ENKA İNŞAAT VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Condensed Consolidated Interim Financial Statements As at and for the Nine-Month Period Ended
30 September 2017

TABLE OF CONTENTS		**PAGE**

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

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

ASSETS	Note	30 September 2017	31 December 2016
Current Assets		**2,275,763**	**2,468,211**
Cash and cash equivalents		978,990	1,000,020
Financial investments		453,612	684,133
Trade receivables		444,390	419,938
Other receivables			
Other receivables from related parties		21	-
Other receivables from third parties		840	1,537
Inventories		263,710	264,804
Prepaid expenses		49,469	45,679
Costs and estimated earnings in excess of billings on uncompleted contracts	5	20,284	3,060
Other current assets		63,677	48,356
		2,274,993	2,467,527
Assets held for sale and discontinued operations		770	684
Non-Current Assets		**5,874,546**	**5,118,410**
Financial investments		2,046,184	1,510,400
Trade receivables		29,527	28,933
Investment properties	7	2,029,250	1,886,911
Property, plant and equipment		1,627,617	1,602,005
Intangible assets			
Goodwill		55,168	55,168
Other intangible assets		25,778	24,462
Deferred tax assets		1,986	1,400
Prepaid expenses		54,780	4,868
Other non-current assets		4,256	4,263
TOTAL ASSETS		**8,150,309**	**7,586,621**

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

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

LIABILITIES	**Note**	**30 September 2017**	**31 December 2016**
Current Liabilities		**1,021,695**	**851,737**
Short-term borrowings		27,742	24,279
Current portion of long-term borrowings		35,826	42,482
Trade payables		352,382	238,110
Payables to employees		25,824	21,873
Other payables			
Payables to related parties		120	90
Payables to third parties		14,634	13,133
Billings in excess of costs and estimated earnings on uncompleted contracts	5	280,372	241,027
Deferred income		131,290	98,681
Taxation on income		48,752	51,979
Provisions			
Provisions for employee benefits		11,507	18,342
Other provisions		49,664	58,465
Other current liabilities		43,582	43,276
Non-Current Liabilities		**947,910**	**1,006,381**
Long-term borrowings		257,280	217,249
Other payables		20,623	22,059
Deferred income		200,107	329,481
Provisions for employee benefits		16,539	16,290
Deferred tax liabilities		453,361	421,302
EQUITY		**6,180,704**	**5,728,503**
Equity Attributable to Equity Holders of the Parent		**6,104,379**	**5,666,583**
Share capital	10	2,556,803	2,445,227
Treasury Shares		(25,866)	(12,032)
Revaluation surplus		180,973	182,004
Currency translation difference		(1,097,840)	(1,190,023)
Other reserves		(541)	(541)
Legal reserves and accumulated profit		4,490,850	4,241,948
Non-Controlling Interests		**76,325**	**61,920**
TOTAL LIABILITIES AND EQUITY		**8,150,309**	**7,586,621**

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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

	1 January- 30 September 2017	**1 January- 30 September 2016**	**1 July- 30 September 2017**	**1 July- 30 September 2016**
CONTINUING OPERATIONS				
Revenue	2,204,067	2,704,939	842,705	862,703
Cost of revenues (-)	(1,666,812)	(2,113,658)	(637,151)	(671,041)
GROSS PROFIT	**537,255**	**591,281**	**205,554**	**191,662**
Administrative expenses (-)	(74,823)	(87,638)	(29,326)	(26,558)
Marketing, selling and distribution expenses (-)	(23,478)	(24,165)	(7,697)	(9,181)
Other operating income	17,619	18,788	9,947	6,227
Other operating expenses (-)	(15,404)	(32,773)	(8,177)	(19,872)
PROFIT FROM OPERATIONS	**441,169**	**465,493**	**170,301**	**142,278**
Income from investing activities	315,255	189,466	81,781	15,864
Expenses from investing activities (-)	(81,430)	(65,333)	(37,990)	(9,954)
OPERATING PROFIT BEFORE FINANCE EXPENSES	**674,994**	**589,626**	**214,092**	**148,188**
Financial income	14,509	24,016	5,976	5,298
Financial expenses (-)	(9,132)	(14,875)	311	(2,478)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**680,371**	**598,767**	**220,379**	**151,008**
Current tax expense (-)	(90,118)	(94,459)	(29,396)	(24,642)
Deferred tax expense (-)	(29,449)	(22,372)	(8,604)	(10,127)
NET PROFIT FOR THE PERIOD	**560,804**	**481,936**	**182,379**	**116,239**
Attributable to:				
Non-controlling interest	10,176	9,104	3,947	1,885
Equity holders of the parent	550,628	472,832	178,432	114,354
	560,804	**481,936**	**182,379**	**116,239**
Earning per share from continuing operations				
- ordinary share certificate (full cent)	0.12	0.10	0.04	0.02
Weighted average number of shares (1 cent weighted average shares)	458,160,000,000	458,160,000,000	458,160,000,000	458,160,000,000

