high technological equipment with up-to-date methods. Our school was founded in order to grow individuals who are capable of meeting the needs of industrial sectors and vocational-technical educational institutions, to train individuals who work in these sectors, to teach courses to the unskilled laborers and graduates of general high schools. This would support the Turkish industry and help solve a social problem. While achieving these goals, both social and cultural needs, a sense of responsibility, professional ethics, moral values, and self-awareness are inculcated in our students.

Our vision is to educate such individuals that will embrace the "ENKA" name and comprehend our responsibility as the first school in Turkey that offers full-tuition scholarships to all of its pupils. We anticipate that this serves as a remarkable example for other superseding institutions. The strength and support that we receive from our students will enable us to have a saying in the field of technical/vocational education not only in Europe, but in the rest of the world as well.

A first in Turkey with our project, our building is located in 30,750 m² green area which was donated by Istanbul Machinery Manufacturers Industry. Our building consists of 15,000 m² closed area, 27 classrooms, 5 labs, machinery CNC section, 16 workshops belonging both to Industrial Automation and to Chemistry Departments and a dining hall. School areas, equipment and training programs were developed in collaboration with other international institutions in Germany and elsewhere. This interrelationship has been strengthened by means of Sister School Project. Within the scope of this project every year, students from the Sister School are hosted at our school and a group of our school students are hosted at the Sister School.

Under the agreement with Machine Specialization Organized Industrial Zone District Office, every year a number of our students are sponsored to go to England for their language education.

In addition to the physics, chemistry and biology applied sciences labs equipped with the latest technology our school also has a LEGO robot studio, aircraft drone workplace, science center, visual arts studio and a studio for our school orchestra and music bands to rehearse. In order to increase these activities and amenities, our school has signed an agreement with Gebze Technical University. In lieu of this protocol, not only will students be sharing labs and recreational facilities, faculty members will also utilize educational and consulting services. Likewise, science and technical projects will be held in collaboration.

Our school which is the first school that was established in organized industrial zones in Turkey with institution regulations has been at the fore in all fields. There are active European Union Erasmus Plus projects in our school which has ISO 9001:2015 quality management documents and "Clean School Healthy School" certification from the Ministry of Health. As part of the Erasmus Program our students produced a commemorative Coin Printing Machinery together with Poland, Belgium, Germany and Hungary. Italy was added this semester and they are working on a solar powered boat project. Our students have been studying for the TÜBİTAK Science, Math and Physics Teams and other TÜBİTAK Projects.

In June of 2017, 87 students graduated from our school. 92% of them were admitted to top universities and various major's including; pharmacy, medical school, dentistry, engineering, and law school. Students with high academic performances, made it on the honors list at Waterloo University with their top rankings in the International Mathematics Competitions.

Our students produce their own 3D printers and 3 and 5 line CNC machine and use these in vocational classes. In order to become integrated with industry, to have the culture of production and to see the process of production on site, technical trips are being organized to various factories.

Our students are improving their success both in education and professional fields. Our students who were 1st in the 2017 WRO Lego robot competition are entitled to participate in international competitions to be held in Costa Rica, representing Turkey.

In addition, there are numerous top rankings of our students in many robotics competitions with different themes organized by various universities. Some examples are; 2nd place in Yıldız Technical University in Star Wars, 2nd place in Bahçeşehir University and 3rd place in Cage Wars.

Our ENKA TECH robotic club students together with the students from our other high schools; ENKA Istanbul and Adapazarı, took FRC Turkey "Entrepreneurship" award.

In 2018, our students with the students from our other high schools; ENKA Istanbul and Adapazarı will take part in the robotics competition organized by FRC America in New York.

In 2017, our athletes represented our school at the national level by winning provincial 1st place in girl's tennis and 2nd place in men's swimming.

Also in 2017, our theatre club students, with the guidance of our teaching staff, received the jury special award and the best supporting woman award on an individual basis.

In the festivals organized in the Balkan countries, our folk dance club students proudly represent our school every year.

With the support of our teachers, students carry on their activities at the European Youth Parliament, MUN (Model



United Nations), English Drama and many other social domains like social responsibility projects.

Career days are organized on campus to enable our students to browse and choose the best career of their choice. Participants are representatives from trade associations, universities and organized industrial zones.

Our graduates maintain the ENKA culture in their everyday lives; such as increasing internship opportunities, sharing announcements of job vacancies, projects of social responsibility and they cooperate in many areas, all under the same roof of the alumni association they established.

All of our current students receive full-tuition scholarships from ENKA Foundation. Most of the services such as education, service bus and lunches are provided free of charge and university preparatory courses are also tuition free.

The education in which students receive on weekdays, are also available to adult learners on weekends and in through evening classes. These courses, give individuals the opportunity to progress in their professions or acquire new ones.



The only goal of our school, which was established with its modern campus, qualified teaching staff and equipped laboratories, is to train qualified people who can navigate Turkey to its well-deserved place in the future. Our secondary education is a 5-year program that starts with a one-year English Preparatory Class.

Main objectives of the Science and Technology High School:

1. Project-based education
2. Academic training that enables students to study in good majors at top universities
3. To provide foreign language education
4. To provide up to date technological education
5. To raise students socially
6. To prepare them to study abroad.

Our school, which has a capacity of 250 students, was established in 2014 in the same building with Private ENKA Vocational and Technical High School that occupies 30,750 m² of green area, consists of 15,000 m² closed area in the Machinery Organized Industrial Zone District of Kocaeli. Our students in our school, that has five classrooms, use the dining hall, sports hall, tennis court, football pitch and other campus areas together with students of Private ENKA Vocational and Technical Anatolian High School.

All of the students who study in our school receive non-refundable full grants from ENKA Foundation. Most of the services such as education, service bus and catering are provided for free and university preparatory courses are also given for free in the school.

During the summer holiday, students preparing for the TÜBİTAK Science Olympics receive additional English language training in the UK with the support of our foundation.

In addition to the science school curriculum at our school, students from the 10th grade who want to study medicine by pursuing their goals have genetic lessons in genetics labs and those who want to study engineering have mechatronics computer and robotics lessons.

To support our students' applied training in our school, there are physics, chemistry and biology laboratories which are equipped with the latest technologies as well as LEGO robotic workshop, hobby aircraft, drone workshop, science center, visual arts, a rehearsal room. For the purpose of increasing facilities more, a cooperation protocol has been signed between our school and Gebze Technical University. With the protocol, our students may take advantage of a university which offers counsellor support given by the academic staff besides physical facilities such as a laboratory and recreational facilities. In addition to these, engineering and scientific projects are run together. Apart from the projects, our students continue their education with TÜBİTAK Science

Olympics such as Mathematics and Physics Olympic teams and TÜBİTAK projects competitions.

For the foreign language education of students, a certain number of students are sent to the language school in England each year as a scholarship sponsored by Organized Industrial Zone Directorate, within the framework of the agreement made with the Regional Directorate of Machinery Specialized Industry.

Our students are improving their success both in education and professional fields.

Our students who became 1st in 2017 at the WRO Lego robot competition are entitled to participate in international competitions to be held in Costa Rica, by representing Turkey.

Apart from this, there are numerous top rankings of our students in many robotics competitions with different themes organized by various universities. Some examples are; 2nd place in Yıldız Technical University in Star Wars, 2nd place in Bahçeşehir University and 3rd place in Cage Wars.

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In 2018, our students with the students from our other high schools; ENKA İstanbul and Adapazarı will take part in the competition organized by FRC America robotics competitions in New York.

In 2017, our athletes represented our school at the national level by winning provincial 1st place in girl's tennis and 2nd place in men's swimming.

Also in 2017, our theatre club students, with the guidance of our teaching staff, received the jury special award and the best supporting woman award on an individual basis.

In the festivals organized in the Balkan countries, our folk dance club students proudly represent our school every year.

With the support of our teachers, students carry on their activities at the European Youth Parliament, MUN (Model United Nations), English Drama and many other social domains like social responsibility projects.

Career days are organized on campus to enable our students to browse and choose the best career of their choice. Participants are representatives from trade associations, universities and organized industrial zones.

Acknowledged as a highly respectable and exclusive programme by spectators and artists alike for the past 29 years, ENKA Culture and Arts organises its events in three terms.

In spring and winter, music and theatre events are held in the ENKA İbrahim Betil Auditorium with seating for 600 people. In summer, events are held at the ENKA Eşref Denizhan Open Air Theatre which has a capacity for 1,000 people.

With its cutting edge technical equipment, modern stage facilities and professional personnel, ENKA Culture and Arts hosts a large number of local and international groups and artists. ENKA Culture and Arts also cooperates with local and international arts institutions, thus contributing towards bringing a variety of events to art lovers.

The activities reach a very wide audience, including art lovers, employees of the ENKA Group, the ENKA Foundation and ENKA Sports Club, the athletes and students of ENKA's Schools and their parents, as well as various non-governmental organizations, associations and scholarship students.

During its 29th year, a comprehensive program reached an audience of 18,000 people at events held through-out the year - concerts ranging from jazz to classical and pop to world music, modern and classical ballet and dance and theatre performances. ENKA Culture and Arts also hosts exhibitions, regarding various subjects, in the ENKA Dr. Clinton Vickers Art Gallery.

ENKA

CULTURE & ARTS



FINANCIAL REPORTS

CORPORATE GOVERNANCE PRINCIPLES
COMPLIANCE REPORT

BASIC RATIOS & BACKLOG

INDEPENDENT AUDITORS' REPORT

40°44'42.3"N | 29°49'24.1"E
Izmit Bay Crossing Suspension Bridge, Turkey

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

SECTION I- STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

The Corporate Governance Committee of the company is elected by the resolution of the Board of Directors dated 31.03.2017 and Board Members E.Melih Araz (Chairman) and Erdoğan Turgut (Member) as well as Gizem Özsoy (Member) which has the Capital Market Activities Advanced Level License and the Corporate Governance Rating Specialists License are selected. According to the same resolution it is decided that scope of activities of Nominating and Compensation Committee will be carried out by the Corporate Governance Committee. Principles and responsibilities of the committees are approved by the Board of Directors on 28.05.2012 and have been announced to the public.

On 11.06.2014, the duties and working principles of the committees were revised to ensure compliance with the legislation and were declared on company's official website. There are no compulsory principals, which are stated on the annex to the Capital Markets Board's Corporate Governance Communiqué No. II-17.1 and which are not applied.

Corporate Governance Committee's main objectives are; to present the proposals for the corporate governance policies of the company, enhance the quality of the corporate governance applications and inform the Board of Directors about the effective pursuit of the legislation of the Capital Markets Board related to the corporate governance principles and the generally accepted corporate governance principles of the international capital markets, and about implementing those principles which it deems applicable. The corporate Governance Principles Compliance Report of the Corporate Governance Committee has been presented below to the review of our stakeholders.

for and on behalf of the CORPORATE GOVERNANCE COMMITTEE

Chairman
E. Melih ARAZ
(signature)

Member
Erdoğan Turgut
(signature)

SECTION II- SHAREHOLDERS

2.1. INVESTOR RELATIONS UNIT

The Investor Relations Management was established in 2002 within the structure of ENKA İnşaat ve Sanayi A.Ş., for the purpose of arranging the relations with the shareholders.

The Investor Relations Department reports to İlhan Gücüyener the Deputy General Manager of the company and is not preparing reports on activities.

The main activities conducted by the unit can be summarized as answering the questions on financial statements, activities of the company, conditions to participate in the company's General Assemblies, announcements to public, capital increases, information on issuance of new share certificates and preparation of the company's annual reports. The numerous applications to the unit and the responses to the investors are generally made through telephone. The members are; Sinan Yavuz Akturk, Leyla Yüksel, Ali Aslan and the manager Gizem Özsoy of the Investor Relations Unit. Gizem Özsoy holds Advanced Level License (205945) and the Corporate Governance License (700865). The Investor Relations Unit can easily be accessed through the general telephone numbers of our company, which is +90 212 376 10 00.

2.2. EXERCISE OF THE SHAREHOLDERS' RIGHTS TO OBTAIN INFORMATION

Any kind of information about the company in relation to the developments that would possibly affect exercising of the shareholder rights is presented to the consideration of the shareholders on the internet environment (www.enka.com). The Investor Relations Unit provides guidance to those shareholders who prefer to use internet facilities for their requests for information. The shareholders, who cannot use internet facilities, are informed either by fax or mail.

Within the period, there are no complaints made to the company by any shareholders regarding the usage of their shareholding rights. There is no regulation about right to request appointment of special auditor in the Articles of Association of the firm. Within the period, there has been no special auditor appointment request pursuant to the Turkish Code of Commerce.

2.3. GENERAL ASSEMBLY MEETINGS

Any shareholders of our company who are entitled to attend or take part in the General Assembly Meetings thereof and the shares of whom are being traced by the "Central Securities Depository Institution" (MKK = Merkezi Kayıt Kuruluşu) on the basis of the records thereof are authorized to attend physically or to take part in person or by proxy in such General Assembly meetings. Any shareholders intending to attend physically such General Assembly Meetings are entitled, by submitting their identity cards, to exercise their rights arising out of their shares recorded in the "Shareholders List" kept by the "Central Securities Depository Institution" (MKK). However, any shareholders who have previously provided to their stock brokers any restrictions for the provisioning and communication to our company of any information on their identities and on the shares kept in their accounts, are required to apply to their relevant stock brokers for the abolishment of such restrictions and provisioning and communication by such stock brokers to our company of the information on their identities and on the shares kept in their accounts, until at the latest one day before the General Assembly Meetings, should they intend and request to be enlisted in the "General Assembly Shareholders List". Taking part online in such General Assembly Meetings by the shareholders themselves in person or by virtues of their proxies is allowed only by secure electronic signatures. Any shareholders are allowed to authorize their proxies by whom they will be represented in the General Assembly, either online in electronic environment by virtue of the Electronic General Assembly System or by providing them an authenticated Official Power of Attorney as provided in related legislation of the Capital Market Board, or a non-authenticated Formal Power of Attorney bearing their duly signatures in the accompaniment of their authenticated Official Signature Sample Statement as an integral part. Information about date, agenda and location of General Assembly meetings are announced to the public via Public Disclosure Platform (KAP), on our website and by e-mail sent to the people who have selected the option on our website to receive e-mails. The minutes of the General Assembly meetings are disclosed to the public by Public Disclosure Platform, in accordance with the provisions of the Communiqué about special conditions in force of the Capital Markets Board, and further announced in the Turkish Trade Registry Journal. The minutes of the General Assembly meetings are disclosed on our website and always made available to the shareholders at the company's head office. Our company does not have any practice to make the usage of the voting rights of the shares difficult.

Further to the Communiqué of the Capital Markets Board on the Principals Regarding Determination and Application of Corporate Governance Principles, there are provisions in the Articles of Association related to important decisions such as spin-off, sale, purchase and lease of significant amount of assets to be resolved by the General Assembly.

Within related period, the Ordinary General Assembly Meeting has been held on March 24, 2017. Shareholders did not give any agenda item proposals to the General Assembly. The related information is herebelow:

Type of the meeting	Ordinary
Date of the meeting	24.03.2017
Participation Rate	85%
Participation of stakeholders	Yes
Participation of media	No
Was right of asking questions by shareholders used?	Used
Were questions answered?	Answered
Did shareholders make any proposals?	No proposals made
Result of proposal	-

The minutes of meetings of the General Assembly are disclosed to the public by Public Disclosure Platform as well as on our website and always made available at the company's head office upon any request.

All questions asked by shareholders at Ordinary General Assembly meeting were answered directly at the event. Therefore, there were no questions that had to be answered by Investor Relations Unit in written format.

Donations made in 2016 have been submitted to the shareholders’ information as a separate agenda item at the General Assembly on March 24, 2017. Our Company’s Donation & Aid Policy which was approved at 2014 General Assembly is as follows;

Donation & Aid Policy

Any donations and aids to be granted by our Company are determined by it pursuant to the below given basic criteria, provided, however, that such donations and aids are always in compliance with the provisions of the applicable Capital Markets Legislation.

Main Purposes:

Our Company’s main purpose in making donations and aids to various organizations is not only to fulfill our social responsibility towards the society but also to create a corporate social responsibility for the shareholders, employees and partners thereof, provided, however, that all such donations and aids meet a certain social need and provide public benefit.

Organisations to which Donations / Aid could be granted :

- ENKA Spor ve Eğitim Vakfı (ENKA Sports and Education Foundation): Major part of the donations and aids of our Company are granted to ENKA Spor ve Eğitim Vakfı. Making donations and aids to this Foundation, the main purpose of which is to contribute to the Turkish youth to reach the contemporary sports level and to strengthen its educational and social structure in international standards, has been adopted by our Company as a principle.
- Relief accounts to be formed by the government agencies upon occurrence of natural disasters.
- Foundations listed in the Schedule of Recognized Foundations.
- Any other foundations and organizations in case of need.

Limitation for Donation/Aids:

- If there is no limitation set in the General Assembly about donations and aids for the current year, the limit of donation/aid could be at most 3% of the distributable profit of previous year which is calculated in accordance with the Capital Markets Board regulations and other relevant legislations.
- Donations/aids for relief accounts to be formed by the government agencies upon occurrence of natural disasters are not taken into account of calculation above.

The Internal Decision-Making Procedure for providing Donations/Aids:

- Any donation/aid of which the amount exceeds TL 10,000 is allowed to be made only upon approval thereof by at least one member of the Board of Directors or of the Executive Committee.
- Any internal committees, departments and workshop-groups may make proposals to the members of the Board of Directors or of the Executive Committee regarding any donations/aids

2.4. VOTING RIGHTS AND MINORITY RIGHTS

The shareholders or their representatives participating in the General Assembly meetings of ENKA İnşaat ve Sanayi A.Ş. have the right of 10 votes for each Group-A share and 1 vote for each Group-B share that they hold. However, even if it is considered cumulatively, it will not have any influence on changing the result on any decision and therefore it will not have any negative impact to any Group-B shareholders due to the immaterial amount of shares.

The share amount of each group with a nominal value of 1 Kr (One Kuruş) and the total voting right as of the year end is stated below:

	Share Amount	TL Nominal	Total Voting Right
Group A	1,167	11.67	11,670
Group B	459,999,998,833	4,599,999,988.33	459,999,998,833
TOTAL	460,000,000,000	4,600,000,000.00	460,000,010,503

The list of the shareholders of ENKA İnşaat ve Sanayi A.Ş. having 5% and above shareholding as of December 31, 2017 is as follows:

SHAREHOLDERS	%
TARA HOLDİNG A.Ş.	49.52
VİLDAN GÜLÇELİK	7.99
SEVDA GÜLÇELİK	6.43
ENKA SPOR EĞİTİM AND SOSYAL YARDIM VAKFI	5.87
PUBLICLY TRADED AND OTHERS	30.19
TOTAL	100.00

The list of legal person ultimate controlling shareholders as of March 24, 2017 is as follows:

Shareholder	Actual Shareholding	Legal Person Ultimate Shareholder	Explanation
Tara Holding A.Ş.	49.42%	0.00%	-
Şarkı Tara	0.80%	33.66%	Tara Holding A.Ş. 66.49% + 0.80%
Sinan Tara	0.30%	16.86%	Tara Holding A.Ş. 33.51% + 0.30%
Vildan Gülçelik	7.99%	7.99%	-
Sevda Gülçelik	6.43%	6.43%	-
Enka Spor Eğitim ve Sosyal Yardım Vakfı	5.87%	0.00%	-
Ayşe Verda Gülçelik	0.66%	5.02%	Alternatif Aksesuar San. ve Tic. Ltd. Şti. 99.90% + 0.66%
Alternatif Aksesuar San. ve Tic. Ltd. Şti.	4.37%	0.00%	-
Ali Gülçelik	4.51%	4.51%	-
Bilgi Gülçelik	4.31%	4.31%	-
Nurdan Gülçelik	1.56%	1.56%	-
Selim Gülçelik	1.55%	1.55%	-
Publicly traded and others	12.24%	18.11%	Publicly Traded 12.50% + Enka Spor Eğitim ve Sosyal Yardım Vakfı 5.87%
	100.00%	100.00%	

The shareholder structure of ENKA İnşaat ve Sanayi A.Ş. does not involve any legal person engaged in cross-shareholding relation. There is no provision for representation of the minority shares in the management, and cumulative voting is not allowed. Our company does not have any practice to make the usage of the voting rights of the shares difficult.

2.5. DIVIDEND RIGHT

The Profit Distribution Policy of ENKA İnşaat ve Sanayi A.S. which has been approved at the General Assembly held on March 27, 2014 is as follows:

The Board of Directors of ENKA İnşaat ve Sanayi A.Ş (“the Company”) takes into account the performance of the Company of that year, economic conditions, the finalized projects, investments and the cash flow of the Company as well as Turkish Commercial Code, the relevant articles of Capital Markets Law, regulations and the practices of the Capital Market Board when presenting the profit distribution proposal to the General Assembly.

The principal policy adopted and applied by the company in aspect of profit distribution is to act always in compliance with the applicable criteria as provided in the Capital Markets Legislation while considering a fair balance between the interests of the Company and that of the shareholders thereof. In this manner, at least 20% of the distributable profit which is calculated in accordance with the Capital Markets Board regulations and other relevant legislation is distributed as cash and/or bonus shares.

Under the framework determined by profit distribution policy and the Capital Markets Board, after reserving the 1st dividend pursuant to the provisions of Article 36 of the Articles of Association, dividends are distributed to the Bonus Certificate holders as per the rate stated in the Articles of Association (total 7.5%).

Dividends are distributed equally at once to all existing shares as per their rates regardless of date of issuance and acquisition dates. Distribution of cash dividends is planned to be paid no later than one month after the General Assembly where the date of dividend distribution is resolved by the General Assembly.

The place and date of the profit distribution, agreed upon during the General Assembly in accordance with the relevant legislation provisions, is announced to the shareholders through the Public Disclosure Platform and by the announcement on the website of the Company.

The Board of Directors may distribute dividend advance if it is authorized by the General Assembly as well as in compliance with the regulations of the Capital Market. The authorization given to the Board of Directors by the General Assembly is limited with that year in which the authorization is given.

The distribution of profit, which takes place in the Annual Report, is made within the period required by the provisions of the Capital Market Law, as set forth in the Profit Distribution Policy. Until this day, profit distributions have been done without any delays.

Further to the power vested in the Board of Directors by the Ordinary General Assembly for year 2016 held on March 24, 2017, the Board of Directors resolved to raise the Share Capital of our Company, within the authorized Registered Share Capital Ceiling of TL 6,000,000,000 (Six Billion Turkish Liras) thereof, from its current level of TL 4,200,000,000 (Four Billion Two Hundred Million Turkish Liras) to TL 4,600,000,000 (Four Billion Six Hundred Million Turkish Liras) by increasing it 9,5238%; and to cover TL 400,000,000 (Four Hundred Million Turkish Liras) from the 1st Dividends of 2016; and for this purpose, to issue to a total of 1,167 holders of Registered Nominal Shares of Group A as well as to a total of 419,999,998,833 holders of Registered Nominal Shares of Group B, bonus shares free of charge in proportion to their shares at a rate of 9,5238% of each share they hold; and to issue the respective share certificates representing such increased part in the Share Capital as Registered Nominal Shares of Group B; and to make the necessary application to the Capital Markets Board for the approval of the Share Issue Certificate for capital increase as prepared for this purpose and the increase was realised.

Additionally, at the Ordinary General Assembly for year 2016 held on March 24, 2017, regarding the distribution of the year 2016 profit, it has been resolved to distribute TL 504.000.000 cash dividend starting from April 19, 2017, by taking into account the legal status of the shareholders representing the TL 4,200,000,000 equity, as being 12.00% gross and 10.8132% net dividend and was distributed thereof.

Further to the power vested in the Board of Directors by the Ordinary General Assembly for year 2016 held on March 24, 2017, the Board of Directors resolved;

- to distribute starting from September 27th, 2017, a total of 165,000,000 TL from the amount that remains after deduction of the relevant reserves as required, pursuant to the provisions of the Turkish Code of Commerce and the Articles of Association, to be set apart from the net profit of the current period as indicated on the financial statements comprising the interim period from 01.01.2017 to 30.06.2017, as Dividend Advances at a rate of 3.59% gross and 3.05% net per share, to the holders of share certificates representing the share capital amounting to 4,600,000,000 TL.

- to distribute starting from December 13th, 2017, a total of 184,000,000 TL from the amount that remains after deduction of the relevant reserves as required, pursuant to the provisions of the Turkish Code of Commerce and the Articles of Association, to be set apart from the net profit of the current period as indicated on the financial statements comprising the interim period from 01.01.2017 to 30.09.2017, as Dividend Advances at a rate of 4.00% gross and 3.40% net per share, to the holders of share certificates representing the share capital amounting to 4,600,000,000 TL.

2.6. TRANSFER OF SHARES

Pursuant to Article 8 of the company’s Articles of Association which is related to the transfer of share certificates, the share certificates can be freely transferred in accordance with the provisions of Turkish Code of Commerce. The transfer of shares requires full compliance with Turkish Code of Commerce and Capital Market Law.

SECTION III- INFORMING THE PUBLIC AND TRANSPARENCY

3.1. WEBSITE OF THE COMPANY AND ITS CONTENT

The internet address of ENKA İnşaat ve Sanayi A.Ş. is www.enka.com. This site contains all the information listed in the legislation as well as in the Corporate Governance Principles of the Capital Markets Board both in Turkish and in English and this information is updated periodically. Special condition disclosures done by our company can be followed from the company’s or Public Disclosure Platform’s (www.kap.gov.tr) internet sites. Special condition disclosures announced in the related reporting period are listed on company’s internet site with chronological order.

3.2. ANNUAL REPORT

All the information listed in Corporate Governance Principles is provided in our company’s Annual Report.

SECTION IV- STAKEHOLDERS

4.1. INFORMING THE STAKEHOLDERS

Our company uses circulated announcements and the electronic media to inform the stakeholders about the matters that concern them and the company.

Provided information is governed by the agreement concluded between the employee and the company on the rights, tasks and liabilities of the personnel.

The execution procedures for the administrative and social works of the personnel at the local construction sites have been established by the regulations. In case of update, the relevant persons are notified.

Our company provides efficient and expeditious compensation to the employees in violation of the rights protected by their contracts. At the same time compensation payments are made by the company to the employees as stipulated by the law.

Stakeholders may submit the transactions of the company which are unethical and contrary to the legislation through Investor Relations Unit to the Corporate Governance or Audit Committees.

4.2. STAKEHOLDERS’ PARTICIPATION IN MANAGEMENT

The Corporate Governance Committee established within the structure of ENKA İnşaat ve Sanayi A.Ş. performs, in addition to its other assignments, the necessary coordination in relation to beneficiaries’ participation in the management.

Stakeholders who have an access to ENKA Portal have an opportunity for presenting ideas and submitting proposals about any topic.

4.3. ENKA HR / HSE / QUALITY / SUSTAINABILITY POLCIES

4.3.1. HR POLICY

Prepared for the aim to support ENKA İnşaat ve Sanayi A.Ş. and to accomplish its vision &values, the Human Resources Management Policy, as shown on our web page, is as follows:

1. Advance the strategic goals and interests of our company
2. Be responsive to the changing needs of employees, management & government related entities
3. Establish and sustain ENKA's reputation as a preferred employer
4. Maintain a workplace culture in which there is mutual trust and respect, where all employees feel valued are listened to and are able to contribute their best efforts to achieve our mission
5. Hire the individual who is best qualified for the position. Provide an equal opportunity to all qualified candidates regardless of race, language, religion, sex or physical disabilities.
6. Consider external sources after ascertaining that the open position cannot be filled by an employee of ENKA
7. Know and comply with the laws and guidelines relevant to the functions performed
8. Commit to ensuring that all employees know what is expected from them in their jobs and are helped to develop their capabilities through constructive performance evaluations, training and career planning

As an organization committed to the effectiveness and compliance of its services with the specifications and the agreements that are contingent upon its employees, ENKA provides the necessary working environment and resources to meet the needs of its employees.

To ensure effective management of the activities by the qualified employees, “work flexibility and enhancement” is focused on in each stage of the organization.

The personnel of ENKA, cannot disclose any confidential information obtained during their employment in the company, in relation to the operating structure and technical matters of the company. Unless a legal sanction applies, the personnel can under no circumstances make any disclosure to any authority, institution or person.

The Human Resources have been working as a representative of ENKA, for coordination and relation between the employer and employees of the company. The company did not receive any complaint about any kind of discrimination

4.3.2. HS&ES POLICY

A “Zero Accident” policy is both a goal and an achievement at ENKA. The company implements its comprehensive Health and Safety & Environment and Social Responsibility (HS&ES) policy to protect all employees and associates working at ENKA offices, construction sites and related facilities. It includes protection from every kind of pollution, hazard and accident that may result from its business. HSE Management System is based on the standards of the ISO 14001 Environmental Management System and the OHSAS 18001 Occupational Health and Safety Management System.

It is clearly understood by all levels of the company that the HS&ES policies are core company values and this management system is managed in five steps:

- Setting HS&SE policies
- Planning
- Implementation
- Measuring / monitoring the performance
- Auditing & Management Review

ENKA will always have a comprehensive HSE training program to increase awareness of safety, to teach safer working practices and to promote environmental adherence. In the ENKA's HSE Manual all roles and responsibilities of the individuals in the organization are clearly defined to promote a positive HSE culture.

All managers demonstrate a clear commitment to the HS&ES policies to establish and implement a discipline procedure and an award program to run the HSE management system more effectively.

Monitoring is essential to maintain and improve HSE performance. ENKA believes that proactive monitoring, which oversees the achievement of plans and the extent of compliance with standards before an accident, incident, illness or environmental leakage occurs, is a key factor in HSE performance.

Auditing and reviewing provide considerable improvements on HSE corrective actions by managing risks through lessons learned from past experiences. Internal and external audits are continually performed.

Health, safety and environment are, in fact, its highest priority. ENKA recognizes and acknowledges the importance of achieving world-class performance with respect to the protection of HSE on every project as an integral part of its organizational culture. All personnel are encouraged to actively engage in all the HSE programs and every conceivable effort is made to provide all the necessary training and development to enforce the project requirements to attain its “Zero Accident” goals.

Health and Safety Policy Statement

Our company is proud that safety and health management is its highest priority in all activities.

The management of ENKA believes that all accidents are preventable. This is achievable through our desire for continual improvement and our dedication to the Zero Accident Policy.

All employees are expected to be accountable for their own actions and shall execute their work in a safe and healthy manner, protecting the environment and property. This expectation is communicated to all people involved in all projects including, but not limited to, ENKA's own workforce, joint venture partners’ employees, subcontractors and suppliers.

Preventative measures and the elimination of potential hazards are of the utmost importance for the safety of all employees, visitors and the public in general. By this means, our policy is to provide a safe environment for our own workers and subcontractors on all projects.

We commit to comply with the requirements of all applicable Health, Safety and Environmental (HSE) legal and other requirements, and we expect every employee to uphold the applicable requirements in the countries in which they operate.

The protection of health and safety is given the highest priority throughout all project phases, from tendering, front-end engineering through construction and commissioning, ending with demobilisation and reinstatement.

Our project management teams put into place clear and effective Project HSE programs to implement this policy.

The foundation of this goal is having a workforce and management;

- Well informed, motivated and committed to achieve the Zero Accident Target,
- Embraced the philosophy that no job or task is so important that cannot take the time necessary to do it safely.
- Upholding the virtue of protecting and keeping the environment in its original state, or making it better.
- Being sensitive, conscious, responsible and proactive with regard to all hazards.

All employees have the responsibility to take the required action - within their authority - to implement the Project HSE program. This responsibility includes eliminating potential hazards, or reporting potential hazards to their immediate supervisor, and contributing to and supporting the implementation of safety precautions

Environment and Social Responsibility Policy

ENKA is committed to maintaining a conscientious attitude to the environment by using all available and relevant knowledge to identify and eliminate or minimise environmental impacts which may arise from construction activities in all countries of operation.

Starting from the business development stages, through the tendering, front-end engineering, mobilisation, construction and commissioning, ending with demobilisation and reinstatement, all activities shall be performed with due consideration given to environmental impact and related aspects.

The management of ENKA shall provide all necessary resources to establish and implement environmental management systems as required by assigning responsibilities, authorising respective persons and fostering environmental awareness amongst all personnel.

ENKA aims to create environmental awareness in all of its employees and to continuously increase awareness towards the environment and to promote conservative usage of natural resources. To realise this aim, its environmental management philosophy is based on the continual improvement and implementation of preventative and corrective activities as a natural behaviour of all employees.

With this aim, ENKA is:

- Complying with the environmental laws and regulations applicable in the countries of operation, and other requirements associated with environmental aspects of our activities.
- Using natural resources economically.
- Mitigating environmental impacts through effective waste management.
- Reducing the risks of emergency.
- Fostering environmental awareness of all employees.
- Meeting the requirements of the ISO 14001 Environmental Management System and providing the necessary resources.

All our employees are responsible for supporting and assisting in establishing, implementation and continual improvement of Environmental Management System. During the period, no action has been brought against the company for damages to the environment.

4.3.3. QUALITY POLICY

ENKA's Quality Management System has been established based on the principles of minimal bureaucracy and documentation which allows, quick decision making and implementation. These features are achieved and successfully integrated into the quality management system by utilizing the site-based management and process approach which includes:

- Understanding current and future customer needs, meeting with customer requirements and striving to exceed customer expectations
- Leadership to establish unity of purpose and direction to create and maintain the internal environment in which ENKA employees can become fully involved in achieving the company's objectives
- ENKA members, at all levels, are the essence of ENKA organization and their full involvement enables the usage of their abilities for ENKA's quality achievement
- Management of activities and related resources as a whole process to achieve the desired results more efficiently
- Identifying, understanding and managing interrelated processes as a system which contributes to the ENKA's effectiveness and efficiency in achieving ENKA's quality objectives
- Continuous improvement of ENKA's overall performance as a permanent objective of ENKA organization
- Effective decisions based on the analysis of data and information
- Mutually beneficial relationships with suppliers to create value.

On each project undertaken, ENKA is paying attention to;

- Protect human beings and the environment
- Complete its tasks at the highest quality standards
- Complete each work contracted by the client before the end of the specified completion period
- Establish long-term collaboration with clients
- Treat client satisfaction as a priority matter.

In order to effectively fulfill its obligations towards its suppliers and subcontractors as a natural part of its services, ENKA pays utmost attention to:

- Establish long-term collaboration with reliable suppliers/subcontractors,
- Fulfill its agreement obligations towards the reliable suppliers/subcontractors who fulfill their responsibilities.

ISO 9001 Quality Management System is used as an important tool for the continuous assurance and improvement of ENKA's Quality Management System. By way of closely monitoring the process performed, the certification body of British Standard Institution performs periodical audits for the continuation of the validity of the ISO 9001 certificate.

All employees do have an access to ENKA Quality Manual, which has been prepared by the Corporate Quality Management Department based on ISO 9001, in Electronic Document Management System. All Projects shall delineate their projects' quality programs in their Project Quality Plans to be prepared based on ENKA's Quality Manual.

In addition to the ISO Certification, ENKA's Quality Assurance Program for performing construction, including engineering design, procurement, quality control, contracting, fabrication or installation, as applicable complies with the ASME Boiler and Pressure Vessel Codes. The following ASME certification marks, which is regarded as the hallmark of acceptance and certification, is used to indicate that the stamped item(s) conform to the latest edition of the ASME Boiler and Pressure Vessel Codes on respective projects.



4.4. SUSTAINABILITY POLICY

ENKA's sustainability priorities were established through an intensive process of stakeholder dialogue that included the participation of internal and external stakeholders.

Potential sustainability priorities were listed on the basis of an examination of the dynamics of the sector, information obtained from situation determination meetings, stakeholders' feedback and relevant internal and external resources. The Sustainability Committee, representing the top management, then held a prioritization workshop to identify the sustainability issues that are of strategic importance for ENKA.

ENKA also carried out face-to-face workshops and/or online surveys with stakeholder groups to learn about the sustainability issues that are significant for its stakeholders and to receive stakeholder feedback. Finally, the inputs obtained from the upper management and the stakeholders were consolidated to identify ENKA's priority sustainability issues.

During the course of the stakeholder dialogue conducted with ENKA's employees, suppliers, clients and vendors, non-governmental organizations and professional associations, the Sustainability Committee took into consideration the views and feedback of 266 stakeholder representatives in all.

ENKA's sustainability priorities also provided inputs for the development of ENKA's sustainability strategy.

The table below shows the topics that have been included among ENKA's sustainability priorities:

- Doing Good Business
- Caring for Employees
- Developing Communities
- Reducing Environmental Impact

4.4. ETHICS AND SOCIAL RESPONSIBILITY

As also stated at company's website, the employees of ENKA İnşaat ve Sanayi A.Ş.;

- Do not compromise the general and professional ethic rules
- Act honestly, reliably and transparently and in accordance with the principles and strategies of the corporation in the course of execution of their tasks
- Pay utmost attention to behave honestly toward the employer, government, dealers (suppliers) shareholders, and subcontractors and treat quality as a priority in each and every work they perform,
- Do not only fulfill our contractual obligations but also have a constructive attitude towards our employers, customers and partners at all times
- Use their best endeavor to comply with all the relevant laws and regulations regarding the environment in the countries of operations
- Make economical use of the natural sources and avoid wastefulness
- Keep the wastes under control and minimize their adverse environmental effects
- Fulfill the requirements of ISO 14001 Environmental Management System and provide the necessary resources
- Constantly improve the work security and employee health applications and ensure avoidance of work accidents

ENKA Sports, Education and Social Aid Foundation is one of the leading platforms of Turkey where ENKA İnşaat ve Sanayi A.Ş. fulfills its social responsibility. The activities carried out by ENKA Foundation throughout the year are included in the annual reports of ENKA İnşaat ve Sanayi A.Ş., and such information is accessible through the company's website at www.enka.com.

As stated in ENKA's environment policy; in order to continue its environment-friendly and responsible attitude and minimize the risk of pollution that could affect the construction works, ENKA uses all the available and expedient information in each and every country where it operates.

SECTION V- THE BOARD OF DIRECTORS

5.1. STRUCTURE AND FORMATION OF THE BOARD OF DIRECTORS

The target in determining the company's board members is to create a structure which will enable the members to make productive and constructive activities, to take decisions quickly and rationally, and to form committees in order to organize their activities in an effective way. Although the aim is to have one female member at the Board of Directors, the proposal of the Board Members submitted to the General Assembly has been formed in line with the above-mentioned targets. The Board of Directors which is approved by General Assembly consists of 5 members; as two executive members, one non-executive member and two independent non-executive members.

Regarding the independent members, 2 nominees were submitted to Corporate Governance Committee, which undertook authority of Nominating Committee, on 10.01.2017 and were approved by the Board of Directors on 11.01.2017.

Declaration of Independent Members of the Board of Directors about their independency is as follows:

In the context of my nomination being "Independent Member of the Board of Directors" at ENKA İnşaat ve Sanayi A.Ş.'s ("ENKA") Ordinary General Assembly Meeting of 2016 which will held in 2017:

- No relationship was formed in employment, in capital or in important trading activities, neither by me nor by my spouse, nor by my blood or affinity relatives up to the 3rd degree within last five years did not have any direct or indirect relationship with ENKA, 3rd parties in relation with ENKA or legal entities who have relation with shareholders of ENKA having a share of 5% or more,
- Within the last five years, I have not been a partner (5% or above), employed as an executive having a significant duty and responsibility, or as a member of the board of directors in a company, which is primarily serving as auditing (tax audit, legal audit and including any internal audit), consulting and rating of ENKA, which undertakes material business activities under an agreement, in the period where the services or goods have been purchased or sold,

- As being an independent member of the board of directors, I have the required professional training, knowledge and experience for undertaking the duties of the position,
- I am not working full time in a governmental or public institution,
- I am a resident in Turkey in accordance with the Income Tax Law no 193 dated 31.12.1960,
- I have strong standards of ethics, professional reputation and experience for adding positive contribution in activities of ENKA, for securing my independency about subjects in relation with the conflicts of shareholders and for making independent decisions with taking into account of stakeholders' rights,
- I will be able to spend necessary time for fulfilling the requirements of the position and monitoring processes of the activities of the company,
- I have not been on the board of ENKA for more than six years within the last ten years,
- I am not an independent board member in more than three of the companies which are controlled by ENKA or its controlling shareholders and in more than five companies listed on the stock exchange,
- I am not registered as a board member elected for the legal entity.

I hereby declare my independency within the framework of relevant legislation in force, articles of association of ENKA and criteria mentioned above.

In the period, no situation occurred that may remove the independency of members. For the Members of the Board of Directors, there is no restriction for undertaking responsibilities outside of our company.

Besides his membership in the Board of Directors of our company, E. Melih Araz has no relation with our group companies. He is also a member of the Board of Directors of Ata Menkul Değerler ve Yatırım A.Ş., Ata Portföy Yönetim A.Ş., Ata Gayrimenkul Yatırım Fonu A.Ş., TFI Tab Food Investments A.S., Burger King China JV, İzmir Enternasyonal Otelcilik A.Ş., Entegre Harç Sanayii A.Ş. and Zorlu Enerji A.Ş.

Besides his membership in the Board of Directors of our company, V. Ergin İmre has no relation with our group companies. He is the Chairman of the Board of Directors of Ahmet Veli Menger Holding A.Ş and Mengerler Ticaret Türk A.Ş. V. Ergin İmre has no relation with our group companies.

In accordance with the Articles of Association of the company, the Board of Directors is responsible for the management of ENKA İnşaat ve Sanayi A.Ş. and its representation. Validity of all documents to be given by ENKA İnşaat ve Sanayi A.Ş. and all the agreements to be concluded require the names of two persons authorized to represent the company under the official heading and per the signature circular of ENKA İnşaat ve Sanayi A.Ş. The Board of Directors assembles at the beginning of each fiscal year and divides up the tasks as well as the management and representation authorizations between the board members. With Ordinary General Assembly resolution dated March 24, 2017, the Board of Directors has been resolved to a tenure of one year with a task division as below:

Board of Directors		
Name, Surname	Profession	Position
M. Sinan Tara	Civil Engineer M.Sc.	Chairman of the Board
Haluk Gerçek	Industrial Engineer	Vice Chairman of the Board
Erdoğan Turgut	Civil Engineer M.Sc.	Member of the Board (Non-Executive Member)
E. Melih Araz	Economist	Member of the Board (Non-Executive & Independent Member)
V. Ergin İmre	Chemical Engineer M.Sc.	Member of the Board (Non-Executive & Independent Member)

Curricula Vitae of Board of Directors and the Chairman of the Executive Board and General Manager, which were also announced at the official internet site prior to the General Assembly, are as follows:

M. SİNAN TARA – Chairman of the Board (Executive Member)

Sinan Tara, born in 1958 at Istanbul, graduated in 1980 from the ETH Zürich, Department of Civil Engineering with Bachelor of Science Degree (B.Sc.) and completed thereafter in 1983 his Master of Business Administration (MBA) Degree Program at the University of Stanford. He is fluent in English and German.

Having joined ENKA in 1980 when he was assigned to ENKA’s jobsite in Saudi Arabia as field engineer, Sinan Tara worked thereafter actively in various departments, units and projects of the company in the fields of finance, energy investments, construction projects, project financing and other investment areas. Since 1984, he acted as General Manager, Board Member and Managing Director and Executive of ENKA İnşaat ve Sanayi A.Ş., and since 1994, he acts as the Chairman of the Board of Directors of ENKA İnşaat ve Sanayi A.Ş..

Moreover, in the fields of social activity and social responsibility projects of the company, he acted actively in the organization and operation of the ENKA Foundation and Sadi Gülçelik Sports Center established in 1983 and the ENKA Sports Club under the umbrella of the ENKA Foundation as well as of the ENKA Schools İstinye, founded in 1996, the ENKA Schools Adapazarı, founded in 1999, and the Private ENKA Technical and Industrial Vocational High School Gebze, founded in 2008 as well as of the ENKA Culture and Arts Unit. Besides these, Sinan Tara is a member of the Turkish Contractors Association.

Sinan Tara, being an Executive Board Member within the scope of the Corporate Governance Principles as applied by the Capital Markets Board, is not an Independent Member of the Board of Directors of ENKA İnşaat ve Sanayi A.Ş.. He was within the last ten years and is currently director in charge in the Board of Directors of ENKA İnşaat ve Sanayi A.Ş. and of the affiliated group companies thereof.

HALUK GERÇEK – Vice Chairman of the Board (Executive Member)

Haluk Gerçek, born in 1956 at Istanbul, graduated in 1979 from the Middle East Technical University, Department of Industrial Engineering. He joined ENKA in 1980 when he started to work in the group company ENKA Pazarlama İhracat İthalat A.Ş. in the position of Deputy General Manager. After having worked as Logistic Manager in Tripoli, Libya between 1981 and 1982, he continued to act as Deputy General Manager of ENKA Pazarlama İhracat İthalat A.Ş. until 1983. Between 1983 and 1987 he was assigned as the Deputy General Manager in charge of ENKA İnşaat ve Sanayi A.Ş., and acted between 1986 and 1987 as Project Manager of the Bombah Water Supply Pipeline Project in Libya. He has acted as Management Committee Member in the investment and construction projects in Russia between 1987 and 1991, as Board Member of ENKA İnşaat ve Sanayi A.Ş. between 1991 and 2001, as the General Manager of ENKA İnşaat ve Sanayi A.Ş., between 2006 and 2012. Since 2001 Haluk Gerçek acts as the Vice Chairman of the Board of Directors and he is fluent in English.

Haluk Gerçek, being an Executive Board Member within the scope of the Corporate Governance Principles of the Capital Markets Board, is not an Independent Member of the Board of Directors of ENKA İnşaat ve Sanayi A.Ş.. He was within the last ten years and is currently director in charge in the Board of Directors of ENKA İnşaat ve Sanayi A.Ş. and of the affiliated group companies thereof.

ERDOĞAN TURGUT (Non-Executive Member)

Erdoğan Turgut, born in 1953, graduated in 1977 from the Aegean University, Department of Civil Engineering, and completed thereafter in 1979 his Master of Science (M.Sc.) Degree Program in Soil Mechanics at the London University Kings College, so that he is fluent in English.

After having worked as Deputy Project Manager in the company Koray Al Mutamidoon İnşaat A.Ş. in Saudi Arabia between 1981 and 1986 during the construction of the Intercontinental Hotel, Erdoğan Turgut acted between 1986 and 1991 as General Manager in the company Koray – Turser A.Ş. when the latter constructed the 5 Stars Sheraton Hotel & Karum Shopping Center in Ankara, and between 1991 and 1993 as Board Member of the Kavala Group of Companies, and as the partner in the company PMS A.Ş. between 1993 and 1995. Between 1995 and 2010 he acted as Foreign Relations Manager, Deputy Chairman of the Executive Board and Group Coordinator in and of the company Koray Yapı Endüstrisi ve Ticaret A.Ş.

Erdoğan Turgut, being a Non Executive Board Member within the scope of the Corporate Governance Principles of the Capital Markets Board, is not an Independent Member of the Board of ENKA İnşaat ve Sanayi A.Ş. and acted between 2012 - 2016 as a Non Executive Board Member, and has also been selected for the year 2017.

E. MELİH ARAZ (Non-Executive Independent Member)

Melih Araz, born in 1948, graduated in 1967 from the Robert College of Istanbul and in 1972 from the University of Ankara, Faculty of Political Sciences, Department of Economy and Public Finance. He completed in 1975 his Master of Business Administration (MBA) Degree Program at the University of Indiana, and took part in 1988 in the Executive Management Program at the Harvard Business School, so that he is fluent in English.

Having started his professional working life in 1977 at Citibank N.A., Melih Araz built a career in the fields of international corporate banking and investment banking during his employment of 12 years in various global organizations of Citibank, and acted as senior official in various units of the bank. After having acted as CEO of Interbank A.Ş. between 1988 and 1996, he provided independent consulting services to various firms and groups in the fields of initial public offering, acquisition of companies, venture capital, formalizing of family constitution, institutionalization, restructuring of debts to banks, NPL tenders of the Savings Deposit Insurance Fund (TMSF), and strategic management. Melih Araz acted as Board Member of Medya Holding A.Ş. between 1990 and 1996, of Klimasan A.Ş. between 2000 and 2011, and of Şenocak Holding A.Ş. between 1998 and 2011 and also he acted as an Independent Member of Board of Zorlu Energy A.Ş. between 2008 and 2013. He currently acts as a Member of Board of Directors of Ata Holding A.Ş., Ata Portföy Yönetim A.Ş., Ata Gayrimenkul Yatırım Ortaklığı A.Ş, Burger King China JV, Entegre Harç Sanayi A.Ş., İzmir Enternasyonel Otelcilik A.Ş. and TFI TAB Food Investments A.Ş. Since 2006 Melih Araz, as Board Member of Ata Yatırım ve Menkul Değerler A.Ş., is active as the responsible official thereof in the fields of corporate finance, investment banking, company mergers and venture capital. Moreover, Melih Araz acts also as active member of various non governmental organizations, associations, and institutions, and is one of the charter members of the Turkish Economic and Social Studies Foundation (TESEV). He acted between 1989 and 2007 as the President of the Education & Training Committee, the Social Affairs Committee and the Social Security Reform Project of the Turkish Industry & Business Association (TÜSİAD), and is since 1989 Member and Honorary Member of the Board of Trustees of the Robert College of Istanbul. Melih Araz also acts as Member of Executive Committee of Turkish – Japanese and Vice Chairman of Turkish – Chinese Business Councils in Foreign Economic Relations Board (DEİK) as well as having other memberships in various clubs and associations.

Melih Araz meets the criteria applicable to Independent Board Members within the scope of the Corporate Governance Principles of the Capital Markets Board, and acted between 2012 - 2016 as a Non Executive Independent Board Member of ENKA İnşaat ve Sanayi A.Ş., and has also been selected for the year 2017.

V. ERGİN İMRE (Non-Executive Independent Member)

Ergin İmre, born in 1958, graduated in 1981 from the Polytechnic School in Zurich, Department of Chemistry Engineering. He is fluent in German and English.

Having started his professional career in 1982 in the company Ahmet Veli Menger Holding A.Ş. and its subsidiary Mengerler Ticaret Türk A.Ş., Ergin İmre acted until 2010 in the company Ahmet Veli Menger Holding A.Ş. as Board Member and General Manager thereof, and as Board Member of Mengerler Ticaret Türk A.Ş., and after 2010 he started to act as the Chairman of the Board of Directors of both companies. Moreover, Ergin İmre acted also as Board Member of the company Mercedes Benz Türk A.Ş. between 1994 and 1999 and of the company Robert Bosch Türk A.Ş. between 1987 and 1994, and upon expiry of the partnership between these companies, resigned from both positions.

Ergin İmre meets the criteria applicable to Independent Board Members within the scope of the Corporate Governance Principles of the Capital Markets Board, and acted between 2012 - 2016 as a Non Executive Independent Board Member of ENKA İnşaat ve Sanayi A.Ş., and has also been selected for the year 2017.

A. MEHMET TARA (President and Chairman of Executive Board – General Manager)

Mehmet Tara, born in 1983, graduated in 2002 from the Cushing Academy and in 2006 from Wentworth Institute of Technology, Department of Civil Engineering. Having started his professional working life in 2006 as a construction site engineer, on the forthcoming years he achieved titles, Deputy Project Manager, Vice President and Executive Board Member responsible for Moscow Projects and Investments. Board of Directors’ appointment dated May 02, 2012, he entitled as The President and The Chairman of Executive Board and also General Manager of ENKA. Mehmet Tara is fluent in English, member of Turkish Industry & Business Association (TUSİAD), married and has two children.

5.2. OPERATIONAL PRINCIPLES OF THE BOARD OF DIRECTORS

The Board of Directors which was approved at the Ordinary General Assembly dated 24.03.2017 made 13 meetings until the end of report period and the average of attendance rate is 77%. Prior to each meeting, the secretariat of Board Directors personally informs board members about the meeting agenda. Since the IPO of ENKA İnşaat ve Sanayi A.Ş., no divergent views have been suggested by board members. There are no privileged voting rights for any member of the Board of Directors.

The Board of Directors were authorized at the Ordinary General Assembly for execution of written transactions listed in articles No. 395 and 396 of the Turkish Commercial Code and to transactions were done with this authority.

There were no material or related transactions neither which was submitted for the approval of the Independent Board Members nor submitted for the approval of the General Assembly with non-approval of Independent Board Members.

The Board of Directors of the Company had discussed about the Affiliated Company Report and the declaration is as follows:

“On such date on which the relevant legal steps as mentioned in the report have been taken, always a proper counteract has been undertaken for/towards each of such legal steps in accordance with such terms and conditions and circumstances as being to our knowledge. In this aspect, there is neither any measure to be taken or to be avoided to be taken nor any loss to be suffered by the company.”

5.3. NUMBER, STRUCTURE AND INDEPENCE OF THE COMMITTEES ESTABLISHED WITHIN THE BOARD OF DIRECTORS

Three committees officiate in affiliation with the Board of Directors of ENKA İnşaat ve Sanayi A.Ş. The committees assemble as often as it is necessary. Board of Directors’ resolution dated 31.03.2017 about these committees is as follows:

For the Audit Committee to elect for a tenure of one year:

E. Melih Araz (Chairman) and V. Ergin İmre (Member)

For the Corporate Governance Committee to elect for a tenure of one year:

E. Melih Araz (Chairman), Erdoğan Turgut (Member) and Gizem Özsoy (Member)

To establish the Early Identification of Risks Committee and to elect for a tenure of one year:

V. Ergin İmre (Chairman) and Erdoğan Turgut (Member)

Also, it has been resolved that according to the structure of the Board, the issues falling within the scope of activities of the Nominating Committee and the Remuneration Committee to be carried out by the Corporate Governance Committee and for the working principles of the committees and task fields to be identified by the committee members and to be submitted to the Board of Directors. Purposes of committees as established thereof, have been stated below:

Purpose of the Audit Committee:

It is to ensure the duly supervision of the independent audit of the accounting system and financial data of the company as well as of the functioning and efficiency of the internal control system.

Purpose of the Corporate Governance Committee:

It is to propose suggestions regarding the corporate governance of the Company; to ensure the increase in quality of the corporate governance applications; to pursuit efficiently the legislation of the Capital Markets Board regarding the corporate governance principles and any other corporate governance principles generally accepted on the international capital markets as well as to advise the Board of Directors on the implementation of any applicable ones thereof; to make the necessary workings for the nomination, assessment and training of the proper candidates for the Board of Directors of the Company, and for the determination of the principles of remuneration of the Members of the Board of Directors and top managers of the Company and to propose suggestions to the Board in this aspect.

Purpose of the Early Identification of Risks Committee:

It is to early identify any potential risks that might jeopardize the existence, development and continuation of the Company, and to take and implement the necessary measures and preventive actions for the elimination of such detected potential risks as well as to perform any workings related to risk management and to review at least once a year any applied risks management systems.

Due to the formation of the Board of Directors as being in total 5 people, some of the members of the Board of Directors are assigned in more than one committee.

In 2017 Audit Committee made 3 meetings, Corporate Governance Committee made 2 and the Early Identification of Risks Committee made 5 meetings within the months stated below.

Moreover, besides these Committees, a further committee named Executive Ethics and Compliance Committee reporting to the Executive Board and to which the Chief Legal Counsel, the Finance Director and the Corporate Quality, HSE and Integrity Director are assigned as permanent members and, in case of need, some others as auxiliary members, as well as a Risk Management Working Group and an OHS (Occupational Health and Safety) Board are actively involved in various processes.

Purposes of the Executive Ethics and Compliance Committee:

The Executive Ethics and Compliance Committee reporting to the Executive Board is formed to ensure the Corporate Values to be supported by the Ethics and Compliance Program. This Committee, furthermore, provides support to the Company in the application of an effective Ethics and Compliance Program, in the determination of the basic principles of such Program as well as in the continuously promotion of creation of a Corporate Culture that attaches importance to ethical business conduct and compliance with laws.

Purposes of the Risk Management Working Group:

The Risk Management Working Group is formed in accordance with the Resolution of the Company’s Executive Ethics and Compliance Committee dated 28/11/2017 in order to ensure the properly identification of any corporate risks of ENKA, the accurately determination of the applicable risk mitigation methods and the precisely assessment and review of such risks as identified. Amongst the basic tasks of the Risk Management Working Group is the application of an effective Risk Management Program throughout the Company, the identification of the principles and methods underlying such Risk Management Program, and the assurance of continuous development of Risk Management as a Corporate Culture extending to and through the projects, units and individuals.

Purposes of the OHS (Occupational Health and Safety) Board:

The OHS Board, consisting of the Employer Representative, OHS Specialists, Workplace Physician/Nurse, Human Resources Specialist, Administrative Affairs Officer, Employee Representatives and any related experts as to be assigned pursuant to the relevant agenda items, and holding its meetings in 3 months intervals , is formed for the purpose of properly identification and assessment of any potential risks related to occupational health and safety at Head Office and accurately determination and assessment of any measures to be taken thereagainst, and reporting the same to the Executive Board.

Besides the OHS Board, in all our projects, also HSE Boards are formed under the guidance of the relevant Project Managements and the Project Health, Safety and Environment (HSE) Departments. These Boards hold regularly on weekly and monthly basis the so-called “Zero Accident Team Meetings” and review the HSE performance of the Project and decide n any main actions required to be taken.

COMMITTEE MEETINGS			
	AC	CGC	EIRC
JANUARY		✓	✓
FEBRUARY			
MARCH	✓		✓
APRIL			
MAY	✓		✓
JUNE			
JULY		✓	✓
AUGUST	✓		
SEPTEMBER			✓
OCTOBER			
NOVEMBER	✓		✓
DECEMBER			

AC: Audit Committee **CGC:** Corporate Governance Committee **EIRC:** Early Identification of Risks Committee

5.4. RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

The Financial Control Unit within the structure of ENKA İnşaat ve Sanayi A.Ş., which periodically inspects the projects and the group companies in advance and proposes the necessary solutions for any deviations from the objectives, as well as all of the potential risk factors to the management.

The internal control systems and its structure is organized in a way that can eliminate all risks to be encountered by the company, especially the ones which could adversely affect the activities and proactively works for the solution without encountering any problems even in the crisis period. Increasing strength of the company's financial position is an indication of this system working effectively.

5.5. MISSION, VISION AND OBJECTIVES OF THE COMPANY

Our Mission:

To design, build and deliver safe, high-quality and cost-effective construction projects on schedule for our customers while providing quality employment and career growth opportunities for ENKA Employees.

Our Vision:

To be one of the best and innovative engineering & construction companies serving globally.

Our Performance Objectives:

- To be open to innovations, using advanced technologies and always seeking the better,
- To be prudent and sensitive about work security and environment protection,
- To train our young employees in accordance with our culture as creative, hardworking and honest employees and to ensure that our employees work as individuals who have self-confidence, are able to communicate and use discretionary power and take responsibility, and
- To seek our competitive power and profit in perfecting our management and technical skills.

Pursuit of the Objectives and Achievement of Goals:

The objectives that reflect of our sensitivity about completing the works before the end of the planned time frame and delivering to the client are pursued very diligently at the highest and most detailed level. The members of the Executive Board pursue the objectives and the degree of their achievement in relation to the projects carried out in those countries where they are responsible and periodically resolve in the Executive Board to find out the leading motives of the deviations, whether the deviations affect the result of the project and if it is necessary to create new targets and to take the necessary measures about the personnel who have responsibility in such delay.

5.6. FINANCIAL BENEFITS

For stand-alone ENKA İnşaat ve Sanayi A.Ş.; total wages paid for the members of the Board of Directors is TL 4,102,591, the social security payments is TL 75,189 and the accrued retirement pay provisions as of December 31, 2017 are TL 335,098. The total amount of the fees and similar benefits provided to the top managers such as the general manager, general coordinator and vice general managers is TL 27,337,045 the social security payments is TL 961,513 and the accrued retirement pay provisions as of period end are TL 2,552,600. There are no payments made to the members of the Board of Directors and top managers in the way of shares, derivative products originating from shares, share buying options or payments not made in cash such as house or car whose proprietorship bestowed and/or allocated for their use. ENKA İnşaat ve Sanayi A.Ş. is not in any sort of debt relation whatsoever with any of the members of the board or any top managers.

The Remuneration Policy Applicable to the Board Members and Administratively Responsible Managers was submitted to the shareholders at the General Assembly dated March 27, 2014 which was published on our internet site is as follows:

1. Objective and Scope

The purpose of the policy described hereunder is to determine, in compliance with and under consideration of such regulations, obligations and principles as specified in the Capital Markets Legislation and the Capital Markets Board’s corporate governance principles, any rules, requirements, principles and modus of implementation applicable to the remuneration of the Board Members and Administratively Responsible Managers of ENKA İnşaat ve Sanayi A.Ş. as approved by the Board of Directors thereof. Any rights, benefits and remunerations to which the Board Members of the Company are entitled to, and any modus of and requirements applicable to the payment thereof are defined in the Articles of Association of the Company, and such rights, benefits and remunerations are concluded and fixed each year by the General Assembly thereof in its annual meeting under a separate item of agenda and the same are published thereafter in the website of the company. The remuneration policy hereunder aims the sustainability and enhancement of the performances of the Board Members and Administratively Responsible Managers of the Company.

2. Principles Applicable to Remuneration

Remunerations Payable to the Members of the Board of Directors

Independent Members and Non-executive Board Members: The Independent Members and Non-executive Board Members of the Board of Directors are entitled to a monthly attendance fee as honorarium in such amount as to be determined each year by the General Assembly. The amount of such monthly attendance fee is not fixed on the basis of the performance of the Company so that the independency thereof is not impacted of the Independent Members thereby.

Executive Board Members: The Executive Board Members are paid a monthly attendance fee in the same amount as payable to the Independent Members as aforesaid, besides such below-mentioned bonuses as payable to the same on the basis of their performances and contributions to the company as well as their level of reaching the targets as set.

Remunerations Payable to Administratively Responsible Managers

Remunerations payable to Administratively Responsible Managers include performance determined bonuses besides the fixed pays to be determined and calculated in accordance with the scope of duties and responsibilities thereof under consideration of the requirements and the experiences designated for each position. Executive Committee Members are entitled to a monthly attendance fee as honorarium as well as bonuses and fixed pays.

3. Performance and Remuneration Methods

Fixed Pays:

In the determination of the attendance fees payable to the Members of the Board of Directors as well as of the fixed pays to the Administratively Responsible Managers as aforesaid, the preservation of the company’s internal balances and the compliance thereof with strategic targets and the ethical values of the company are always considered. The amount of the fixed pays are determined and calculated for each position in accordance with the scope of duties and responsibilities of the relevant payee under consideration of various factors such as economic conditions in the market, the size of the company, any long-term targets and the level of realization thereof as well as the position and the level of experience of the relevant payee. In the determination and calculation of the remunerations payable to the Board Members and Administratively Responsible Managers of the Company, no short-term performance based payment plans such as Company’s profit or income shall be applicable.

Performance Pays (Bonus Payments):

Also in the determination and calculation of the performance based bonus payments, various factors such as bonus policies applicable in the market to any staff in similar or equivalent position, the level of reaching and realization of the company targets and the individual performances are taken into account, and they are determined and calculated so that the equity of the company is not impacted thereby.

Within the scope of this policy, no Board Member or Administratively Responsible Managers of the Company is lent any money or granted any loan or any personal credit by virtue of any third parties or provided any securities or guarantees. Any remunerations and benefits paid to Board Members and Administratively Responsible Managers of our company are disclosed to public in the Annual Report thereof.

Backlog as of 31.12.2017
(Million US Dollars)

Country	Amount	%
US Embassies	852	33.5%
Iraq	817	32.1%
Russia	474	18.6%
Kosovo	116	4.5%
Kazakhstan	132	5.2%
Georgia	71	2.8%
Turkey	34	1.3%
United States	17	0.7%
Others	34	1.3%
TOPLAM	2.547	100.0

BASIC RATIOS
(Thousand US Dollars)

	31.12.2017			31.12.2016		
<u>Current Ratio:</u>						
Current Assets	2,086,281	=	219.7%	2,468,211	=	289.8%
Current Liabilities	949,558			851,737		
<u>Cash Ratio:</u>						
Cash & Cash Equivalents+Financial Investments	3,479,276	=	366.4%	3,194,553	=	375.1%
Current Liabilities	949,558			851,737		
<u>Leverage Ratio:</u>						
Total Liabilities	1,747,476	=	21.8%	1,858,118	=	24.5%
Total Assets	8,031,289			7,586,621		
<u>Total Equity to Total Assets Ratio:</u>						
Total Equity	6,283,813	=	78.2%	5,728,503	=	75.5%
Total Assets	8,031,289			7,586,621		
<u>Current Assets to Total Assets Ratio:</u>						
Current Assets	2,086,281	=	26.0%	2,468,211	=	32.5%
Total Assets	8,031,289			7,586,621		
<u>Non-current Assets to Total Assets Ratio:</u>						
Non-current Assets	5,945,008	=	74.0%	5,118,410	=	67.5%
Total Assets	8,031,289			7,586,621		
<u>Return on Assets (ROA) Ratio:</u>						
Net Income	704,558	=	8.8%	588,655	=	7.8%
Total Assets	8,031,289			7,586,621		
<u>Net Income to Revenue Ratio:</u>						
Net Income	704,558	=	24.3%	588,655	=	16.8%
Revenue	2,899,584			3,506,113		

ENKA

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

CONSOLIDATED FINANCIAL
STATEMENTS AS AT AND FOR THE
YEAR ENDED
31 DECEMBER 2017 WITH
INDEPENDENT AUDITORS' REPORT

2 March 2018

This report includes 5 pages of independent auditors' report and 78 pages of consolidated financial statements together with their explanatory notes.



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Independent Auditors' Report

To the Board of Directors of Enka İnşaat ve Sanayi Anonim Şirketi

Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Enka İnşaat ve Sanayi Anonim Şirketi ("the Company") and its subsidiaries and joint operations ("collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Turkey and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



The Key Audit Matter	How the matter was addressed in our audit
Revenue recognition on construction contracts Revenue derived from construction contracts represents 36% of the Group's total revenue. The measurement and timing of the revenue arising from construction contracts recognized by reference to the "percentage of completion" in the period in which they are incurred. The measurement of contract revenue and estimation of the contract costs have been affected by a variety of uncertainties that depend on the outcome of future events and the management's estimates and judgements need to be revised as events occurred. Revenue recognition on construction contracts was considered to be a key audit matter, due to the significance of the estimates and the level of judgement applied by management. Refer to accounting policies for revenue recognition on construction contracts in Notes 2.5, 5 and 12.	Our audit procedures included: • We assessed the terms and conditions of the significant contracts in order to evaluate the management's estimate whether revenue is recognized within the related period. • We evaluated and tested the operating effectiveness of controls over the relevant processes regarding the accuracy and timing of revenue recognized in the financial statements. • We discussed with the Group finance and operational teams for uncompleted projects and the corresponding statements have been verified with supporting documentation. • The contract revenue associated with the construction contract have been recalculated by using the stage of completion method. • We assessed the management's ability to deliver contracts within budgeted margins by analysing the historical accuracy of forecasting margins and the relationship of cost versus billing status on contracts.
The Key Audit Matter	How the matter was addressed in our audit
Impairment of intangible assets (goodwill) As of 31 December 2017, the consolidated statement of financial position includes goodwill recognized under intangible assets amounting to USD 22,077 thousands after the impairment. The Group has recognized impairment loss for goodwill amounting to USD 33,091 thousands in current period financial statements. In accordance with TAS, the intangible assets with indefinite useful lives to which goodwill has been allocated shall be tested for impairment annually. Within this scope, significant estimates and assumptions applied by management have been used to determine impairment. These estimates and assumptions are based on the long term growth rate used to determine the cash generating unit's future cash flows, discount rates used to determine present value of future cash flows, inflation and foreign currency rates. These estimates and assumptions are highly sensitive to the expected future market conditions. Due to the estimates and judgements used for goodwill impairment test included appropriate considerations, we have identified this matter as a key audit matter. Refer to accounting policies for goodwill impairment in Notes 2.5 and 16.	Our audit procedures included: • We evaluated management's future cash flow forecasts by which they were determined with macroeconomic data, by comparing them to historical results checking that the forecast were consistent and confirming the mathematical accuracy of the underlying calculations. • We used our own valuation specialists to challenge the appropriateness of the key assumptions, long term growth rates used in the calculations, discount rates used to determine present value of future cash flows and compared with the rates used in the relevant sectors. • We considered the disclosures of goodwill described in notes to consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
Valuation of investment property As of 31 December 2017, the investment properties represent 26% of the Group's total assets. As explained in Notes 2.5 and 13, the Group measures the investment properties at fair values. The Group has appointed independent valuation firms to determine the fair values of investment properties. Valuation of investment property was considered to be a key audit matter, due to significant estimates and judgement used in valuation methods to determine fair value of investment properties.	Our audit procedures included: • We evaluated the qualifications and competence of the external valuers appointed by the Management for valuation of investment property. • We used our own valuation specialists to challenge the appropriateness of the key assumptions, valuation methods, long term growth rates used in the calculations, discount rates used to determine present value of future cash flows on a sample basis and compared with the rates used in the relevant sectors. • We agreed key inputs used in valuation reports such as rental income, management fee, yields and occupancy rate with the tenancy contracts. • We considered the disclosures of investment properties described in notes to consolidated financial statements.

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 1 March 2017.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Erdal Tıkmak, SMMM
Partner

2 March 2018
İstanbul, Turkey

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ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS AT 31 DECEMBER 2017**

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

		31 December	31 December
ASSETS	Notes	2017	2016
Current Assets		2,086,281	2,468,211
Cash and cash equivalents	6	781,718	1,000,020
Financial investments	7	578,886	684,133
Trade receivables	9	306,459	419,938
Other receivables			
Other receivables from related parties	10,33	21	-
Other receivables from third parties	10	793	1,537
Costs and estimated earnings in excess of billings			
on uncompleted contracts	12	12,168	3,060
Prepaid expenses	17	90,103	45,679
Inventories	11	223,772	264,804
Other current assets	21	68,725	48,356
		<u>2,062,645</u>	<u>2,467,527</u>
Assets held for sale	30	23,636	684
Non-Current Assets		5,945,008	5,118,410
Financial investments	7	2,118,672	1,510,400
Trade receivables	9	46,877	28,933
Investment properties	13	2,081,941	1,886,911
Property, plant and equipment	14	1,614,651	1,602,005
Intangible assets			
Goodwill	16	22,077	55,168
Other intangible assets	15	34,959	24,462
Prepaid expenses	17	18,745	4,868
Deferred tax assets	31	2,759	1,400
Other non-current assets	21	4,327	4,263
TOTAL ASSETS		<u>8,031,289</u>	<u>7,586,621</u>

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS AT 31 DECEMBER 2017**

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

		31 December	31 December
LIABILITIES	Notes	2017	2016
Current Liabilities		949,558	851,737
Short-term borrowings	8	40,105	24,279
Current portion of long-term borrowings	8	37,598	42,482
Trade payables	9	153,562	238,110
Payables to employees	20	26,704	21,873
Other payables			
Payables to related parties	10,33	34	90
Payables to third parties	10	19,513	13,133
Billings in excess of costs and estimated earnings			
on uncompleted contracts	12	267,629	241,027
Deferred income	17	224,234	98,681
Taxation on income	31	60,188	51,979
Provisions			
Provisions for employee benefits	20	20,460	18,342
Other provisions	18	50,795	58,465
Other current liabilities	21	48,736	43,276
Non-Current Liabilities		797,918	1,006,381
Long-term borrowings	8	233,807	217,249
Trade payables	9	59,002	-
Other payables	10	17,997	22,059
Deferred income	17	4,412	329,481
Provisions for employee benefits	20	15,520	16,290
Deferred tax liabilities	31	467,180	421,302
EQUITY		6,283,813	5,728,503
Equity Attributable to Equity Holders of the Parent		6,207,493	5,666,583
Share capital	22	2,556,803	2,445,227
Treasury shares	22	(25,866)	(12,032)
Revaluation surplus	22	176,262	182,004
Currency translation difference		(1,094,940)	(1,190,023)
Other reserves		280	(541)
Legal reserves and accumulated profit		4,594,954	4,241,948
Non-Controlling Interests		76,320	61,920
TOTAL LIABILITIES AND EQUITY		<u>8,031,289</u>	<u>7,586,621</u>

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

	Notes	1 January - 31 December 2017	1 January - 31 December 2016
CONTINUING OPERATIONS			
Revenue	5,23	2,899,584	3,506,113
Cost of revenues (-)	5,23	(2,148,974)	(2,713,548)
GROSS PROFIT		750,610	792,565
Administrative expenses (-)	5,24	(101,616)	(118,292)
Marketing, selling and distribution expenses (-)	5,24	(26,612)	(30,968)
Other operating income	5,26	42,221	25,409
Other operating expenses (-)	5,26	(26,209)	(40,796)
PROFIT FROM OPERATIONS		638,394	627,918
Income from investing activities	5,27	405,438	273,138
Expenses from investing activities (-)	5,27	(173,694)	(129,688)
OPERATING PROFIT		870,138	771,368
BEFORE FINANCE EXPENSES			
Financial income	5,28	23,241	27,312
Financial expenses (-)	5,29	(18,172)	(11,213)
PROFIT BEFORE TAX		875,207	787,467
FROM CONTINUING OPERATIONS			
Current tax expense (-)	5,31	(118,025)	(143,588)
Deferred tax expense (-)	5,31	(43,186)	(44,449)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		713,996	599,430
NET PROFIT FOR THE YEAR		713,996	599,430
Attributable to:			
Non-controlling interests		9,438	10,775
Equity holders of the parent		704,558	588,655
		713,996	599,430
Earning per share from continuing operations			
- ordinary share certificate (full cent)	32	0.15	0.13
Weighted average number of shares (1 cent weighted average shares)		458,160,000,000	459,080,000,000

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

	Notes	1 January - 31 December 2017	1 January - 31 December 2016
NET PROFIT FOR THE YEAR		713,996	599,430
Other Comprehensive Income:			
<i>Items that will not be reclassified subsequently to profit or loss</i>		<i>(5,363)</i>	<i>37,965</i>
Gains / (losses) on revaluation of property, plant and equipment	22,31	(5,787)	33,826
Remeasurement of defined benefit plans	20,31	(1,345)	(483)
Changes in currency translation difference	22,31	315	836
Income tax relating items that will not be reclassified subsequently to profit or loss		1,454	3,786
Income tax relating to gains / (losses) on revaluation of property, plant and equipment	31	1,185	3,689
Income tax relating to remeasurement of defined benefit plans	31	269	97
<i>Items that may be reclassified subsequently to profit or loss</i>		<i>102,696</i>	<i>136,577</i>
Changes in currency translation difference	31	102,696	136,577
OTHER COMPREHENSIVE INCOME / (LOSS)		97,333	174,542
TOTAL COMPREHENSIVE INCOME		811,329	773,972
Attributable to:			
Non-controlling interests		17,051	12,842
Equity holders of the parent		794,278	761,130
		811,329	773,972

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

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

	Notes	Share capital	Treasury shares	Revaluation surplus	Currency translation difference	Other reserves	Legal reserves and accumulated profit	Total	Non-controlling interests	Total equity
Balance at 1 January 2016		2,378,041	-	148,222	(1,326,308)	(843)	3,925,973	5,125,542	51,810	5,177,352
Total other comprehensive income		-	-	35,910	136,285	1,123	(386)	172,932	2,067	174,999
Profit for the year		-	-	-	-	-	588,655	588,655	10,775	599,430
Total comprehensive income		-	-	35,910	136,285	1,123	588,269	761,587	12,842	774,429
Purchase of treasury shares		-	(12,032)	-	-	-	-	(12,032)	-	(12,032)
Transfer of depreciation difference (net of deferred tax) of revaluation effect		-	-	(2,128)	-	-	2,128	-	-	-
Share capital increase	22	67,186	-	-	-	-	(67,186)	-	-	-
Dividends paid		-	-	-	-	-	(208,057)	(208,057)	(2,732)	(210,789)
Balance at 31 December 2016		2,445,227	(12,032)	182,004	(1,190,023)	280	4,241,127	5,666,583	61,920	5,728,503
Balance at 1 January 2017		2,445,227	(12,032)	182,004	(1,190,023)	280	4,241,127	5,666,583	61,920	5,728,503
Total other comprehensive income		-	-	(4,287)	95,083	-	(1,076)	89,720	7,613	97,333
Profit for the year		-	-	-	-	-	704,558	704,558	9,438	713,996
Total comprehensive income		-	-	(4,287)	95,083	-	703,482	794,278	17,051	811,329
Purchase of treasury shares		-	(13,834)	-	-	-	-	(13,834)	-	(13,834)
Transfer of depreciation difference (net of deferred tax) of revaluation effect		-	-	(1,455)	-	-	1,455	-	-	-
Share capital increase	22	111,576	-	-	-	-	(111,576)	-	-	-
Dividends paid		-	-	-	-	-	(239,534)	(239,534)	(2,651)	(242,185)
Balance at 31 December 2017		2,556,803	(25,866)	176,262	(1,094,940)	280	4,594,954	6,207,493	76,320	6,283,813

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

	Notes	1 January - 31 December 2017	1 January - 31 December 2016
Cash flows from operating activities			
Profit for the year		713,996	599,430
Adjustments to reconcile net income			
to net cash used in operating activities:			
- Depreciation and amortization of non-current assets	5	106,137	103,620
- Provision for employment termination benefits		2,660	2,475
- Allowance for doubtful receivables	9,26	130	4,141
- Adjustments to deferred income from electricity sale		(311,662)	(163,993)
- (Income) / loss from fair value of forward transactions		3,741	(409)
- Interest expense	29	3,542	2,858
- Interest income		(126,842)	(98,852)
- Dividend income	27	(9,408)	(9,618)
- Provision for inventory impairment, net		34,402	276
- Gain on sale or disposal of property, plant and equipment, net	14	(1,007)	(3,402)
- Fair value increase in investment properties and lands		1,781	(39,055)
- Valuation of investment securities		(106,992)	(10,162)
- Interest accrual		245	308
- Tax expense	31	161,211	188,037
		<u>471,934</u>	<u>575,654</u>
Movements in working capital			
Decrease in trade and other receivables		93,286	83,824
Decrease cost and estimated earnings in excess of billings on uncompleted contracts		(9,108)	76,784
(Increase) / decrease in inventory		39,719	(31,481)
Decrease in other current assets and other non current assets		(100,943)	24,238
Decrease in trade and other payables		(25,542)	(192,094)
Increase / (decrease) in billings in excess of cost and estimated earnings on uncompleted contracts		26,602	80,127
Decrease in provision for liabilities and other liabilities		<u>115,404</u>	<u>(23,777)</u>
		139,418	17,621
Income taxes paid	31	(109,816)	(148,039)
Employee termination benefits paid	20	<u>(3,877)</u>	<u>(1,830)</u>
Net cash generated from operating activities		497,659	443,406
Cash flows from investing activities			
Cash receipts from sales of equity or debt instruments of other entities		(396,033)	(182,886)
Proceeds on disposal or sale of property, plant and equipment	14	11,548	10,631
Purchases of property, plant and equipment, intangible assets and investment properties	5	(262,356)	(164,424)
Interest received		119,347	91,836
Dividend received		<u>9,408</u>	<u>9,618</u>
Net cash used in investing activities		(518,086)	(235,225)
Cash flows from financing activities			
Proceeds from borrowings		53,279	114,389
Repayments of borrowings		(45,094)	(37,915)
Purchase of treasury shares		(13,834)	(12,032)
Interest paid		(2,458)	(3,413)
Interest received		7,250	6,709
Dividend paid to non-controlling interests		(2,651)	(2,732)
Dividend paid		<u>(239,534)</u>	<u>(208,057)</u>
Net cash used in financing activities		(243,042)	(143,051)
Translation reserve		45,167	(14,298)
Net increase / (decrease) in cash and cash equivalents		(218,302)	50,832
Cash and cash equivalents at beginning of the year	6	<u>999,020</u>	<u>948,188</u>
Cash and cash equivalents at end of the year	6	780,718	999,020

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(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 (“Enka İnşaat”) was established on 4 December 1967 and registered in İstanbul, Turkey, under the Turkish Commercial Code. The address of the headquarter 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 December 2017, 12.03% of the shares of Enka İnşaat is traded publicly in İstanbul Stock Exchange (ISE).

As of 31 December 2017, the average numbers of white and blue-collar personnel are respectively 4.641 and 15.751 (31 December 2016 – 4.530 and 14.016).

For the purpose of the consolidated 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:

- 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.
- Russian Federation, Georgia, Turkmenistan and Kazakhstan*: engaged in construction activities and also in investment and development of real estate properties and shopping malls in Moscow, Russia.
- Engaged in construction activities in Gabon, Kenya, Djibouti, Mauritania and Equatorial Guinea in Africa; Saudi Arabia, Sri Lanka, India, Oman, Iraq, Afganistan, Mexico in Asia.
- Europe*: engaged in construction and trading activities in Romania, the Netherlands, Switzerland, Germany, Greece and Kosovo.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(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 (cont’d)

As of 31 December 2017, Enka İnşaat has the following subsidiaries whose business and country of incorporation are provided below:

Name of Subsidiary	Nature of business activities	Country of incorporation	Year of establishment
Enka Pazarlama İhracat İthalat Anonim Şirketi (Enka Pazarlama)	Engaged in marketing and after-sales service of construction machineries, trucks, industrial products and spare parts.	Turkey	1972
Çimtaş Çelik İmalat Montaj ve Tesisat Anonim Şirketi (Çimtaş)	Engaged in manufacturing of structural steel works, installation and establishing of the technical equipment.	Turkey	1973
Titaş Toprak İnşaat ve Taahhüt Anonim Şirketi (Titaş)	Engaged in all kinds of excavation activities, excavation backfilling works and quarrying-crushing operation of highway projects.	Turkey	1974
Kasktaş Kayar Kalıp Altyapı Sondaj Kazık ve Tecrit Anonim Şirketi (Kasktaş)	Engaged in pile dwelling work, any kind of base and superstructure construction, slip form and construction of drilling and ground surveys.	Turkey	1975
Entaş Nakliyat ve Turizm Anonim Şirketi (Entaş)	The firm operates in organization of domestic and international conventions and seminars and also engaged in tour reservations and ticket sales.	Turkey	1976
Enet Proje Araştırma ve Müşavirlik A.Ş. (Enet)	Performs architectural design services.	Turkey	1980
Enka Teknik Genel Müteahhitlik Bakım İşletme Sevk ve İdare Anonim Şirketi (Enka Teknik)	Operates in the business of material handling and storage systems, auxiliary facilities, water treatment and environmental engineering, infrastructure and construction, control systems and instrumentation engineering.	Turkey	1981
Entrade GmbH (Entrade)	Manages foreign investments of the Company.	Germany	1984
Limited Liability Company Enmar (Enmar)	Engaged in ready-mixed concrete production and various construction works.	Russia	1994
Airenka Hava Taşımacılığı A.Ş.(Air Enka)	Engaged in all kinds of air transportation.	Turkey	2001
Enka Holding B.V.	Manages foreign investments of the Company.	Netherlands	2001
Enka Müteahhitlik Hizmetleri A.Ş. (Enka Müteahhitlik)	Engaged in construction activities.	Turkey	2002
Adapazarı Elektrik Üretim Limited Şirketi (Adapazarı Elektrik) (*)	Performs production and selling of electricity.	Turkey	2004
İzmir Elektrik Üretim Limited Şirketi (İzmir Elektrik) (*)	Performs production and selling of electricity.	Turkey	2004
Enka Santral İşletme ve Bakım Hizmetleri Anonim Şirketi	Performs repair and maintenance of the power plants.	Turkey	2004
Gebze Elektrik Üretim Limited Şirketi (Gebze Elektrik) (*)	Performs production and selling of electricity.	Turkey	2004
Enka Limited Liability Company (Enka LLC)	Manages the Company’s construction, engineering and design jobs.	Ukraine	2006
Enka Enerji Ticaret A.Ş.	Will perform sale of electricity.	Turkey	2006
Enka & Co LLC	Engaged in construction activities.	Oman	2010

(*) İzmir Elektrik, Adapazarı Elektrik and Gebze Elektrik here and after are also referred to as “the Power Companies”.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

(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 (cont’d)

The construction contracts are undertaken by Enka İnşaat alone or together with its affiliated companies or, in partnerships with other contractors through joint operations. As of 31 December 2017, Enka İnşaat has the following joint operations:

Bechtel-Enka Joint Venture (Kazakhstan) – Senimdy Kurylys
Bechtel-Enka Joint Venture (Romania)
Bechtel-Enka Joint Venture (Albania)
Bechtel-Enka Joint Venture (Kosovo)
Bechtel-Enka Joint Venture (Oman)
Bechtel-Enka Joint Venture (Georgia)
Other (Europe, Africa, America, Asia)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

Basis for preparation of the financial statements and significant accounting policies

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The consolidated financial statements have been prepared on the historical cost convention, except for investment properties, buildings, financial assets at fair value through profit or loss and derivative financial instruments which are measured at fair values. The consolidated financial statements are presented in U.S. Dollars (“USD”) and all values are rounded to the nearest thousand (’000) except when otherwise indicated.

The Group adopted all standards, which were mandatory as of 31 December 2017. The consolidated financial statements of Enka İnşaat were authorized for issue by the management on 2 March 2018. The General Assembly and certain regulatory bodies have the power to amend the financial statements after issue.

Enka İnşaat and its subsidiaries which are incorporated in Turkey, maintain their books of accounts and prepare their statutory financial statements in Turkish Lira (“TL”) in accordance with Turkish Accounting Standards (“TAS”) issued by Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) as set out in the Communiqué serial II, No: 14.1 announcement of Capital Markets Board (“CMB”) dated 13 June 2013 related to “Capital Market Communiqué on Principles Regarding Financial Reporting”. The foreign subsidiaries maintain their books of accounts in accordance with the laws and regulations in force in the countries where they are registered. The consolidated financial statements are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

The Group also reported separately for the consolidated financial statements for the same period prepared in accordance with TAS.

There are no differences between the consolidated financial statements prepared in accordance with TAS and consolidated IFRS financial statements except for the use of TL and USD as the presentation currency, respectively.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

(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 THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.1 Basis of presentation (cont’d)

Functional and presentation currency

As significant amount of construction, energy and real estate operations of Enka İnşaat and its consolidated subsidiaries and its joint operations which form main part of the operations of the Group are carried out in U.S. Dollar or indexed to U.S. Dollar, this currency has been determined as the functional and the presentation currency of the Group in line with IAS 21 - The Effects of Changes in Foreign Exchange Rates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies (i.e. any currency other than the functional currency) are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of foreign subsidiaries operating in Russia (Moscow Krasnye Holmy (MKH), Limited Liability Company Mosenka (Mosenka) and Limited Liability Company Enka TC (Enka TC)) are Ruble. The functional currency of jointly managed subsidiaries established in Romania, Kosovo and Albania and Enka Pazarlama are the Euro. The functional currency of some subsidiaries incorporated in Turkey is TL. These companies reporting to Enka İnşaat in the currency of their respective currencies, and balance sheet items are denominated in US Dollar / Ruble, US Dollar / Euro and US Dollar / TL, respectively, income and expenses and cash flows are translated into US Dollar / Ruble, US Dollar / Euro and US Dollar / TL annual average rates, respectively.

The assets and liabilities of the subsidiaries whose functional currency is other than U.S. Dollars are translated into U.S. Dollars at the rate of exchange ruling at the balance sheet date and their consolidated statement of profit or loss are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as currency translation difference.

Within Turkey, official exchange rates of the Turkish Lira (TL) are determined by the Central Bank of Turkey (CBT) and are generally considered to be a reasonable approximation of market rates. Within the Russian Federation, official exchange rates are determined daily by the Central Bank of the Russian Federation (CBRF), which is also a reasonable approximation of market rates.

The year-end and average rates for 2017 and 2016 for one U.S. Dollar can be summarized as below:

	2017	2016
U.S. Dollars/TL – as of balance sheet date	3.7719	3.5192
U.S. Dollars/TL – yearly average	3.6445	3.0181
U.S. Dollars/RUB – as of balance sheet date	57.6002	60.6569
U.S. Dollars/RUB – yearly average	58.3529	67.0349

Inflation accounting

Until 31 December 2005, the financial statements of the subsidiaries, functional currency of which was TL, were restated for the changes in the general purchasing power of TL based on IAS 29 (“Financial Reporting in Hyperinflationary Economies”). Since the objective conditions for the restatement in hyperinflationary economies were no longer applicable at that time, Turkey came off hyperinflationary status effective from 1 January 2006. After the Turkish economy ceased to be hyperinflationary, such subsidiaries no longer restate their financial statements in accordance with IAS 29, and use as the historical costs for translation into the presentation currency the amounts restated to the price level at the date these subsidiaries ceased restating their financial statements. Therefore, the non-monetary assets and liabilities and components of shareholders’ equity of such subsidiaries including share capital reported in the balance sheet as of 31 December 2017 and 2016 are derived by indexing the additions occurred until 31 December 2005 and carrying the additions after this date with their nominal amounts.

Comparative information and reclassification of prior year consolidated financial statements

The Group prepares comparative consolidated financial statements, to enable readers to determine financial position and performance trends. For the purposes of effective comparison, comparative consolidated financial statements can be reclassified when deemed necessary by the Group, where descriptions on significant differences are disclosed. In the current year, there is no such reclassification.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(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 THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.1 Basis of presentation (cont’d)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company, its joint operations and its subsidiaries as at 31 December each year. The financial statements of the joint operations and the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Subsidiaries are all entities over which the Group has power to govern the financial and operating policies so as to benefit from its activities. Subsidiaries in which the Group owns directly or indirectly more than 50% of the voting rights, or has power to govern the financial and operating policies under a statute or agreement are consolidated. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. All significant intra-group transactions and balances between Enka İnşaat and its consolidated subsidiaries and joint operations are eliminated.

Non-controlling interests represent the portion of consolidated statement of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of profit or loss and within equity in the consolidated balance sheet, separately from parent shareholders’ equity.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(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 THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.1 Basis of presentation (cont’d)

Basis of consolidation (cont’d)

The subsidiaries included in consolidation and their shareholding percentages at 31 December 2017 and 2016 are as follows:

Company name	Segment	Functional Currency	Direct / Indirect ownership	
			31 December 2017	31 December 2016
İzmir Elektrik	Energy	USD	100.00%	100.00%
Adapazarı Elektrik	Energy	USD	100.00%	100.00%
Gebze Elektrik	Energy	USD	100.00%	100.00%
Enka TC LLC	Trade and manufacturing	RUB	100.00%	100.00%
Mosenka	Rental	RUB	100.00%	100.00%
MKH	Rental	RUB	100.00%	100.00%
OMKH	Rental	RUB	100.00%	-
Enka Santral Hizmetleri A.Ş.	Energy	USD	100.00%	100.00%
Enka Enerji Ticaret A.Ş.	Energy	USD	100.00%	100.00%
Enka Holding B.V.	Construction	EUR	100.00%	100.00%
Enka Holding Investment S.A.	Construction	USD	100.00%	100.00%
Enka Power Systems B.V.	Construction	EUR	100.00%	100.00%
Enka Construction & Development B.V.	Construction	EUR	100.00%	100.00%
Far East Development B.V.	Construction	EUR	100.00%	100.00%
Enka Geothermal B.V.Middle East Construction B.V	Construction	EUR	100.00%	100.00%
Enmar	Construction	USD	100.00%	100.00%
Entrade	Construction	EUR	100.00%	100.00%
Capital City Investment B.V.	Construction	EUR	100.00%	100.00%
City Center Investment B.V.	Rental	USD	100.00%	100.00%
Enka LLC	Construction	USD	100.00%	100.00%
Retmos Investment Ltd.	Construction	USD	100.00%	100.00%
Emos LLC	Trade and manufacturing	RUB	100.00%	100.00%
Enmar Construction B.V.	Trade and manufacturing	EUR	100.00%	100.00%
Cmos B.V.	Trade and manufacturing	EUR	100.00%	100.00%
OOO Victoria	Construction	USD	100.00%	100.00%
Enka & Co LLC	Construction	USD	100.00%	100.00%
Enka Müteahhitlik	Construction	TL	100.00%	100.00%
Edco Investment B.V.	Rental	EUR	100.00%	100.00%
Enru Development B.V.	Rental	EUR	100.00%	100.00%
Enkamos Region B.V.	Construction	EUR	100.00%	100.00%
Airenka	Trade and manufacturing	USD	100.00%	100.00%
Poyraz Shipping B.V.	Construction	USD	100.00%	100.00%
Bogazici Shipping B.V.	Construction	USD	100.00%	100.00%
Doga Shipping B.V.	Construction	USD	100.00%	100.00%
Imbat Shipping B.V.	Construction	USD	100.00%	100.00%
TNY Shipping B.V.	Construction	USD	100.00%	100.00%
Alacante Shipping B.V.	Construction	USD	100.00%	100.00%
BRK Overseas Shipping B.V.	Construction	USD	100.00%	100.00%
MML Merchant Shipping B.V.	Construction	USD	100.00%	100.00%
Esta Construction B.V.	Construction	USD	100.00%	100.00%
Enka UK Construction Ltd.	Construction	USD	100.00%	100.00%

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(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 THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.1 Basis of presentation (cont’d)

Company name (continuing)	Segment	Functional Currency	Direct / Indirect ownership	
			31 December 2017	31 December 2016
Enet	Construction	TL	100.00%	100.00%
Üstyurt Kurylys	Construction	USD	100.00%	-
Enka Pazarlama	Trade and manufacturing	EUR	99.99%	99.99%
Enka Finansal Kiralama A.Ş.	Trade and manufacturing	TL	99.99%	99.99%
Enka Trading B.V.	Trade and manufacturing	EUR	99.99%	-
Metra Akdeniz Diş Ticaret A.Ş.	Trade and manufacturing	TL	99.99%	99.93%
Entaş	Trade and manufacturing	TL	99.98%	99.98%
Kasktaş	Construction	USD	99.90%	99.90%
Burkas Ltd. Şti.	Construction	USD	99.90%	99.90%
Kasktaş Arabia Ltd.	Construction	USD	99.90%	99.90%
Titaş	Construction	USD	99.50%	99.50%
Çimtaş Gemi İnşa Sanayi ve Ticaret A.Ş.	Construction	USD	97.88%	97.88%
Çimtaş Hassas İşleme Sanayi ve Ltd.Şti	Construction	USD	97.35%	97.35%
Çimtaş Çelik	Construction	USD	97.35%	97.35%
Cimtas Mechanical Contracting B.V.	Construction	USD	97.35%	97.35%
Cimtas (Ningbo) Steel Processing Company Ltd.	Construction	USD	97.35%	97.35%
Cimtas Investment B.V.	Construction	EUR	97.35%	97.35%
Gemlik Deniz Taşımacılık Ltd.Şti.	Construction	USD	97.35%	97.35%
Enka Teknik	Construction	USD	80.00%	77.50%
Enka Systems	Trade and manufacturing	USD	75.00%	-
OOO R-Avtam	Rental	USD	100.00%	60.00%
Cimtas Boru İmalatları ve Ticaret Ltd. Şti.	Construction	EUR	50.00%	50.00%

The Group has interests in joint operations which are jointly controlled entities. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group recognizes its interest in the joint operations using proportionate consolidation. The breakdown of the controlling interests of the joint operations as of 31 December 2017 and 2016 is as follows:

	Functional Currency	31 December 2017	31 December 2016
Bechtel-Enka Joint Venture (Kazakhstan) – Senimdy Kurylys	USD	50.00%	50.00%
Bechtel-Enka Joint Venture (Romania)	EUR	50.00%	50.00%
Bechtel-Enka Joint Venture (Albania)	EUR	50.00%	50.00%
Bechtel-Enka Joint Venture (Kosovo)	EUR	50.00%	50.00%
Bechtel-Enka Joint Venture (Oman)	USD	50.00%	50.00%
Bechtel-Enka Joint Venture (Georgia)	USD	50.00%	50.00%
AECO Development Limited Liability Company (Oman)	USD	-	50.00%
Other Partnerships (Europe, Africa, America, Asia)	USD	50.00%	50.00%

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(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 THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.2 Changes in the accounting policies

Significant changes in accounting policies are applied retrospectively and prior year consolidated financial statements are restated when necessary. There is no change in accounting policies of the Group in the current year.

2.3 Changes in Accounting Estimates and Errors

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

New standards, interpretations and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group consolidated has not early adopted are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 issued in May 2014 replaces existing IFRS and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which companies expect to be entitled, rather than fair value and new guidance have been introduced on separating performance obligations for goods and services in a contract and recognition of revenue over time. IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

IFRS 9 Financial Instruments

The last version of IFRS 9, issued in July 2014, replaces the existing guidance in IAS 39 “*Financial Instruments: Recognition and Measurement*”. It also carries forward the guidance on recognition, classification, measurement and derecognition of financial instruments from IAS 39 to IFRS 9. The last version of IFRS 9 includes a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements and also includes guidance issued in previous versions of IFRS 9. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

On 8 December 2016, IASB issued IFRIC 22 Foreign Currency Transactions and Advance Consideration to clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. IFRIC 22 is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Group does not expect that application of IFRIC 22 will have significant impact on its consolidated financial statements.

Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions

IFRS 2 Share-Based Payment has been amended by IASB to improving consistency and resolve some long-standing ambiguities in share-based payment accounting. The amendments cover three accounting areas: i) measurement of cash-settled share-based payments, ii) classification of share-based payments settled net of tax withholdings; and iii) accounting for modification of a share-based payment from cash-settled to equity-settled. Also, same approach has been adopted for the measurement of cash-settled share-based payments as equity-settled share-based payments. If certain conditions are met, share-based payments settled net of tax withholdings are accounted for as equity-settled share-based payments. The amendments are effective for periods beginning on or after 1 January 2018, with earlier application permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IFRS 2.

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

2.4 Standards and interpretations issued but not yet effective

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

IAS 40 – Transfers of Investment Property

Amendments to IAS 40 - Transfers of Investment Property issued by IASB have been made to clarify uncertainty about that provide evidence of transfer of /from investment property to other asset groups. A change in management’s intentions for the use of property does not provide evidence of a change in intended use. Therefore, when an entity decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognised (eliminated from the statement of consolidated financial position) and does not reclassify it as inventory. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment. The amendment is effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IAS 40.

Annual Improvements to IFRSs 2014-2016 Cycle

Improvements to IFRSs

IASB issued Annual Improvements to IFRSs - 2014–2016 Cycle for applicable standards. The amendments listed below are effective as of 1 January 2018. Earlier application is permitted. The Group does not expect that application of these improvements to IFRSs will have significant impact on its consolidated financial statements.

IFRS 1 “First Time Adoption of International Financial Reporting Standards”

IFRS 1 is amended to removing of the outdated short-term exemptions for first-time adopters within the context of ‘Annual Improvements to IFRSs 2012-2014 Cycle’ related to disclosures for financial instruments, employee benefits and consolidation of investment entities.

IAS 28 “Investments in Associates and Joint Ventures”

The amendment enable when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9.

IFRS 16 Leases

On 13 January 2016, IASB issued the new leasing standard which will replace IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently changes to IAS 40 *Investment Properties*. IFRS 16 *Leases* eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. 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. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16.

IFRIC 23 –Uncertainty over Income Tax Treatments

On 17 June 2017, IASB issued IFRIC 23 Uncertainty over Income Tax Treatments to specify how to reflect uncertainty in accounting for income taxes. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company’s tax treatment. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. IFRIC 23 is effective from 1 January 2019, with earlier application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRIC 23.

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

2.4 Summary of significant accounting policies (continued)

Standards issued but not yet effective and not early adopted (continued)

Annual Improvements to IFRSs 2015-2017 Cycle

Improvements to IFRSs

IASB issued Annual Improvements to IFRSs - 2015–2017 Cycle for applicable standards. The amendments are effective as of 1 January 2019. Earlier application is permitted. The Group does not expect that application of these improvements to IFRSs will have significant impact on its consolidated financial statements.

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements

IFRS 3 and IFRS 11 are amended to clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business. If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value. If a party maintains (or obtains) joint control, then the previously held interest is not remeasured.

IAS 12 Income Taxes

IAS 12 is amended to clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income (OCI) or equity.

IAS 23 Borrowing Costs

IAS 23 is amended to clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool.

Amendments to IAS 28- Long-term interests in Associates and Joint Ventures

On 12 October 2017, IASB has issued amendments to IAS 28 to clarify that entities also apply IFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity’s net investment in an associate or joint venture. An entity applies IFRS 9 to such long-term interests before it applies related paragraphs of IAS 28. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IAS 28.

Amendments to IFRS 9 - Prepayment features with negative compensation

On 12 October 2017, IASB has issued amendments to IFRS 9 to clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. Under IFRS 9, a prepayment option in a financial asset meets this criterion if the prepayment amount substantially represents unpaid amounts of principal and interest, which may include ‘reasonable additional compensation’ for early termination of the contract. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IFRS 9.

IFRS 17 –Insurance Contracts

On 18 May 2017, IASB issued IFRS 17 Insurance Contracts. This first truly international 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.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

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

2.5 Summary of significant accounting policies

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is reduced for estimated or realized customer returns, discount commissions, rebates and taxes related to sales. The following specific recognition criteria must also be met before revenue is recognized:

Construction contract activities

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

Revenue arising from cost plus fee contracts is recognized on the basis of costs incurred plus a percentage of the contract fee earned during the year.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs. Selling, general and administrative expenses are charged to the consolidated statement of profit or loss as incurred. Provisions for estimated losses on uncompleted contracts are made in full, in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined. Profit incentives are included in revenues when their realization is reasonably assured.

Costs and estimated earnings in excess of billings on uncompleted contracts represent revenues recognized in excess of amounts billed. Billings in excess of costs and estimated earnings on uncompleted contracts represent billings in excess of revenues recognized.

Energy activities

The Power Companies have signed an “Electric Sales Agreement” (ESA) with Türkiye Elektrik Ticaret ve Taahhüt A.Ş. (TETAŞ) for the establishment, management and sale of electricity that will be produced for a period of 20 years in accordance with the Build-Own-Operate Law numbered 4283 and Build-Own-Operate regulation. As the period includes project development and construction phases, the contract dates of power plants are 16 years after the beginning of the operation. The sales price and quantity in terms of Kwh during the 16 years period are determined in the ESA. Average energy sales price is determined by dividing yearly sales revenues calculated over yearly sales amounts and unit prices by the 16 year-sales quantities. At the end of each year, the average price is recalculated over the realized amounts. Therefore, revenues from the sale of electricity under long-term contracts are recognized on the average charge per Kwh over the life of the contract. Both the ‘investment’ and the ‘fuel cost’ item revenues in the scope of the contract are levelised accordingly. Revenues in excess of the average are recorded as deferred revenue in the consolidated balance sheet and are recognized over the life of the project.

Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is reduced for estimated or realized customer returns, discount commissions, rebates and taxes related to sales.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

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

2.5 Summary of significant accounting policies (cont’d)

Revenue (cont’d)

Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases. Rental income collected in advance is treated as deferred income and is amortised on a monthly basis during the lease period.

Rendering of services

Revenue is recognized by reference to the stage of completion.

Interest income

Interest income and expenses are recognized in the consolidated statement of profit or loss on an accrual basis taking into account the effective yield on the asset. When loans provided by the Group are considered doubtful by the management of the Group, the interest accrual is not recognized in the consolidated statement of profit or loss.

Dividends

Revenue is recognized when the Group’s right to receive the payment is established.

Inventories

Inventories are valued at the lower of cost or net realizable value. Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

Raw materials, spare parts, merchandise and construction materials - purchase cost on moving weighted average basis.

Goods for resale - purchase cost on moving weighted average basis.

Finished goods - cost of direct materials and labor and a proportion of manufacturing overheads based on moving weighted average basis.

The Group also provides an allowance for the slow moving and obsolete items.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

With the exception of land and buildings, items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Land is not depreciated. The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Land and buildings are carried at revalued amounts. Any revaluation increase arising on the revaluation of such land and buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

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FOR THE YEAR ENDED 31 DECEMBER 2017

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

2.5 Summary of significant accounting policies (cont’d)

Property, plant and equipment (cont’d)

Repairs and maintenance are charged to the consolidated statements of profit or loss during the financial period in which they are incurred. The costs of major renovations are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group.

Depreciation is provided on all property, plant and equipment using the straight-line method at rates which approximate estimated useful lives of the related assets as follows:

	Useful life
Land improvements	5-50 years
Buildings	10-50 years
Power plant equipment	35 years
Pipelines	16 years
Electrical interconnection lines	16 years
Machinery and equipment	4-10 years
Motor vehicles	3-10 years
Furniture and fixtures	5-10 years
Barracks, scaffolding and formworks	5 years
Aircrafts	10-15 years
Others	5-10 years

Power plant equipment is recorded at its original cost of construction. Significant additions or improvements are capitalized when they extend the life, improve the efficiency or increase the earnings capacity of the asset. Expenditures for maintenance, repairs and minor renewals to maintain facilities in operating condition are expensed as incurred.

The asset’s residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Intangible assets (except goodwill)

Intangible assets mainly includes software rights, they are initially recognized at acquisition cost that are amortized over 3 to 10 years on straight-line basis.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(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 THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.5 Summary of significant accounting policies (cont’d)

Investment properties

Land and buildings that are held for long term rental yields or for capital appreciation rather than for in the production of supply of goods or services of for administrative purposes or the sale in the ordinary course of business are classified as “investment property”. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the year in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Investment property also includes long-term leasehold land held under an operating lease, which is accounted for as a finance lease in accordance with IAS 40 “Investment Property” and IAS 17 “Leases”. Each lease payment on the long-term leasehold land is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current lease liability on leasehold land. The interest element of the finance cost is charged to consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Business combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the consolidated statement of profit or loss as a bargain purchase gain.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

2.5 Summary of significant accounting policies (cont’d)

Business combinations (cont’d)

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquire prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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

2.5 Summary of significant accounting policies (cont’d)

Non-current assets held for sale

The Group measures a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell, and depreciation on such assets are ceased.

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and: represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations. The Group measured assets and liabilities related to the disposal group at the lower of their previous carrying amount and fair value less costs to sell (Note 30).

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(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 THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.5 Summary of significant accounting policies (cont’d)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the consolidated statement of profit or loss in the period in which they are incurred.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

According to IFRS 9 as from 1 January 2010, the group classifies its financial assets in the following categories: those to be measured subsequently at fair value, and those to be measured at amortised cost. This classification depends on whether the financial asset is a debt or equity investment.

(a) Financial assets at amortised cost

A debt investment is classified as ‘amortised cost’ only if both of the following criteria are met: the objective of the group’s business model is to hold the asset to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. The nature of any derivatives embedded in the debt investment are considered in determining whether the cash flows of the investment are solely payment of principal and interest on the principal outstanding and are not accounted for separately.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process using the effective interest rate method.

(b) Financial assets at fair value

If either of the two criteria above are not met, the debt instrument is classified as ‘fair value through profit or loss. The Group has classified their financial assets as financial assets to be measured at fair value.

Regular purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

At initial recognition, the group measures a financial asset at its fair value. A gain or loss on a debt investment that is subsequently measured at fair value and is not part of a hedging relationship is recognised in profit or loss and presented in the consolidated statement of profit or loss within income / (expenses) from investing activities in the period in which they arise. The Group is required to reclassify all affected debt investments when and only when its business model for managing those assets changes.

Impairment of financial assets

Financial assets at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(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 THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.5 Summary of significant accounting policies (cont’d)

Financial instruments (cont’d)

Impairment of financial assets (cont’d)

Financial assets at amortised cost (cont’d)

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The group, for economic or legal reasons relating to the borrower’s financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - i. adverse changes in the payment status of borrowers in the portfolio; and
 - ii. national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The Group’s cash and cash equivalents are classified under the category of ‘Loans and Receivables’.

Financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

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

2.5 Summary of significant accounting policies (cont’d)

Financial instruments (cont’d)

Financial liabilities (cont’d)

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities.

a) Financial liabilities at fair value through profit and loss

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

b) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derivative financial instruments and hedging

Derivative financial instruments are initially recognized at fair value and are subsequently remeasured at their fair value. Derivative financial instruments of the Group predominantly constitute forward foreign currency purchase and sale contracts. Forward foreign exchange contracts are not accounted for as hedging derivative instruments for the purpose of hedging risk in the Consolidated Financial Statements due to the fact that they can not provide the effective protection against the risks for the Group economically and in accordance with TAS 39 - "Financial Instruments: Recognition and Measurement"

The fair value of forward foreign exchange contracts measured at fair value and associated with the consolidated profit or loss table is calculated by reference to the market interest rates valid for the rest of the contract for the relevant currency for the relevant period, by comparison with exchange rate. Derivatives are recorded as assets or liabilities in the balance sheet, respectively, depending on whether the fair value is positive or negative. Differences arising from the fair value of derivative financial instruments that are measured at fair value through profit or loss in the consolidated statement of income are reflected in the profit and loss statement in the consolidated statements of income.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

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

2.5 Summary of significant accounting policies (cont’d)

Financial instruments (cont’d)

Derivative financial instruments and hedging (cont’d)

Cash flow hedges are a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability and could affect consolidated statement of profit or loss. The Power Companies have borrowings with variable interest rates and the Group uses interest rate caps to hedge the exposure to variability in cash flows due to the change in interest rates. The effective portion of the gain or loss on the hedging instrument is recognized directly in equity, while the ineffective portion is recognized in consolidated statement of profit or loss.

Amounts taken to equity are transferred to the consolidated statement of profit or loss when the hedged transaction affects consolidated statement of profit or loss.

Accounting at the date of transaction

All financial assets are recognized and derecognized on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Effects of Changes in Foreign Exchange Rates

Transactions in currencies other than functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign currency indexed monetary assets and liabilities are recorded at the rates of exchange prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in the consolidated statement of profit or loss in the period in which they arise.

Earnings per share

Basic earnings per share (EPS) disclosed in the consolidated statement of profit or loss are determined by dividing net profit by the weighted average number of shares that have been outstanding during the related year concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (Bonus Shares) to existing shareholders without a consideration for amounts resolved to be transferred to share capital from retained earnings. For the purpose of the EPS calculation, such bonus share distributions are regarded as stock dividends. If the number of ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic EPS for all periods presented is adjusted retrospectively. If these changes occur after the balance sheet date but before the financial statements are authorized for issue, the EPS calculations for those and any prior period financial statements presented is based on the new number of shares.

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

2.5 Summary of significant accounting policies (cont’d)

Provisions, contingent liabilities, contingent assets

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities and assets

If contingent liabilities does not carry a high probability of resource allocation (cash outflow), they are not recognized in the consolidated financial statements but disclosed in the footnotes. However, contingent assets are not recognized in consolidated financial statements but disclosed in the footnotes when an inflow of economic benefits is probable.

Leases - The Group as lessee

Finance leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against consolidated statement of profit or loss. Leased assets are depreciated over the useful life of the asset. However, if there is no reasonably certainty that the Group will obtain ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease

Leases of assets under which substantially all the risks and rewards of ownership are effectively retained by the lessor, are classified as operating leases, except long-term leasehold land classified as investment property. Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognized as a reduction of rental expense over the lease term on a straight-line basis.

Leases - The Group as lessor

Operating lease

The Group has entered into commercial and residential property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases. Lease income from operating leases is recognized in consolidated statement of profit or loss on a straight-line basis over the lease term. Costs, including depreciation, incurred in earning the lease income are recognized as an expense. Initial direct costs incurred by the Group in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income.

Related parties

Related parties are individuals or entities that are related to the entity that is preparing its financial statements (reporting entity).

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

2.5 Summary of significant accounting policies (cont’d)

Related parties (cont’d)

a) An individual or a close family member is considered related party of the reporting entity when the following criteria are met: If a certain individual,

- i) Has control or joint control over the reporting entity,
- ii) Has significant influence over the reporting entity,
- iii) Is a key management personnel of the reporting entity or a parent company of the reporting entity.

b) An entity is considered related party of the reporting entity when the following criteria are met:

- i) If the entity and the reporting entity is within the same group (meaning every parent company, subsidiary and other subsidiaries are considered related parties of others.
- ii) If the reporting entity is a subsidiary or a joint venture of another entity (or of another entity that the entity is within the same group).
- iii) If both of the entities are a joint venture of a third party.
- iv) If one of the entities are a joint venture of a third party while the other entity is a subsidiary of this third party.
- v) If entity has plans of post employment benefits for employees of reporting entity or a related party of a reporting entity. If the reporting entity has its own plans, sponsor employers are also considered as related parties.
- vi) If the entity is controlled or jointly controlled by an individual defined in the article (a).
- vii) If an individual defined in the clause (i) of article (a) has significant influence over the reporting entity or is a key management personnel of this certain entity (or a parent company of the entity)

Related party transaction is the transfer of resources, services or liabilities regardless of whether a price is charged or not.

Income tax

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the balance sheet date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit or loss.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that, in the management’s judgment, it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet dates.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and deferred taxes relate to the same taxable entity and the same taxation authority. Deferred tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit or loss.

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

2.5 Summary of significant accounting policies (cont’d)

Employee termination benefits

The Group has both defined benefit and defined contribution plans as described below:

Defined benefit plans

In accordance with existing social legislation in Turkey, the Company and its subsidiaries in Turkey are required to make lump-sum termination indemnities to each employee who has completed one year of service and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

These benefits are unfunded. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. All actuarial gains and losses are recognized in the consolidated statement of other comprehensive income.

Personnel working in branches operating in foreign countries and joint-operations do not have any employee termination benefit as there is no legal obligation in these countries.

Defined contribution plans

The Company and its subsidiaries in Turkey pay contributions to publicly administered Social Security Fund on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Foreign subsidiaries and joint operations contribute to the related government body for the pension scheme of its employees in the country they are domiciled. Mandatory contributions to the governmental pension scheme are expensed when incurred.

Statement of cash flows

Cash flows are classified according to operating, investment and finance activities in the consolidated statement of cash flows.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, excluding short term deposits with an original maturity of more than three months and deposits blocked in bank accounts as collateral.

Events after the reporting period

Events after the reporting period, also known as ‘subsequent events’ include any favorable or unfavorable event that took place between the balance sheet date and the publication date of the balance sheet, despite any possible event that might arise after the publicization of any information regarding profits or other financial figures.

The Group adjusts its consolidated financial statements if such adjusting subsequent events arise.

2.6 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that are reflected in the measurement of income and expense in the consolidated statement of profit or loss and in the carrying value of assets and liabilities in the consolidated balance sheet, and in the disclosure of information in the notes to the consolidated financial statements. Managements do exercise judgment and make use of information available at the date of the preparation of the consolidated financial statements in making these estimates. The actual future results from operations in respect of the areas where these judgments and estimates have been made may in reality be different than those estimates.

The key assumptions concerning the future and other key resources of estimation at the consolidated balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the significant judgments (apart from those involving estimations) with the most significant effect on amounts recognized in the consolidated financial statements are as follows:

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

2.6 Significant accounting judgements, estimates and assumptions (cont’d)

- Determination of total estimated project costs, profitability and calculation of loss accruals under the scope of IAS 11 “Construction Contracts” (Note 12).
- Market valuations of investment properties under the scope of IAS 40 “Investment Property” and land and buildings under the scope of IAS 16 “Property, Plant and Equipment” (Note 13 and 14).
- Estimation of impairment losses on financial assets and trade receivables (Note 7 and 9).
- Significant management judgement is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and the level of future taxable profits together with future tax planning strategies (Note 31).
- The Group management has made significant assumptions for determining the economic lives of tangible and intangible assets with the guidance of experienced technical staff (Note 14, 15).
- Impairment test of goodwill (Note 16).
- In accordance with the accounting policies referred to in Note 2.5, provisions are based on the assumption that the Group has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount to be paid can be reliably estimated. The Group is subject to various legal processes, requests and regulatory negotiations whose results are uncertain. The Group assesses the likelihood of adverse consequences as well as other factors, and the possibility of reasonably estimating losses. Unforeseeable events and changes in these factors may require an increase or decrease in the provisions that the Group accounts for (whether it is considered unlikely or has not recorded a provision due to inability of a reliable estimation).

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3. DIVIDENDS

Based on the Group's Ordinary General Assembly held on 24 March 2017; regarding to the distribution of the year 2016 profit, it has been resolved to distribute dividend to its shareholders for each TL 1 (full TL) nominal valued share, 0.12 full TL gross / 0.108 full TL net in total TL 784,000 (2016 - TL 600,000); further it has been resolved to distribute TL 29,352 (2016 - TL 21,998) as cash dividend to founder shares. Net in total TL 280,000 from TL 784,000 has been distributed as an advance dividend on 28 September 2016 and 14 December 2016, and the remaning amount net in total TL 504,000 is distributed on 19 April 2017.

In 2017 and 2016, the Group distributed dividends as detailed below:

	2017		2016	
	Dividend	Dividends per share	Dividend	Dividends per share
Ordinary share owners (1 Full TL nominal value)	504,000	0.12 Full TL	320,000	0.08 Full TL
Founder share owners	29,352	29.35 TL	21,998	21.99 TL
Ordinary share owners (1 Full TL nominal value) (*)	165,000	0.03 Full TL	140,000	0.03 Full TL
Ordinary share owners (1 Full TL nominal value) (**)	184,000	0.03 Full TL	140,000	0.03 Full TL
	<u>882,352 TL</u>		<u>621,998 TL</u>	

(*) Based on the power vested in the Board of Directors of Enka İnşaat by the General Assembly in its ordinary Meeting held on 24 March 2017; regarding to the distribution of the period between 1 January – 30 June 2017 profit, it is resolved to distribute, as of the date of 27 September 2017 a total TL 165,000 from the amount that remains after deduction of the reserves as required, pursuant to the provisions of the Turkish Code of Commerce and the Articles of Association, dividend advances at a rate of 3.59% gross and 3.05% net per share.

(**) Based on the power vested in the Board of Directors of Enka İnşaat by the General Assembly in its ordinary Meeting held on 24 March 2017; regarding to the distribution of the period between 1 January – 30 September 2017 profit, it is resolved to distribute, as of the date of 13 December 2017 a total TL 184,000 from the amount that remains after deduction of the reserves as required, pursuant to the provisions of the Turkish Code of Commerce and the Articles of Association, dividend advances at a rate of 4.00% gross and 3.40% net per share.

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4. INTEREST IN JOINT OPERATIONS

The Group's share in the assets and liabilities and the profit/loss of the of the joint operations using the proportionate consolidation method on a line by line basis is as follows:

	31 December 2017	31 December 2016
ASSETS		
Current Assets		
Cash and cash equivalents	170,316	137,463
Trade receivables	58,951	98,690
Other receivables	43	40
Inventories	4,468	8,203
Costs and estimated earnings in excess of billings on uncompleted contracts	7,713	-
Other current assets	13,126	13,297
Group's share in current assets of joint operations	254,617	257,693
Non-Current Assets		
Cost	73,775	67,037
Accumulated depreciation	(46,469)	(40,250)
Group's share in joint operations in property, plant and equipment	27,306	26,787
Other non-current assets	8,086	3,904
Group's share in non-current assets of joint operations	8,086	3,904
LIABILITIES		
Current Liabilities		
Trade payables	21,829	24,781
Billings in excess of costs and estimated earnings on uncompleted contracts	187,053	160,386
Provisions	5,264	6,411
Provisions for employee benefits	6,422	2,545
Other current liabilities	9,080	12,070
Group's share in current liabilities of joint operations	229,648	206,193
Non-Current Liabilities		
Other non-current liabilities	1,250	15,000
Group's share in non-current liabilities of joint operations	1,250	15,000

The Group's share in the consolidated statement of profit or loss of the joint operations using the proportionate consolidation method on a line by line basis is as follows:

	1 January - 31 December 2017	1 January - 31 December 2016
Revenue	410,603	592,361
Cost of revenue	(301,889)	(461,601)
Other operating income	-	15
Other operating expenses	(2,502)	-
Financial income	220	-
Financial expenses	(55)	(2,259)
Taxation charge	(4,672)	(8,370)
Net profit	101,705	120,146

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5. 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 December 2017					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	1,032,871	318,977	227,964	1,319,772	-	2,899,584
Inter-segment revenues	162,137	-	6,281	17,197	(185,615)	-
Cost of revenues (-)	(811,523)	(103,248)	(179,760)	(1,054,443)	-	(2,148,974)
Inter-segment cost of revenues (-)	(162,137)	-	(6,281)	(17,197)	185,615	-
Gross profit	221,348	215,729	48,204	265,329	-	750,610
Administrative expenses (-)	(66,832)	(17,169)	(8,389)	(9,226)	-	(101,616)
Marketing, selling and distribution expenses (-)	(9,811)	(5,576)	(11,215)	(10)	-	(26,612)
Other operating income	38,693	1,218	766	1,544	-	42,221
Other operating expenses (-)	(19,541)	(4,148)	(2,296)	(224)	-	(26,209)
Profit from operations	163,857	190,054	27,070	257,413	-	638,394
Investment income	346,658	58,723	16	41	-	405,438
Investment expenses (-)	(92,628)	(47,975)	-	(33,091)	-	(173,694)
Profit from operations Before financial income/(expenses)	417,887	200,802	27,086	224,363	-	870,138
Financial income	14,939	2,245	5,381	4,782	(4,106)	23,241
Financial expenses (-)	(10,891)	(3,268)	(6,494)	(1,625)	4,106	(18,172)
Profit before tax	421,935	199,779	25,973	227,520	-	875,207
Current tax expense (-)	(42,179)	(38,735)	(5,763)	(31,348)	-	(118,025)
Deferred tax expense (-)	(7,030)	(8,677)	(625)	(26,854)	-	(43,186)
Profit for the year from continuing operations	372,726	152,367	19,585	169,318	-	713,996
	31 December 2017					
	Construction contracts	Rental	Trade	Energy	Consolidated	
Segment assets	4,232,520	2,204,963	230,174	1,363,632	8,031,289	
Total assets	4,232,520	2,204,963	230,174	1,363,632	8,031,289	
Segment liabilities	696,449	430,388	91,396	529,243	1,747,476	
Total liabilities	696,449	430,388	91,396	529,243	1,747,476	
	1 January - 31 December 2017					
	Construction contracts	Rental	Trade	Energy	Consolidated	
Other segment information						
<u>Capital expenditures</u>						
Property, plant and equipment & investment property	81,264	139,709	281	28,502	249,756	
Intangible assets	12,298	113	48	141	12,600	
Total capital expenditures	93,562	139,822	329	28,643	262,356	
Depreciation expenses	45,794	2,444	1,018	54,414	103,670	
Amortization expenses	2,199	86	41	141	2,467	

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5. SEGMENTAL INFORMATION (cont’d)

a) Business segments (cont’d)

	1 January - 31 December 2016					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	1,382,388	318,263	243,691	1,561,771	-	3,506,113
Inter-segment revenues	70,304	730	2,354	20,375	(93,763)	-
Cost of revenues (-)	(1,158,894)	(79,789)	(205,659)	(1,269,206)	-	(2,713,548)
Inter-segment cost of revenues (-)	(70,539)	-	(2,354)	(20,375)	93,268	-
Gross profit	223,259	239,204	38,032	292,565	(495)	792,565
Administrative expenses (-)	(81,105)	(14,140)	(14,384)	(9,393)	730	(118,292)
Marketing, selling and distribution expenses (-)	(15,499)	(5,035)	(10,434)	-	-	(30,968)
Other operating income	14,851	6,123	2,737	1,698	-	25,409
Other operating expenses (-)	(26,212)	(6,112)	(1,626)	(6,846)	-	(40,796)
Profit from operations	115,294	220,040	14,325	278,024	235	627,918
Investment income	226,768	46,257	13	100	-	273,138
Investment expenses (-)	(129,688)	-	-	-	-	(129,688)
Profit from operations Before financial income/(expenses)	212,374	266,297	14,338	278,124	235	771,368
Financial income	13,360	7,186	4,179	6,791	(4,204)	27,312
Financial expenses (-)	(4,593)	(6,117)	(3,086)	(1,579)	4,162	(11,213)
Profit before tax	221,141	267,366	15,431	283,336	193	787,467
Current tax expense (-)	(67,090)	(34,022)	(7,780)	(34,696)	-	(143,588)
Deferred tax expense (-)	838	(14,588)	369	(31,068)	-	(44,449)
Profit for the year from continuing operations	154,889	218,756	8,020	217,572	193	599,430
	31 December 2016					
	Construction contracts	Rental	Trade	Energy	Consolidated	
Segment assets	3,807,351	1,960,577	211,590	1,607,103	7,586,621	
Total assets	3,807,351	1,960,577	211,590	1,607,103	7,586,621	
Segment liabilities	728,170	400,904	88,524	640,520	1,858,118	
Total liabilities	728,170	400,904	88,524	640,520	1,858,118	
	1 January - 31 December 2016					
	Construction contracts	Rental	Trade	Energy	Consolidated	
Other segment information						
<u>Capital expenditures</u>						
Property, plant and equipment & investment property	67,638	57,390	86	32,919	158,033	
Intangible assets	6,122	59	12	198	6,391	
Total capital expenditures	73,760	57,449	98	33,117	164,424	
Depreciation expenses	45,383	3,100	738	52,591	101,812	
Amortization expenses	1,426	113	99	170	1,808	

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5. SEGMENTAL INFORMATION (cont’d)

a) Business segments (cont’d)

Transfer prices between business segments are set out on an arm’s length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in consolidation.

For the year ended 31 December 2017, revenue amounting to USD 1,319,772 (31 December 2016 - USD 1,561,771) is from Türkiye Elektrik Ticaret ve Taahhüt A.Ş. (TETAŞ), the share of which in consolidated revenue exceeds 10%. For the year ended 31 December 2017, cost of sales of the above mentioned revenues from TETAŞ, amounting to USD 908,581 (31 December 2016 - USD 1,135,046) is related with the purchases from Boru Hatları ile Petrol Taşıma A.Ş. (BOTAS), the share of which in consolidated cost of revenues exceeds 10%.

b) Geographical segments

1 January - 31 December 2017						
	Turkey	Russian Federation, Kazakhstan, Georgia	Iraq	Other	Eliminations	Consolidated
Net sales	1,867,310	681,436	164,836	186,002	-	2,899,584
Inter-segment sales	65,838	119,777	-	-	(185,615)	-
Capital expenditures	98,160	142,763	8,282	13,151	-	262,356

31 December 2017						
	Turkey	Russian Federation, Kazakhstan, Georgia	Iraq	Other	Eliminations	Consolidated
Segmental assets	5,073,605	2,630,522	101,135	226,027	-	8,031,289

1 January - 31 December 2016						
	Turkey	Russian Federation, Kazakhstan, Georgia	Iraq	Other	Eliminations	Consolidated
Net sales	2,181,304	697,006	320,707	307,096	-	3,506,113
Inter-segment sales	48,986	44,777	-	-	(93,763)	-
Capital expenditures	87,091	64,864	10,323	2,146	-	164,424

31 December 2016						
	Turkey	Russian Federation, Kazakhstan, Georgia	Iraq	Other	Eliminations	Consolidated
Segmental assets	3,939,352	2,380,154	152,300	1,114,815	-	7,586,621

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6. CASH AND CASH EQUIVALENTS

	31 December 2017	31 December 2016
Cash on hand	1,769	1,837
Cash in bank		
Demand deposits	312,195	647,980
Time deposits	464,379	347,260
Other	3,375	2,943
	<u>781,718</u>	<u>1,000,020</u>
Less: Restricted time deposits with maturity over three months and less than one year	(1,000)	(1,000)
Cash and cash equivalents at consolidated statement of cash flows	<u>780,718</u>	<u>999,020</u>

Informations about the nature and level of risks related to cash and cash equivalents are provided in Note 34.

7. FINANCIAL INVESTMENTS

Current financial investments

Short-term financial investments of the Group classified as financial assets at fair value through profit or loss as of 31 December 2017 and 2016 are detailed below:

	31 December 2017	31 December 2016
Financial assets at fair value through profit or loss		
Private sector bonds		
- International markets	42,400	40,736
Foreign Government bonds		
- International markets	99,716	267,639
Equity securities		
- International markets	323,449	273,216
Mutual funds		
- International markets	113,321	102,480
- Domestic market	-	62
	<u>578,886</u>	<u>684,133</u>

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7. FINANCIAL INVESTMENTS (cont’d)

Non-current financial investments

Long-term financial investments of the Group classified as financial assets at fair value through profit or loss as of 31 December 2017 and 2016 are detailed below:

	31 December 2017	31 December 2016
Financial assets at fair value through profit or loss		
Private sector bonds		
- International markets	1,744,174	1,466,390
Foreign Government bonds		
- International markets	358,234	15,015
Turkish Government bonds		
- International markets	15,955	28,742
Equity securities	309	253
	<u>2,118,672</u>	<u>1,510,400</u>

Maximum maturity dates of financial assets in the nature of borrowings are as follows:

	31 December 2017	31 December 2016
Private Sector Bonds - International markets	28 March 2073	28 March 2073
Foreign Government Bonds - International markets	17 October 2044	17 October 2044
Turkish Government Bonds - International markets	14 January 2041	14 January 2041

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8. FINANCIAL LIABILITIES

a) Bank loans

Short-term borrowings:	31 December 2017			
	Weighted Average Interest Rate	Currency Type	Original Currency	USD Equivalent
Short-term bank borrowings	1.04%	EUR	33,500	40,103
	0.00%	TL	7	2
Total short-term borrowings				<u>40,105</u>
Long-term borrowings:				
Other long-term bank borrowings (*)	2.50%	EUR	50,090	59,965
	1.64%	JPY	7,808,046	69,182
Finance lease obligations				142,258
				<u>271,405</u>
Less: Current portion of long-term borrowings				(37,598)
Total long-term borrowings				<u>233,807</u>

(*) Loan denominated in Japanese Yen were obtained to finance the operations of Enka Pazarlama which is the subsidiary of the Group.

Short-term borrowings:	31 December 2016			
	Weighted Average Interest Rate	Currency Type	Original Currency	USD Equivalent
Short-term bank borrowings	0.75%	EUR	13,500	14,232
	2.15%	USD	10,047	10,047
Total short-term borrowings				<u>24,279</u>
Long-term borrowings:				
Hermes loan (*)	1.16%	EUR	732	771
Other long-term bank borrowings (*)	2.50%	EUR	49,999	52,708
	1.89%	JPY	8,101,623	69,124
Finance lease obligations				137,128
				<u>259,731</u>
Less: Current portion of long-term borrowings				(42,482)
Total long-term borrowings				<u>217,249</u>

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8. FINANCIAL LIABILITIES (cont’d)

a) Bank loans (cont’d)

(*) Hermes loan and loan denominated in Japanese Yen were obtained to finance the operations of Enka Pazarlama which is the subsidiary of the Group.

Repayment schedule of long-term bank borrowings are as follows:

	31 December 2017	31 December 2016
Less than 1 year	32,225	37,869
1 - 2 years	32,123	30,026
2 - 3 years	32,017	22,543
3 - 4 years	17,867	22,542
4 - 5 years	14,915	9,623
More than 5 years	-	-
Less : Current portion of long-term borrowings	(32,228)	(37,869)
	<u>96,919</u>	<u>84,734</u>

The reconciliation of the cash flows arising from the financing activities of the year ended 31 December 2017 and the movements in liabilities is as follows:

	31 December 2016	Cash flows	Non-cash		31 December 2017
			Exchange rate change	Other non- cash movements	
Short term bank loans	24,279	11,621	4,002	203	40,105
Long term bank loans	122,603	(3,436)	9,996	(16)	129,147
Lease obligations (LT)	132,515	(4,612)	6,251	2,731	136,885
Total liabilities arising from financing activities (Note 8)	<u>279,397</u>	<u>3,573</u>	<u>20,249</u>	<u>2,918</u>	<u>306,137</u>

The reconciliation of the cash flows arising from the financing activities of the year ended 31 December 2016 and the movements in liabilities is as follows:

	31 December 2015	Cash flows	Non-cash		31 December 2016
			Exchange rate change	Other non- cash movements	
Short term bank loans	6,076	18,225	-	(22)	24,279
Long term bank loans	62,671	58,249	1,742	(59)	122,603
Lease obligations (LT)	73,803	(2,589)	13,767	47,534	132,515
Total liabilities arising from financing activities (Note 8)	<u>142,550</u>	<u>73,885</u>	<u>15,509</u>	<u>47,453</u>	<u>279,397</u>

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8. FINANCIAL LIABILITIES (cont’d)

b) Finance lease obligations

	31 December 2017			
	Weighted Average Interest Rate	Currency Type	Original Currency	USD Equivalent
Current portion of long-term finance lease obligations	3.00%	RUB	309,504	5,373
				<u>5,373</u>
Long-term	3.00%	RUB	7,884,622	136,885
				<u>136,885</u>
				<u>142,258</u>

	31 December 2016			
	Weighted Average Interest Rate	Currency Type	Original Currency	USD Equivalent
Current portion of long-term finance lease obligations	3.00%	RUB	279,775	4,613
				<u>4,613</u>
Long-term	3.00%	RUB	8,038,026	132,515
				<u>132,515</u>
				<u>137,128</u>

c) Finance lease commitments

As of 31 December 2017 and 2016, repayment schedule of finance lease obligations are as follows:

	31 December 2017	31 December 2016
Less than 1 year	5,373	4,613
1 - 5 years	25,912	24,495
More than 5 years	110,973	108,020
Total finance lease obligations	<u>142,258</u>	<u>137,128</u>
Interest	-	-
Present value of total finance lease obligations	<u>142,258</u>	<u>137,128</u>

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9. TRADE RECEIVABLES AND PAYABLES

a) Trade receivables

	31 December 2017	31 December 2016
Short-term trade receivables		
Trade receivables	161,437	186,960
Discount on trade receivables (-)	(49)	(31)
Contract receivables	151,315	248,381
Notes and cheques receivables	4,945	3,288
Discount on notes and cheques receivables (-)	(163)	(134)
Retention receivables (*)	11,634	10,421
	<u>329,119</u>	<u>448,885</u>
Less: Allowance for doubtful receivables	(22,660)	(28,947)
	<u>306,459</u>	<u>419,938</u>

(*) Retention receivables are described as withheld by the customers until the contracts are completed or, in certain instances for even longer periods and undue trade receivables in the construction contracts.

Collection periods of receivables from construction works depends on the agreement conditions are between 30 and 90 days.

As of 31 December 2017 and 2016, movement of allowance for doubtful receivables is as follows:

	1 January - 31 December 2017	1 January - 31 December 2016
Balance at beginning of the year	28,947	28,702
Additional provision (Note 26)	130	4,141
Foreign currency translation effect	2,096	(249)
Amounts recovered during the year (Note 26)	(17)	(189)
Write-offs (*)	(8,496)	(3,458)
Closing balance	<u>22,660</u>	<u>28,947</u>

(*) Allowances of the previous periods which were decided as bad debts were written-off as of 31 December 2017 and 2016.

	31 December 2017	31 December 2016
Long-term trade receivables		
Notes and cheques receivables	1,088	800
Discount on notes and cheques receivables (-)	(22)	(22)
Trade receivables	45,831	28,175
Discount on trade receivables (-)	(20)	(20)
	<u>46,877</u>	<u>28,933</u>

Explanations about the nature and level of risks related to trade receivables are provided in Note 34.

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9. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Trade payables

	31 December 2017	31 December 2016
Short-term trade payables		
Trade payables	153,166	237,699
Notes payable	88	73
Other trade payables	308	338
	<u>153,562</u>	<u>238,110</u>
Long term trade payables		
Trade payables	59,002	-
	<u>59,002</u>	<u>-</u>

Explanations about the nature and level of risks related to trade payables are provided in Note 34.

10. OTHER RECEIVABLES AND PAYABLES

a) Other receivables

	31 December 2017	31 December 2016
Short-term other receivables		
Deposits and guarantees given	793	1,537
Other receivables from related parties (Note 33)	21	-
	<u>814</u>	<u>1,537</u>

b) Other payables

	31 December 2017	31 December 2016
Short-term other payables		
Deposits and guarantees taken	19,513	13,133
Other payables to related parties (Note 33)	34	90
	<u>19,547</u>	<u>13,223</u>
Long-term other payables		
Deposits and guarantees taken	17,192	20,708
Other taxes payable	802	1,351
Other payable	3	-
	<u>17,997</u>	<u>22,059</u>

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11. INVENTORIES

	31 December 2017	31 December 2016
Raw materials and spare parts	150,975	174,220
Work in progress	23,783	24,167
Trade goods (machinery and others)	29,855	25,969
Finished goods	4,897	6,502
Goods in transit	3,542	9,577
Construction materials	12,984	25,321
Allowance for impairment on inventory (*)	(2,264)	(952)
	<u>223,772</u>	<u>264,804</u>

(*) As of 31 December 2017 and 2016, allowance for impairment on finished goods and trade goods is recognized as an expense in cost of sales.

As of 31 December 2017, there is not any pledge on inventories (31 December 2016 - None).

12. CONSTRUCTION CONTRACTS

	31 December 2017	31 December 2016
Costs incurred on uncompleted contracts	2,259,859	1,802,842
Recognized profit less recognized losses to date, net	384,951	265,532
	<u>2,644,810</u>	<u>2,068,374</u>
Less: Progress billing	(2,900,271)	(2,306,341)
	<u>(255,461)</u>	<u>(237,967)</u>

The net balance is included in the consolidated balance sheet under the following captions:

	31 December 2017	31 December 2016
Costs and estimated earnings in excess of billings on uncompleted contracts (net)	12,168	3,060
Billings in excess of costs and estimated earnings on uncompleted contracts (net)	(267,629)	(241,027)
	<u>(255,461)</u>	<u>(237,967)</u>

As of 31 December 2017, the amount of advances received of subsidiaries and companies shares in joint operations is USD 26,322 (31 December 2016: USD 68,406).

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13. INVESTMENT PROPERTIES

As of 31 December 2017 and 2016, movement of investment properties is as follows:

	1 January - 31 December 2017	1 January - 31 December 2016
Opening balance	1,886,911	1,558,724
Currency translation difference	62,260	180,443
Change in fair value, net (Note 27)	(1,781)	45,870
Additions	136,569	54,474
Change in present value of lease obligations	(2,018)	47,465
Disposals	-	(65)
Closing balance	<u>2,081,941</u>	<u>1,886,911</u>

Investment properties include mainly real estate properties in Russia and Turkey which are leased to tenants. As of 31 December 2017 and 2016 investment properties consist of real estates in Russia from which rent income is obtained and lands and buildings held as investment in Turkey amounting to USD 11,021 (31 December 2016 - USD 11,021).

“Krasconsalt” which is licenced by Russian Federation as an independent valuation firm, has revalued the fair values of the investment properties of the Group in Russia.

Investment properties of the consolidated subsidiaries MKH, Mosenka and Enka TC have been revalued at fair value. Fair values of such investment properties are reviewed every year through the report of independent valuers. As of 31 December 2017, the fair values of investments properties of the consolidated subsidiaries MKH, Mosenka and Enka TC have been set respectively as follows: MKH; 11.96 million RUB equivalent to USD 207,690 (31 December 2016 - 11.84 million RUB equivalent to USD 195,131), Mosenka; 4.40 million RUB equivalent to USD 76,407 (31 December 2016 - 4.42 million RUB equivalent to USD 72,911), Enka TC; 53.66 million RUB equivalent to USD 931,656 (31 December 2016 – 48.72 million RUB equivalent to USD 803,184).

The fair values of the investment properties of the Company in Russia, determined at 31 December 2017 as USD 712,907 (31 December 2016 - USD 654,946). The investment properties of the Group located in Moscow includes land leased from Moscow City Authorities under a 49 year operating lease agreement, which are renewable at the option of the Group.

The investment properties owned by the Group are carried at fair value determined by independent professionally qualified valuers on the basis of market value supported by market evidence and other information obtained in the course of market research. Fair values of such investment properties are periodically reviewed by the Group through the report of independent valuers.

Valuation models such as income capitalization, discounted cash flow model and market value model for the circumstances that the fair value of the properties have not been determined based on transactions observable in the market because of the nature of the property and the lack of comparable data, a valuation model based on income capitalisation method has been applied. The fair value of the investment properties of the Group are estimated by using income capitalization method, with capitalization and discount rates ranging between 11.02% to 15.04% and 11.33% to 15.35% (31 December 2016 – 11.60% to 15.80% and 11.40% to 15.60%) respectively.

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13. INVESTMENT PROPERTIES (cont’d)

As of 31 December 2017 and 2016 fair value hierarchy table of investment properties is as follows:

	31 December 2017	Fair value as at 31 December 2017		
		1. Level	2. Level	3. Level
		USD	USD	USD
Investment properties in Russia	2,070,920	-	-	2,070,920
Investment properties in Turkey	11,021	-	11,021	-
Total	2,081,941	-	11,021	2,070,920

	31 December 2016	Fair value as at 31 December 2016		
		1. Level	2. Level	3. Level
		USD	USD	USD
Investment properties in Russia	1,875,890	-	-	1,875,890
Investment properties in Turkey	11,021	-	11,021	-
Total	1,886,911	-	11,021	1,875,890

There is no transition between second and third levels during the year.

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14. PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings and barracks	Machinery and equipment	Motor vehicles	Furniture and fixtures	Scaffolding and formworks	Aircraft (*)	Others	Construction in progress	Total
Cost										
Opening balance as of 1 January 2017	235,982	165,226	2,160,577	34,375	55,584	22,889	14,899	14,796	16,922	2,721,250
Currency translation differences	4,676	6,533	10,508	1,079	1,022	96	-	(254)	1,150	24,810
Revaluation (**)	-	(5,390)	-	-	322	-	-	(322)	-	(5,390)
Additions	146	2,534	23,937	2,709	3,548	528	-	2,675	77,110	113,187
Disposals	(80)	(5,233)	(28,635)	(1,689)	(2,495)	(18)	-	(264)	(551)	(38,965)
Transfers to investment properties	489	15,098	67,370	168	232	-	-	6	(83,363)	-
Closing balance as of 31 December 2017	241,213	178,768	2,233,757	36,642	58,213	23,495	14,899	16,637	11,268	2,814,892
Accumulated depreciation										
Opening balance as of 1 January 2017	(27,634)	(20,622)	(964,218)	(20,066)	(44,458)	(20,871)	(9,935)	(11,441)	-	(1,119,245)
Currency translation differences	(28)	(76)	(4,439)	(201)	(595)	(63)	-	42	-	(5,360)
Revaluation (**)	-	(397)	-	-	(98)	-	-	98	-	(397)
Charge of the year	(2,657)	(7,089)	(84,584)	(2,997)	(3,336)	(728)	(995)	(1,284)	-	(103,670)
Other reclassifications (***)	-	(2)	150	(169)	22	-	-	(1)	-	-
Disposals	-	2,205	23,227	1,390	1,593	13	-	3	-	28,431
Closing balance as of 31 December 2017	(30,319)	(25,981)	(1,029,864)	(22,043)	(46,872)	(21,649)	(10,930)	(12,583)	-	(1,200,241)
Net book value as of 1 January 2017	208,348	144,604	1,196,359	14,309	11,126	2,018	4,964	3,355	16,922	1,602,005
Net book value as of 31 December 2017	210,894	152,787	1,203,893	14,599	11,341	1,846	3,969	4,054	11,268	1,614,651

(*) The amount consists of the aircraft used by subsidiary of the Company, Air Enka.

(**) As of 31 December 2017, Group's investments in hotel building of OMKH is revalued by independent qualified valuer “American Appraisal”. Revaluation difference arising from difference between book value and fair value is netted off with the related deferred tax and classified as revaluation surplus and included under equity. Revaluations are made by discounted cash flow methods.

(***) Other reclassifications are classifications between sub-groups of fixed assets and have no effect on net book value of fixed assets.

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14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Cost	Land and land improvements	Buildings and barracks	Machinery and equipment	Motor vehicles	Furniture and fixtures	Scaffolding and formworks	Aircraft (*)	Others	Construction in progress	Total
Opening balance as of 1 January 2016	222,762	147,104	2,076,150	33,365	53,906	26,212	14,899	12,153	21,765	2,608,316
Currency translation differences	(2,514)	2,832	(1,588)	76	81	(35)	-	277	107	(764)
Revaluation (**)	15,091	377	-	-	-	-	-	-	-	15,468
Additions	971	5,113	41,509	1,717	4,073	933	-	2,424	46,819	103,559
Other reclassifications (***)	-	575	16,583	191	239	-	-	(80)	-	17,508
Disposals	(1,041)	(2,759)	(7,999)	(1,322)	(2,730)	(4,221)	-	(90)	(2,675)	(22,837)
Transfers to investment properties	713	11,984	35,922	348	15	-	-	112	(49,094)	-
Closing balance as of 31 December 2016	235,982	165,226	2,160,577	34,375	55,584	22,889	14,899	14,796	16,922	2,721,250
Accumulated depreciation										
Opening balance as of 1 January 2015	(28,945)	(20,261)	(874,464)	(18,236)	(42,085)	(24,403)	(8,281)	(11,363)	-	(1,028,038)
Currency translation differences	(368)	(228)	1,489	61	54	12	-	(60)	-	960
Revaluation (**)	4,733	6,810	-	-	-	-	-	-	-	11,543
Charge of the year	(3,093)	(8,790)	(80,661)	(2,499)	(4,419)	(701)	(473)	(1,176)	-	(101,812)
Disposals	39	2,422	5,569	953	2,235	4,221	-	171	-	15,610
Other reclassifications (***)	-	(575)	(16,151)	(345)	(243)	-	(1,181)	987	-	(17,508)
Closing balance as of 31 December 2016	(27,634)	(20,622)	(964,218)	(20,066)	(44,458)	(20,871)	(9,935)	(11,441)	-	(1,119,245)
Net book value as of 1 January 2016	193,817	126,843	1,201,686	15,129	11,821	1,809	6,618	790	21,765	1,580,278
Net book value as of 31 December 2016	208,348	144,604	1,196,359	14,309	11,126	2,018	4,964	3,355	16,922	1,602,005

(*) The amount consists of the aircraft used by subsidiary of the Company, Air Enka.

(**) As of 31 December 2016, Group's investments in Turkey are revalued by Artı Gayrimenkul Değerleme A.Ş. which is a CMB licenced independent valuation firm and hotel building of MKH is revalued by independent qualified valuer “American Appraisal”. Revaluation difference arising from difference between book value and fair value is netted off with the related deferred tax and classified as revaluation surplus and included under equity. Revaluations are made by discounted cash flow methods.

(***) Other reclassifications are classifications between sub-groups of fixed assets and have no effect on net book value of fixed assets.

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14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

As of 31 December 2017, total cost of property, plant and equipment obtained via finance lease and the related accumulated depreciation amounts to USD 4,063 (31 December 2016 - USD 4,063) and USD 3,867 (31 December 2016 - USD 3,730).

As of 31 December 2017, there is no security on the property, plant and equipment of the Group (31 December 2016 - None).

If the buildings were measured using the cost model, the carrying amounts would be as follows:

	31 December 2017	31 December 2016
Cost	292,216	295,355
Accumulated depreciation	(99,553)	(99,749)
Net book value	192,663	195,606

The distribution of depreciation expenses as of 31 December 2017 and 2016 is presented in Note 25.

As of 31 December 2017 and 2016 fair value hierarchy table of fixed asset is as follows:

	31 December 2017	Fair value as at 31 December 2017		
		1. Level USD	2. Level USD	3. Level USD
Lands	210,894	-	210,894	-
Buildings	152,787	-	-	152,787
Total	363,681	-	210,894	152,787

	31 December 2016	Fair value as at 31 December 2016		
		1. Level USD	2. Level USD	3. Level USD
Lands	208,348	-	208,348	-
Buildings	144,604	-	-	144,604
Total	352,952	-	208,348	144,604

There is no transition between second and third levels during the year.

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15. INTANGIBLE ASSETS

	1 January - 31 December 2017	1 January - 31 December 2016
<u>Cost</u>		
Opening balance	37,325	31,024
Currency translation difference	773	(65)
Additions	12,600	6,391
Disposals	(7)	(25)
Closing balance	50,691	37,325
<u>Accumulated amortization</u>		
Opening balance	(12,863)	(10,784)
Currency translation difference	(407)	(294)
Charge of the year	(2,467)	(1,808)
Disposals	5	23
Closing balance	(15,732)	(12,863)
Carrying value	34,959	24,462

As of 31 December 2017, there is not any pledge on intangible assets (31 December 2016 - None).

The distribution of amortization expenses as of 31 December 2017 and 2016 is presented in Note 25.

16. GOODWILL

The Group had acquired the remaining part and increased to 100% interest stake in the Power Companies, where the Company had 40% shareholding. Regarding these acquisitions goodwill amounting to USD 22,077 (31 December 2016 - USD 55,168) was recorded in the consolidated financial statements.

In accordance with the accounting policies described in Note 2.5, the Group reviews carrying amount of goodwill for impairment annually, or more frequently in cases where the circumstances indicate impairment. As of 31 December 2017, the Group tested impairment of carrying amount of goodwill by comparing the recoverable amount which is determined by value in use calculations. These calculations are based on projected before-tax cash flows based on financial budgets/forecasts approved by the Board of Directors. Expected growth rates are used to discount projected cash flows for periods greater than five years. Operating market growth rates, per capita gross domestic product and pricing information such as indices, have been acquired from outside sources. Estimations related to parameters such as selling prices, working capital requirements and fixed assets investments are based on Group's predictions and previous period realizations. In this analysis, Usd currency and %9,25 weighted average cost of capital has been used for estimation on Group's discounted cash flow over approved financial budget till 2032. The Group predicts that analysis which is related more than five years period regarding evaluation of results and estimations are more appropriate therefore impairment test bases fifteen year plans.

As of 31 December 2017 and 2016, the movement of goodwill is as follows:

	1 January - 31 December 2017	1 January - 31 December 2016
Opening balance	55,168	55,168
Impairment loss	(33,091)	-
Closing balance	22,077	55,168

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17. PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2017	31 December 2016
<u>Short-term Prepaid Expenses</u>		
Advances given	45,100	40,599
Prepaid expenses	45,003	5,080
	90,103	45,679
	31 December 2017	31 December 2016
<u>Long-term Prepaid Expenses</u>		
Prepaid expenses	18,745	4,868
	18,745	4,868
	31 December 2017	31 December 2016
<u>Short-term Deferred Income</u>		
Advances taken	25,043	53,519
Deferred rent revenue	199,191	45,162
	224,234	98,681
	31 December 2017	31 December 2016
<u>Long-term Deferred Income</u>		
Deferred income (*)	-	311,662
Advances taken	3,550	17,080
Deferred rent revenue	862	739
	4,412	329,481

(*) Represents the Power Companies' deferred income, which is the difference between the average price recognized over the life of the project and actual charges.

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18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2017	31 December 2016
Short-term accrued expenses		
Accrual for construction costs	21,832	38,631
Provision for legal claims	13,347	11,029
Accrued expenses	10,978	7,892
Forward accrual (*)	4,045	891
Other accrued expenses	593	22
	50,795	58,465

(*) As of 31 December 2017, the Group's derivative liabilities formed from forward foreign-currency transactions are USD 4,045 (31 December 2016 - derivative liabilities USD 891). These contracts are reflected in the consolidated financial statements as follows.

Derivative instruments / forward contracts purchase – sales agreements

In the ordinary course of business, the Group enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instruments, reference rates or indices.

The table below shows derivative financial instruments analyzed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year-end and are neither indicative of the market risk nor credit risk.

As of 31 December 2017 and 2016, the fair value of financial instrument is calculated by using forward exchange rates at the balance sheet date.

	31 December 2017			
	Unrealized Loss	1 to 12 months	1 to 2 years	2 to 5 years
Derivative instruments	(3,881)	-	-	-
Forward contracts sales agreements	-	91,223	-	-
Forward contracts purchase agreements	-	87,189	-	-

	31 December 2016			
	Unrealized Loss	1 to 12 months	1 to 2 years	2 to 5 years
Derivative instruments	(891)	-	-	-
Forward contracts sales agreements	-	34,920	-	-
Forward contracts purchase agreements	-	34,752	-	-

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19. COMMITMENTS

Operating lease commitments – Group as lessor

The minimum future rental income of the Group under non-cancelable operating leases at 31 December 2017 and 2016 are as follows:

	31 December 2017	31 December 2016
Within one year	260,192	252,694
After one year but not more than five years	595,788	569,690
More than 5 years	273,273	250,494
	1,129,253	1,072,878

Litigations

As of 31 December 2017, the international arbitration which has been filed by the Group for the losses incurred and unbilled receivables related to the joint operation in Oman was under progress. Necessary provisions have been reserved in the Group's consolidated financial statements.

As of 31 December 2017, The group has initiated necessary legal procedures regarding its receivables from overseas projects which is amounting to 38,211 USD.

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19. COMMITMENTS (cont’d)

The breakdown of letters of guarantee, guarantee notes given, mortgage and pledges (together referred to as Guarantees) by the Group as of 31 December 2017 and 2016 is as follows:

Letters of guarantee, guarantee notes given, mortgage and pledges	31 December 2017		31 December 2016	
	Original Currency	USD Equivalent	Original Currency	USD Equivalent
A. Total amount of guarantees provided by the Company on behalf of itself		510,867		543,737
-USD	346,577	346,577	398,701	398,701
-EUR	76,192	91,213	101,035	106,510
-TL	79,838	21,166	53,923	15,323
-Others (*)		51,911		23,203
B. Total amount for guarantees provided on behalf of subsidiaries accounted under full consolidation method		69,282		70,033
-USD	85	85	85	85
-EUR	-	-	526	555
-TL	826	219	957	272
-Others (*)		68,978		69,121
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		-		-
		<u>580,149</u>		<u>613,770</u>

(*) U.S Dollar equivalents of letters of guarantee, guarantee notes given, mortgage and pledges other than USD, TL and EUR.

As of 31 December 2017 the portion of other guarantess given to shareholders’ equity is 0% (31 December 2016 - 0%).

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20. PROVISIONS FOR EMPLOYEE BENEFITS

a) Short-term employee benefits

Liabilities with the scope of employee benefits

	31 December 2017	31 December 2016
Payroll payable	26,704	21,873
	<u>26,704</u>	<u>21,873</u>

Short-term provisions related to employee benefits

	31 December 2017	31 December 2016
Bonus accrual	12,143	9,402
Vacation pay liability	8,317	8,940
	<u>20,460</u>	<u>18,342</u>

b) Long-term employee benefits

In accordance with existing social legislation, the Company and its subsidiaries incorporated in Turkey are required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days’ pay limited to a maximum of full TL 4,732 equivalent to full USD 1,255 (31 December 2016 - full TL 4,297 equivalent to full USD 1,221) per year of employment at the rate of pay applicable at the date of retirement or termination.

The liability is not funded as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2017, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with 4.69% real discount rate, assuming an annual inflation rate of 6.5% and a discount rate of 11.50% (31 December 2016 – 3.99 %).

Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration. Retirement ceiling pay revised each six month period basis and ceiling amount of full TL 5,001 which is in effect since 1 January 2018 is used in the calculation of Groups’ provision for retirement pay liability (1 January 2017 – full TL 4,426).

Movements of the provision for employee termination benefits during years ended 31 December 2017 and 2016 are as follows:

	1 January - 31 December 2017	1 January - 31 December 2016
Opening balance	16,290	16,952
Service cost	2,890	2,606
Actuarial loss	1,345	483
Retirement benefits paid	(3,877)	(1,830)
Translation gain	(1,128)	(1,921)
Closing balance	<u>15,520</u>	<u>16,290</u>

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21. OTHER ASSETS AND LIABILITIES

	31 December 2017	31 December 2016
Other current assets		
Deferred VAT	8,550	7,647
VAT receivable	25,867	9,228
Prepaid taxes and funds	13,554	13,040
Other	20,754	18,441
	<u>68,725</u>	<u>48,356</u>
Other non-current assets		
Prepayment for land leases	3,441	3,530
Other	886	733
	<u>4,327</u>	<u>4,263</u>
Other current liabilities		
VAT payable	27,908	24,800
Taxes and funds payable	20,398	17,786
Other	430	690
	<u>48,736</u>	<u>43,276</u>

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22. SHARE CAPITAL AND RESERVES

a) Share capital

The shareholders of the Group and their percentage of ownership as of 31 December 2017 and 2016 is as follows:

	31 December 2017		31 December 2016	
	Percentage of ownership	Amount	Percentage of ownership	Amount
Tara Holding A.Ş.	49.52%	1,266,129	49.42%	1,208,431
Vildan Gülçelik	7.99%	204,289	7.99%	195,374
Sevda Gülçelik	6.43%	164,402	6.43%	157,228
Enka Spor Eğitim ve Sosyal Yardım Vakfı	5.87%	150,084	5.87%	143,535
Other	30.19%	771,899	30.29%	740,659
	<u>100%</u>	<u>2,556,803</u>	<u>100%</u>	<u>2,445,227</u>
Purchase of treasury shares (*)		(25,866)		(12,032)
		<u>2,530,937</u>		<u>2,433,195</u>

(*) Group’s buyback transactions have reached 920,000,000 shares (2016:920,000,000) in 2017. Group has paid USD 25,866 (2016 :12.032 USD) for the buyback transactions.

Based on the Group’s Ordinary General Assembly held on 24 March 2017 ; it has been resolved to increase the share capital from TL 4,200,000 to TL 4,600,000; and covered the TL 400,000 from dividend.

Within the above mentioned shares, founders of Enka İnşaat and former Enka Holding have one thousand founders share each. The founder shares of Enka İnşaat and the founder shares of former Enka Holding are entitled to receive, 5% and 2.5%, respectively, of the net income after the deduction of legal reserve and the first dividends.

The issued Capital of the Company has been divided into 460,000,000,000 registered shares with a nominal value of 1 (one) kr each. These shares contain 2 groups, 1,167 share A group (privileged) and 459,999,998,833 share B group. Privileged shares solely carry voting rights. In General Assembly A group shares has 10, B group shares has 1 voting rights. As of 1 November 2017 with the published resolution of the board of the directors the group has decided to remove privileges of the A group shares and approved the related amendment to articles of association. This amendment will be submitted to approval of the shareholders in 2017 Annual General Assembly.

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22. SHARE CAPITAL AND RESERVES (cont’d)**b) Revaluation surplus*****Revaluation fund***

Revaluation difference arising from difference between book value and fair value of the buildings is netted off with the related deferred tax and classified as revaluation surplus and included under equity.

The movement of revaluation fund for years 2017 and 2016 is as follows:

	1 January- 31 December 2017	1 January- 31 December 2016
Opening balance	182,004	148,222
Currency translation difference	315	836
Revaluation of fixed assets	(5,787)	33,826
Deferred tax effect of revaluation of fixed assets	1,185	3,624
Share of non-controlling interests	-	(2,376)
Transfer of depreciation difference (net of deferred tax) of revaluation effect	(1,455)	(2,128)
Closing balance	176,262	182,004

Financial Risk Hedge Fund

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

c) Legal reserves and accumulated profit

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (“TCC”). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company’s paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. Dividend distributions are made in TL in accordance with its Articles of Association, after deducting taxes and setting aside the legal reserves as discussed above.

Public companies in Turkey make profit distributions in accordance with the regulations of CMB.

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22. SHARE CAPITAL AND RESERVES (cont’d)**c) Legal reserves and accumulated profit (cont’d)**

Equity inflation adjustment and carrying value of extraordinary reserves can be used in free capital increase, cash profit distribution and loss deduction. However, equity inflation adjustment is subject to corporate tax if it is used in cash profit distribution.

As of 31 December 2017, legal reserves of Enka İnşaat are amounting to TL 703,819 equivalent to USD 186,595 (31 December 2016 – TL 560,570 equivalent to USD 159,289).

The movement of the share capital (in numbers and in historical TL) of the Group during 31 December 2017 and 2016 is as follows:

	31 December 2017		31 December 2016	
	Number	TL	Number	TL
At 1 January,	419,160,000,000	4,191,600	400,000,000,000	4,000,000
Bonus shares issued out of general reserve	39,920,000,000	399,200	20,000,000,000	200,000
Treasury shares	(920,000,000)	(9,200)	(840,000,000)	(8,400)
	458,160,000,000	4,581,600	419,160,000,000	4,191,600

23. SALES AND COST OF SALES

Sales	1 January - 31 December 2017	1 January - 31 December 2016
Domestic sales	1,867,310	2,181,304
Export sales	1,032,274	1,324,809
	2,899,584	3,506,113
Cost of Sales	1 January - 31 December 2017	1 January - 31 December 2016
Cost of domestic sales	1,467,469	1,776,448
Cost of export sales	681,505	937,100
	2,148,974	2,713,548

Segmental information of the Group is disclosed in Note 5.

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24. MARKETING, SALES, DISTRIBUTION AND ADMINISTRATIVE EXPENSES

	1 January - 31 December 2017	1 January - 31 December 2016
Administrative expenses	101,616	118,292
Marketing, sales and distribution expenses	26,612	30,968
	<u>128,228</u>	<u>149,260</u>

a) Marketing, sales and distribution expenses

	1 January - 31 December 2017	1 January - 31 December 2016
Employee benefit expenses	16,783	21,344
Advertisement & Commission Expenses	3,771	3,530
Transportation expenses	1,468	1,762
Office expenses	778	1,046
Business development expenses	611	339
Depreciation and amortization expenses (Note 25)	56	67
Other	3,145	2,880
	<u>26,612</u>	<u>30,968</u>

b) General administrative expenses

	1 January - 31 December 2017	1 January - 31 December 2016
Employee benefit expenses	55,865	67,617
Consulting and legal expenses	6,992	16,027
Depreciation and amortization expenses (Note 25)	6,987	6,701
Insurance expense	5,216	5,336
Transportation expenses	4,902	4,404
Office Expenses	4,346	3,864
Rent expenses	849	915
Other	16,459	13,428
	<u>101,616</u>	<u>118,292</u>

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25. EXPENSES BY NATURE

Depreciation and amortization expenses are detailed below:

	1 January - 31 December 2017	1 January - 31 December 2016
<u>Depreciation expenses</u>		
Cost of revenues	96,722	95,387
Selling and administrative expenses	6,948	6,425
	<u>103,670</u>	<u>101,812</u>

Amortization expenses

Cost of revenues	2,372	1,465
Selling and administrative expenses	95	343
	<u>2,467</u>	<u>1,808</u>
	<u>106,137</u>	<u>103,620</u>

Employee benefit expenses are detailed below:

	1 January - 31 December 2017	1 January - 31 December 2016
Wages and salaries	228,180	218,189
Social security costs	45,258	34,456
Provision for employee termination benefits	4,235	3,089
Other benefits	3,238	6,716
	<u>280,911</u>	<u>262,450</u>

26. OTHER OPERATING INCOME / EXPENSES

	1 January - 31 December 2017	1 January - 31 December 2016
<u>Other operating income</u>		
Reversal of provision	22,818	-
Foreign exchange gains from trade receivables	8,879	10,553
Machinery and other rent income	1,500	1,802
Repaired spare parts gained as an inventory	1,440	1,297
Compensation income (net)	1,013	6,085
Insurance income	905	908
Service income	725	735
Collection of doubtful receivables (Note 9)	17	189
Commission income	3	183
Other	4,921	3,657
	<u>42,221</u>	<u>25,409</u>

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26. OTHER OPERATING INCOME / EXPENSES (cont’d)

	1 January - 31 December 2017	1 January - 31 December 2016
Other operating expense		
Foreign exchange losses from trade receivables	8,156	9,722
Donations	5,241	3,953
Litigation provisions	2,995	10,004
Tax penalties	2,523	-
Commission expense	1,028	685
Capital increase expense	537	541
Provision for doubtful receivables (Note 9)	130	4,141
Loss from change in fair value of lands	-	6,815
Other	5,599	4,935
	<u>26,209</u>	<u>40,796</u>

27. INVESTMENT INCOME / EXPENSES

	1 January - 31 December 2017	1 January - 31 December 2016
Income from investing activities		
Interest revenue from financial investments	119,347	92,143
Increase in value of financial investments	151,156	63,416
Increase in the fair value of investment properties (Note 13)	58,723	45,870
Foreign exchange income from investing activities	44,385	16,053
Income from sale of securities	21,481	41,833
Dividend income	9,408	9,618
Gains from sales of property, plant and equipment	938	4,205
	<u>405,438</u>	<u>273,138</u>

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27. INVESTMENT INCOME / EXPENSES (cont’d)

	1 January - 31 December 2017	1 January - 31 December 2016
Expenses from investing activities		
Decrease in the fair value of investment properties (Note 13)	(60,504)	-
Losses from valuation of investment securities	(44,164)	(53,254)
Foreign exchange losses from investing activities	(35,595)	(41,439)
Goodwill impairment	(33,091)	-
Losses from sale of securities	(409)	(34,192)
Loss from sales of property, plant and equipment	69	(803)
	<u>(173,694)</u>	<u>(129,688)</u>

28. FINANCIAL INCOME

	1 January - 31 December 2017	1 January - 31 December 2016
Foreign exchange gains	15,586	18,403
Interest income	7,495	6,709
Forward income	286	2,092
Other	(126)	108
	<u>23,241</u>	<u>27,312</u>

29. FINANCIAL EXPENSES

	1 January - 31 December 2017	1 January - 31 December 2016
Bank commission expenses	5,113	5,160
Foreign exchange losses	4,816	1,559
Forward losses	4,027	1,016
Interest expenses	3,542	2,858
Commission expenses of letters of guarantee	508	507
Other	166	113
	<u>18,172</u>	<u>11,213</u>

30. ASSETS HELD FOR SALE

Lands and buildings held for sale

As of 31 December 2017, assets held for sale comprise of lands and buildings obtained by Enka Pazarlama and Enka Kazakhstan Branch in consideration of their doubtful receivables and are amounting to USD 23,636 (31 December 2016 – USD 684).

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31. TAXATION ON INCOME

Corporate Tax

The Company and its subsidiary in Turkey, are subject to the tax legislation and practices in force in Turkey. The corporation tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the accounting period and is paid in one installment until the end of the relevant month.

In Turkey, the corporation tax rate is 20% as of 31 December 2017 (2016: 20%). However, in accordance with Article 91 of the "Law on Amendments to Certain Tax Laws and Other Laws" numbered 7061 and published in the Official Gazette dated 5 December 2017 and numbered 30261 and the provisional article 10 added to the Tax Law No.5520. It is foreseen that the corporation tax that should be paid over the profits of the 2018,2019 and 2020 taxation periods is calculated as 22% and the taxation will be continued with 20% During this period, the Council of Ministers was given the authority to reduce the rate of 22% to 20%.

As of 31 December 2017, provisional tax is payable at the rate of 20% (2016: 20%) on the income generated for the three-month periods pursuant to tax legislation and the amounts paid in this manner are deducted from the tax calculated on the annual earnings. With the amendment made in the law, this ratio was set at 22% for the years 2018, 2019 and 2020.

Tax legislation in Turkey does not allow to fill consolidated tax returns of the Company and its subsidiary. Therefore, the tax liability reflected in the financial statements is calculated separately for each company.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period not exceeding 5 years. Declarations and related accounting records can be examined within five years of the tax year, and tax accounts can be revised.

Turkey the joint-stock companies, corporation tax and non-responsible for the income tax and who are resident in Turkey, those made to those except for exempt and non-natural persons and dividend payments to legal persons not resident in Turkey are subject to 15% income tax.

Dividend payments by resident corporations to resident joint-stock company in Turkey again in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, the income tax is not calculated.

Dividend income (excluding profits from investment funds 'participation certificates and investment trusts' shares) obtained from participating in the capital of another corporation which is fully taxpayed is exempt from corporation tax. In addition, 75% of the profits arising from the sale of founders' shares, redeemable shares and preferential rights of real estates (immovables) owned by the same duration as the participation shares included in the assets of the institutions for at least two full years are exempt from corporate taxation as of December 31, 2017. However, with the amendment made by Law No. 7061, this ratio has been reduced from 75% to 50% in terms of immovables and this ratio will be used as 50% in tax declarations to be prepared from 2018.

In order to benefit exclusively, the earning must be kept in a passive fund account and not withdrawn for 5 years. The sales price must be collected until the end of the second calendar year following the year in which the sale is made.

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. Income tax withholding 24 April 2003 - 22 July 2006 is 10% among all companies. This rate since 22 July 2006, by the Council of Ministers No. 2006/10731 of 15% is applied. Undistributed dividends incorporated in share capital are not subject to income tax withholding.

Deferred Tax:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its consolidated financial statements as reported for TAS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS and tax purposes and they are given below.

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31. TAXATION ON INCOME (cont'd)

Deferred tax assets and liabilities are calculated by using valid tax rates in related countries.

	1 January - 31 December 2017	1 January - 31 December 2016
Consolidated statement of profit or loss		
Current corporate tax	(118,025)	(143,588)
Deferred tax expense	(43,186)	(44,449)
	<u>(161,211)</u>	<u>(188,037)</u>

Tax legislations in other countries

As of 31 December 2017 and 2016 effective corporation tax rate in other countries are as follows:

	31 December 2017	31 December 2016
Russia	20%	20%
Netherlands	25%	25%
Kazakhstan	%28 - %32	%28 - %32
Iraq	%15 - %35	%15 - %35
Romania	16%	16%
Oman	12%	12%
Kosovo	10%	10%

The movement of the current income tax liability is given as follows:

	2017	2016
1 January	51,979	56,430
Current year tax expense	118,025	143,588
Taxes paid	<u>(109,816)</u>	<u>(148,039)</u>
31 December	<u>60,188</u>	<u>51,979</u>

A reconciliation of the nominal (on the basis of the income tax rate of the Company and the Turkish subsidiaries) to the effective tax rate for the years ended 31 December 2017 and 2016 is provided below:

	1 January - 31 December 2017		1 January - 31 December 2016	
Profit before tax	875,207		787,467	
Tax per statutory tax rate 20%	175,041	20%	157,493	20%
Jobsites exempt from income tax	(14,672)	(%0.5)	(9,454)	(1.2%)
Effect of different functional currencies and others	842	0.1%	39,998	5.1%
	<u>161,211</u>	<u>19.6%</u>	<u>188,037</u>	<u>23.9%</u>
Taxation charge				

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31. TAXATION ON INCOME (cont'd)

As of 31 December 2017 and 2016, the breakdown of temporary differences which give rise to deferred taxes is as follows:

	31 December 2017	31 December 2016
Remeasurement and revaluation of property, plant and equipment, intangible assets and investment property	(439,718)	(435,679)
GE Inventory in the context of "PSA" (*)	(47,975)	(47,927)
Adjustments on financial instruments and derivatives	(19,518)	(11,276)
Gross deferred income tax liabilities	(507,211)	(494,882)
Adjustment of revenue levelization	30,324	61,709
Allowance for retirement pay liability	2,154	2,446
Allowance for doubtful receivables	1,207	2,562
Allowance for inventories	543	339
Others	8,562	7,924
Gross deferred income tax assets	42,790	74,980
Net deferred tax liability	(464,421)	(419,902)

(*) Implies deferred tax liabilities estimated from temporary differences related to "Parts and Services Agreement" (PSA) made with the Group's spare part supplier General Electric (GE).

Reflected as:

	31 December 2017	31 December 2016
Deferred tax assets	2,759	1,400
Deferred tax liabilities	(467,180)	(421,302)
Net deferred liabilities	(464,421)	(419,902)

Total amount of temporary differences and deferred tax liabilities which have not been recognized as of 31 December 2017 related with Group's shares in its subsidiaries, branches and associates is USD 1,556,891 (31 December 2016 - USD 1,623,266).

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31. TAXATION ON INCOME (cont'd)

Movement of net deferred tax asset (liability) can be presented as follows:

	2017	2016
Balance at 1 January	419,902	363,515
Deferred income tax expense recognized in consolidated statement of profit or loss	43,186	44,449
Deferred income tax expense recognized in equity	(1,454)	(3,786)
Currency translation difference	2,787	15,724
31 December	464,421	419,902

As of 31 December 2017 and 2016, the breakdown of deferred taxes which are recognised in other comprehensive income is as follows:

	31 December 2017			31 December 2016		
	Before Taxation	Deferred tax (expense) / income	Netted-off deferred tax	Before Taxation	Deferred tax (expense) / income	Netted-off deferred tax
Change in revaluation of buildings	(5,787)	1,185	(4,602)	33,826	3,689	37,515
Revaluation loss of defined benefit plans	(1,345)	269	(1,076)	(483)	97	(386)
Changes in currency translation differences	103,011	-	103,011	137,413	-	137,413
	95,879	1,454	97,333	170,756	3,786	174,542

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32. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“Bonus Shares”) to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings and revaluation surplus. For the purpose of the EPS calculation such bonus share issues are regarded as stock dividends. Dividend payments, which are immediately reinvested in the shares of the Company, are regarded similarly. Accordingly the weighted average number of shares used in EPS calculation is derived by giving retroactive effect to the issue of such shares without consideration through 31 December 2017.

	31 December 2017	31 December 2016
Earning per share		
- ordinary share certificate (full cent)	0.15	0.13
- founder shares (*)	-	-
Weighted average number of share certificates (nominal value of 1 Kr each)	458,160,000,000	459,080,000,000
- ordinary share certificate	459,080,000,000	460,000,000,000
-treasury shares	(920,000,000)	(920,000,000)
- founder shares	2,000	2,000

(*) Since 2017 profit distribution was not determined as of the date of the preparation date of the consolidated financial statements, total of the earnings per share is reflected on ordinary share certificates.

33. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties

The Group is controlled by Tara Holding (49.52%) (31 December 2016 – 49.42%) and Tara and Gülçelik families (28.01%) (31 December 2016 – 28.01%). For the purposes of the consolidated financial statements, balances with the shareholder companies, individual shareholders, unconsolidated subsidiaries, associated companies, equity participations and their affiliates are referred to as “related parties”. Related parties also include management and members of the Group’s Board of Directors.

In the course of conducting business, the Group conducted various business transactions with related parties on commercial terms. The breakdown of balances with related parties and details of significant related party transactions are as follows:

	31 December 2017		31 December 2016	
	Receivables	Payables	Receivable	Payables
Shareholders	-	34	-	82
Enka Spor Kulübü	21	-	-	8
	<u>21</u>	<u>34</u>	<u>-</u>	<u>90</u>

As of 31 December 2017, the Group gained USD 7.13 rent income from related parties (31 December 2016 - USD 6.96). As of 31 December 2017 the Group does not have any sales to related parties (2016 - None).

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33. RELATED PARTY BALANCES AND TRANSACTIONS (cont’d)

Top management’s remuneration

The total wages paid for the members of Board of Directors of the Group is amounting to USD 2,817 (31 December 2016 - USD 7,112), the social security payments and retirement pay provisions are USD 453 (31 December 2016 – USD 632) and USD 234 (31 December 2016– USD 272) respectively. Total wages paid for the general manager, general coordinators and vice general managers of the Group (except BOD members), is amounting to USD 15,156 (31 December 2016 – USD 18,728), the social security payment and retirement pay provisions are USD 1,109 (31 December 2016 – USD 1,057) and USD 1,598 (31 December 2016 – USD 1,334) respectively.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise bank loans, investment securities, finance leases, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The management reviews and agrees policies for managing each of these risks. The Group monitors the market price risk arising from all financial instruments periodically.

Capital risk management

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital structure of the Group comprises from liabilities, cash and cash equivalents, paid-in capital and legal reserves explained in Note 22.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or the shareholders may make a direct cash contribution of the needed working capital to the Group. No changes were made in the objectives, policies or processes during the years ended 31 December 2017 and 2016.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including ‘current and non-current borrowings’ as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as ‘equity’ as shown in the consolidated statement of financial position plus net debt.

Total Assets / Total Equity

	31 December 2017	31 December 2016
Cash and cash equivalents (*)	3,479,276	3,194,553
Less: Total Financial Liabilities	311,510	284,010
Net Assets	3,167,766	2,910,543
Equity	6,283,813	5,728,503
Equity - Net Assets	3,116,047	2,817,960
Total Net Assets to Equity Ratio	<u>50.41%</u>	<u>50.81%</u>

(*) Includes short and long term financial investments.

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

Financial risk factors

Interest risk

The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s debt obligations with floating interest rates. The Group is managing interest risk that arises from assets and liabilities sensitive to interest risk by using balancing assets and liabilities.

The following table demonstrates the sensitivity to a reasonably possible increase of 1% in the interest rates, with all other variables held constant, on the floating rate borrowings of the Group’s profit before tax and the Group’s non-controlling interest.

	31 December 2017	31 December 2016
<u>Financial assets with floating rates</u>		
Financial assets	-	-
Financial liabilities	-	(8)

Foreign currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Euro, Russian Ruble 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 December 2017 and 2016:

	31 December 2017	31 December 2016
A. Assets denominated in foreign currency	819,844	929,056
B. Liabilities denominated in foreign currency	(406,852)	(424,604)
Net foreign currency position (A+B)	412,992	504,452

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

Financial risk factors (cont’d)

Foreign currency risk (cont’d)

The Group’s foreign currency position at 31 December 2017 and 2016 is as follows (non monetary items are not included in the table as they don’t have foreign currency risk):

	31 December 2017						
	TL	USD Equivalent	Euro	USD Equivalent	Other USD (*)	USD (**)	Total USD Equivalent
Cash and cash equivalents	23,571	6,249	72,952	87,331	189,815	16,798	300,193
Financial investments	286,925	76,069	101,119	121,050	48,303	-	245,422
Trade and other receivables	122,326	32,431	21,694	25,970	23,301	3,629	85,331
Other current assets	207,691	55,063	3,998	4,785	19,705	42,825	122,378
Current assets	640,513	169,812	199,763	239,136	281,124	63,252	753,324
Financial investments	-	-	12,341	14,773	40,485	-	55,258
Trade and other receivables	10	3	-	-	-	-	3
Other non-current assets	9,192	2,437	35	42	4,276	4,504	11,259
Non-current assets	9,202	2,440	12,376	14,815	44,761	4,504	66,520
Total assets	649,715	172,252	212,139	253,951	325,885	67,756	819,844
Short-term borrowings	7	2	33,500	40,103	15,628	-	55,733
Trade and other payables	56,151	14,887	14,083	16,859	28,339	348	60,433
Other current liabilities and accrued expenses	340,102	90,167	4,061	4,861	40,858	18,946	154,832
Current liabilities	396,260	105,056	51,644	61,823	84,825	19,294	270,998
Trade and other payables	11	3	-	-	-	-	3
Long-term borrowings	-	-	50,090	59,963	72,921	-	132,884
Other non-current liabilities	3,180	843	-	-	-	2,124	2,967
Non-current liabilities	3,191	846	50,090	59,963	72,921	2,124	135,854
Total liabilities	399,451	105,902	101,734	121,786	157,746	21,418	406,852
Net foreign currency position	250,264	66,350	110,405	132,165	168,139	46,338	412,992
Net notional amount of derivatives	-	-	76,075	91,069	-	-	91,069

(*) 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.

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

Financial risk factors (cont’d)

Foreign currency risk (cont’d)

	31 December 2016						Total USD Equivalent
	TL	USD Equivalent	Euro	USD Equivalent	Other USD (*)	USD (**)	
Cash and cash equivalents	28,033	7,966	197,247	207,938	192,380	100,465	508,749
Financial investments	235,130	66,814	69,137	72,884	93,243	-	232,941
Trade and other receivables	21,790	6,192	25,465	26,845	32,261	256	65,554
Other current assets	41,799	11,877	25,310	26,682	12,030	4,775	55,364
Current assets	326,752	92,849	317,159	334,349	329,914	105,496	862,608
Financial investments	-	-	10,255	10,811	38,231	-	49,042
Trade and other receivables	-	-	580	611	-	6,666	7,277
Other non-current assets	6,501	1,847	247	261	4,055	3,966	10,129
Non-current assets	6,501	1,847	11,082	11,683	42,286	10,632	66,448
Total assets	333,253	94,696	328,241	346,032	372,200	116,128	929,056
Short-term borrowings	-	-	14,026	14,786	37,855	-	52,641
Trade and other payables	39,662	11,270	53,185	56,068	34,142	3,515	104,995
Other current liabilities and accrued expenses	282,742	80,343	14,684	15,480	33,967	29,865	159,655
Current liabilities	322,404	91,613	81,895	86,334	105,964	33,380	317,291
Trade and other payables	-	-	-	-	-	15	15
Long-term borrowings	-	-	49,999	52,709	50,833	-	103,542
Other non-current liabilities	5,096	1,448	79	84	-	2,224	3,756
Non-current liabilities	5,096	1,448	50,078	52,793	50,833	2,239	107,313
Total liabilities	327,500	93,061	131,973	139,127	156,797	35,619	424,604
Net foreign currency position	5,753	1,635	196,268	206,905	215,403	80,509	504,452
Net notional amount of derivatives	-	-	2,450	2,583	-	-	2,583

(*) 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.

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

Financial risk factors (cont’d)

Foreign currency risk (cont’d)

The details of the forward contracts and sales-purchase agreements are explained in Note 18 in order to manage Group’s foreign currency position.

The following table demonstrates the sensitivity to reasonably possible increase of 10% in the exchange rates against functional currency, with all other variables held constant, of the Group’s consolidated statement of profit or loss.

The following table details the Group’s foreign currency sensitivity as at 31 December 2017 and 2016:

	31 December 2017		31 December 2016	
	Profit / (loss)		Profit / (loss)	
	Valuation of foreign currency	Valuation of foreign currency	Valuation of foreign currency	Valuation of foreign currency
<i>In the case of TL gaining 10% value against US Dollar</i>				
1- TL net asset / (liability)	6,635	(6,635)	164	(164)
2- Portion hedged against TL risk (-)	-	-	-	-
3- TL net effect (1+2)	6,635	(6,635)	164	(164)
<i>In the case of Euro gaining 10% value against US Dollar</i>				
4- Euro net asset / (liability)	13,217	(13,217)	20,691	(20,691)
5- Portion hedged against Euro risk (-)	9,107	(9,107)	258	(258)
6- Euro net effect (4+5)	22,324	(22,324)	20,949	(20,949)
<i>In the case of other foreign currencies gaining 10% value against US Dollar</i>				
7- Other foreign currency net asset / (liability)	16,814	(16,814)	21,540	(21,540)
8- Portion hedged against other foreign currency risk (-)	-	-	-	-
9- Other foreign currency net effect (7+8)	16,814	(16,814)	21,540	(21,540)
Total (3+6+9)	45,773	(45,773)	42,653	(42,653)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group seeks to manage its credit risk exposure through diversification of sales activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. It also obtains security when appropriate. It is the Group’s policy to enter into financial instruments with a diversity of creditworthy counterparties. Therefore, the Group does not expect to incur material credit losses on its risk management or other financial instruments.

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Financial risk factors (cont'd)

Credit risk (cont'd)

31 December 2017	The maximum amount of exposure to credit risk at the end of the reporting period (A+B+C+D+E)	Receivables					Financial assets at fair value through profit or loss (**)	
		Trade receivables		Other receivables				
		Related party	3rd party	Related party	3rd party	Bank deposits		
-	Total receivable that have been secured with collaterals, other credit enhancements etc.*	-	353,336	21	793	779,949	-	2,373,800
-	A. Financial assets that are either past due or impaired	-	120,254	-	-	-	-	-
-	B. The amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated	-	322,512	21	793	779,949	-	2,373,800
-	C. The amount of financial assets that are past due as at the end of the reporting period but not impaired.	-	-	-	-	-	-	-
-	The amount that have been secured with collaterals, other credit enhancements etc.	-	30,824	-	-	-	-	-
-	D. The amount of financial assets that are impaired	-	30,824	-	-	-	-	-
-	- Past due (Gross book value)	-	-	-	-	-	-	-
-	The amount of impairment (-)	-	22,660	-	-	-	-	-
-	The amount that have been secured with collaterals, other credit enhancements etc.	-	(22,660)	-	-	-	-	-
-	- Not past due (Gross book value)	-	-	-	-	-	-	-
-	The amount of impairment (-)	-	-	-	-	-	-	-
-	E. Off balance sheet credit risk amount	-	-	-	-	-	-	-
		Bank deposits	Derivative instruments	Other				

(*) As of 31 December 2017, trade receivables from TETAŞ amounting to USD 80,046 are guaranteed by Turkish Treasury.
(**) Equity securities are excluded since they do not expose any credit risk.

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Financial risk factors (cont'd)

Credit risk (cont'd)

31 December 2016	The maximum amount of exposure to credit risk at the end of the reporting period (A+B+C+D+E)	Receivables					Financial assets at fair value through profit or loss (**)
		Trade receivables		Other receivables			
		Related party	3rd party	Related party	3rd party	Bank deposits	
-	Total receivable that have been secured with collaterals, other credit enhancements etc.*	-	448,871	-	1,537	998,183	1,921,064
-	A. Financial assets that are either past due or impaired	-	120,254	-	-	-	-
-	B. The amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated	-	438,287	-	1,537	998,183	1,921,064
-	C. The amount of financial assets that are past due as at the end of the reporting period but not impaired.	-	-	-	-	-	-
-	The amount that have been secured with collaterals, other credit enhancements etc.	-	10,584	-	-	-	-
-	D. The amount of financial assets that are impaired	-	10,054	-	-	-	-
-	- Past due (Gross book value)	-	-	-	-	-	-
-	- The amount of impairment (-)	-	28,947	-	-	-	-
-	- The amount that have been secured with collaterals, other credit enhancements etc.	-	(28,947)	-	-	-	-
-	- Not past due (Gross book value)	-	-	-	-	-	-
-	- The amount of impairment (-)	-	-	-	-	-	-
-	E. Off balance sheet credit risk amount	-	-	-	-	-	-
		Bank deposits		Derivative instruments		Other	

(*) As of 31 December 2016, trade receivables from TETAŞ amounting to USD 103,308 are guaranteed by Turkish Treasury.
(**) Equity securities are excluded since they do not expose any credit risk.

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Financial risk factors (cont'd)

Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The risk is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions.

The maturity analysis of the non-derivative financial liabilities is presented based on the period between balance sheet date and maturity date of these non-derivatives financial liabilities.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Current liabilities

31 December 2017

	<u>Carrying</u>	<u>Total cash outflow</u> <u>according to</u>	<u>Up to 1</u>	<u>1 to 3</u>	<u>3 to 12</u>
<u>Contractual maturity analysis</u>	<u>value</u>	<u>contract</u> <u>(I+II+III)</u>	<u>month (I)</u>	<u>months</u> <u>(II)</u>	<u>months</u> <u>(III)</u>
Non-derivative financial liabilities					
Financial liabilities and finance lease obligations	77,703	78,962	17,968	19,474	41,520
Trade payables	153,562	153,562	91,881	25,279	36,402
Other payables to related parties	34	34	34	-	-
Other payables	19,513	19,513	7	-	19,506

Non-current liabilities

31 December 2017

	<u>Carrying</u>	<u>Total cash outflow</u> <u>according to</u>	<u>1 -3 years</u>	<u>3 to 5</u>	<u>5+ years</u>
<u>Contractual maturity analysis</u>	<u>value</u>	<u>contract</u> <u>(I+II+III)</u>	<u>(I)</u>	<u>(II)</u>	<u>(III)</u>
Non-derivative financial liabilities					
Financial liabilities and finance lease obligations	233,807	235,628	95,045	43,166	97,417
Trade payables	59,002	59,005	59,005	-	-
Other payables	17,997	17,994	17,339	506	149

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Financial risk factors (cont'd)

Liquidity risk (cont'd)

Current liabilities

31 December 2016

	<u>Carrying</u>	<u>Total cash outflow</u> <u>according to</u>	<u>Up to 1</u>	<u>1 to 3</u>	<u>3 to 12</u>
<u>Contractual maturity analysis</u>	<u>value</u>	<u>contract</u> <u>(I+II+III)</u>	<u>month (I)</u>	<u>months</u> <u>(II)</u>	<u>months</u> <u>(III)</u>
Non-derivative financial liabilities					
Financial liabilities and finance lease obligations	66,761	68,260	848	9,106	58,306
Trade payables	238,110	238,110	163,264	17,426	57,420
Other payables to related parties	90	90	90	-	-
Other payables	13,133	13,133	-	2	13,131

Non-current liabilities

31 December 2016

	<u>Carrying</u>	<u>Total cash outflow</u> <u>according to</u>	<u>1 -3 years</u>	<u>3 to 5</u>	<u>5+ years</u>
<u>Contractual maturity analysis</u>	<u>value</u>	<u>contract</u> <u>(I+II+III)</u>	<u>(I)</u>	<u>(II)</u>	<u>(III)</u>
Non-derivative financial liabilities					
Financial liabilities and finance lease obligations	217,249	222,478	69,560	58,530	94,388
Other payables	22,059	22,059	21,852	207	-

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35. 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 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.

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

Fair value hierarchy (cont’d)

31 December 2017:

	Level 1	Level 2	Level 3
Private sector bonds	1,786,574	-	-
Equity securities	323,758	-	-
Foreign government bonds	457,950	-	-
Turkish government bonds	15,955	-	-
Mutual funds	113,321	-	-
Financial assets at fair value through profit or loss	2,697,558	-	-
Derivative instruments	-	3,881	-
Financial liabilities at fair value through profit or loss	-	3,881	-

31 December 2016:

	Level 1	Level 2	Level 3
Private sector bonds	1,507,126	-	-
Equity securities	273,469	-	-
Foreign government bonds	282,654	-	-
Turkish government bonds	28,742	-	-
Mutual funds	102,542	-	-
Financial assets at fair value through profit or loss	2,194,533	-	-
Derivative instruments	-	891	-
Financial liabilities at fair value through profit or loss	-	891	-

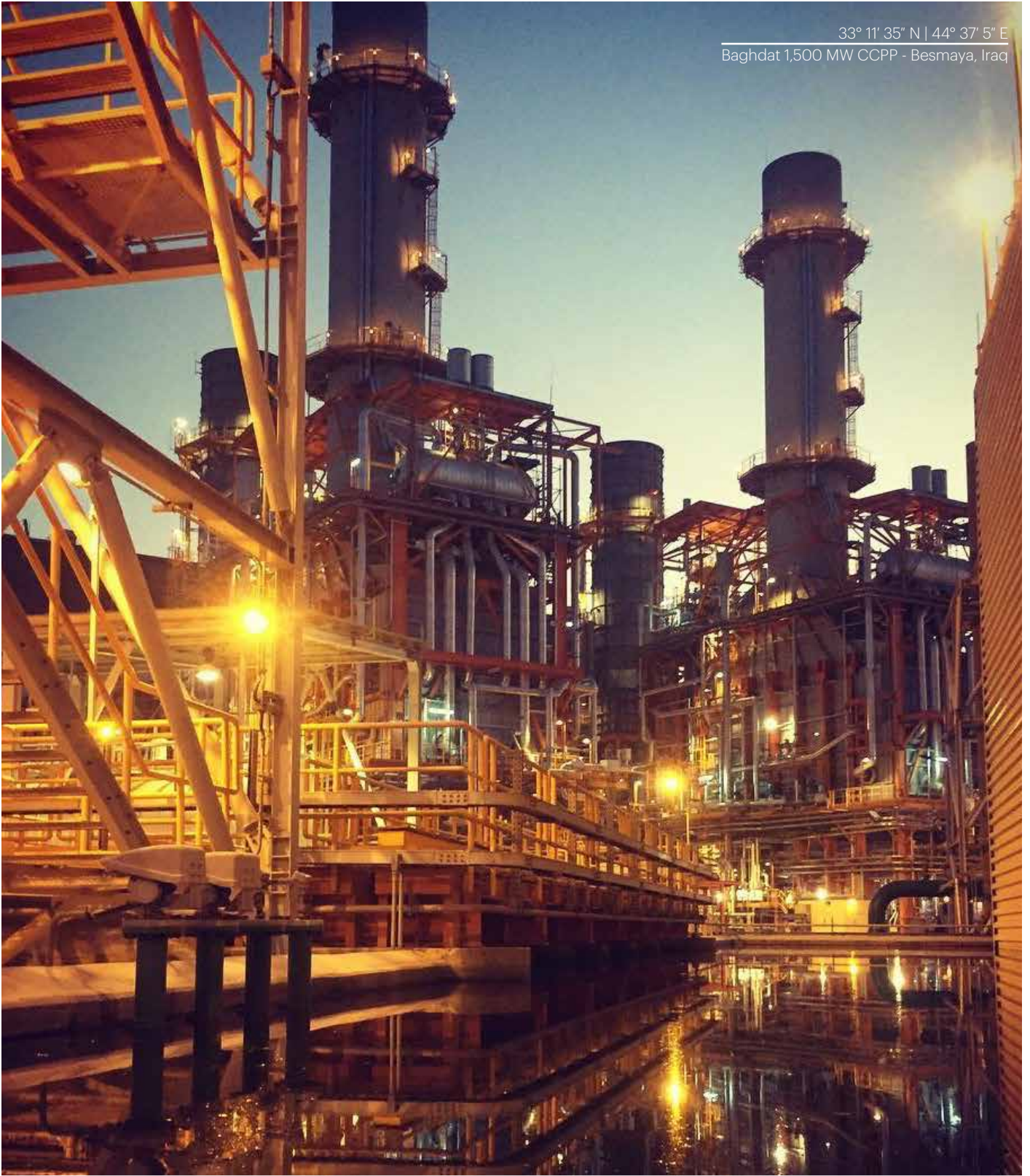
36. EVENTS AFTER THE REPORTING PERIOD

On 16 January 2018, according to the press release of the Capital Markets Board of Turkey (the Board) dated 25.07.2016 in order to protect the interests of minority shareholders, Board of Directors has resolved to buyback the shares up to nominal value of 4,600,000 Full TL, to determine the funds to be reserved as 50,000,000 Full TL for this purpose and to authorize Vice President İlhan Gücüyener for the transactions till the second announcement of the Board. As of 2 March 2018, the company has bought back all the determined shares.

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33° 11' 35" N | 44° 37' 5" E
Baghdad 1,500 MW CCPP - Besmaya, Iraq



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