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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

	1 January- 30 September 2017	1 January- 30 September 2016	1 July- 30 September 2017	1 July- 30 September 2016
NET PROFIT FOR THE PERIOD	**560,804**	**481,936**	**182,379**	**116,239**
Other Comprehensive Income / (Expense):				
Items that will not be reclassified subsequently to profit or loss	**270**	**610**	**112**	**100**
Changes in currency translation difference in revaluation fund of property	270	610	112	100
Items that may be reclassified subsequently to profit or loss	**99,066**	**129,903**	**51,213**	**13,593**
Changes in currency translation difference	99,066	129,278	51,213	13,473
Changes in cash flow hedge	-	625	-	120
Gain arising during the period	-	625	-	120
OTHER COMPREHENSIVE INCOME / (LOSS)	**99,336**	**130,513**	**51,325**	**13,693**
TOTAL COMPREHENSIVE INCOME	**660,140**	**612,449**	**233,704**	**129,932**
Attributable to:				
Non-controlling interest	17,058	11,985	6,102	2,458
Equity holders of the parent	643,082	600,464	227,602	127,474
	660,140	**612,449**	**233,704**	**129,932**

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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

	Share capital	Treasury Shares	Revaluation surplus	Currency translation difference	Other reserves	Legal reserves and accumulated profit	Total	Non-controlling interests	Total equity
Balance at 1 January 2016	**2,378,041**	**-**	**148,222**	**(1,326,308)**	**(1,207)**	**3,926,794**	**5,125,542**	**51,810**	**5,177,352**
Total other comprehensive income	-	-	610	126,398	625	-	127,633	2,881	130,514
Profit for the period	-	-	-	-	-	472,831	472,831	9,104	481,935
Total comprehensive income	-	-	610	126,398	625	472,831	600,464	11,985	612,449
Increase (Decrease) through Treasury Share Transactions	-	(3,551)	-	-	-	-	(3,551)	-	(3,551)
Transfer of depreciation difference (net of deferred tax) of revaluation effect	-	-	(1,616)	-	-	1,616	-	-	-
Share capital increase	67,186	-	-	-	-	(67,186)	-	-	-
Dividends paid	-	-	-	-	-	(167,811)	(167,811)	(2,731)	(170,542)
Balance at 30 September 2016	**2,445,227**	**(3,551)**	**147,216**	**(1,199,910)**	**(582)**	**4,166,244**	**5,554,644**	**61,064**	**5,615,708**
Balance at 1 January 2017	**2,445,227**	**(12,032)**	**182,004**	**(1,190,023)**	**(541)**	**4,241,948**	**5,666,583**	**61,920**	**5,728,503**
Total other comprehensive income	-	-	271	92,183	-	-	92,454	6,882	99,336
Profit for the period	-	-	-	-	-	550,628	550,628	10,176	560,804
Total comprehensive income	-	-	271	92,183	-	550,628	643,082	17,058	660,140
Increase (Decrease) through Treasury Share Transactions	-	(13,834)	-	-	-	-	(13,834)	-	(13,834)
Transfer of depreciation difference (net of deferred tax) of revaluation effect	-	-	(1,302)	-	-	1,302	-	-	-
Share capital increase	111,576	-	-	-	-	(111,576)	-	-	-
Dividends paid	-	-	-	-	-	(191,452)	(191,452)	(2,653)	(194,105)
Balance at 30 September 2017	**2,556,803**	**(25,866)**	**180,973**	**(1,097,840)**	**(541)**	**4,490,850**	**6,104,379**	**76,325**	**6,180,704**

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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

	1 January- 30 September 2017	1 January- 30 September 2016
Cash flows from operating activities		
Profit for the period	560,804	481,936
Adjustments to reconcile net income to net cash used in operating activities:		
- Depreciation and amortization of non-current assets	76,797	74,961
- Provision for employment termination benefits	2,508	1,714
- Allowance for doubtful receivables	1,150	421
- Provision for litigations	2,080	9,046
- Adjustments to deferred income from electricity sale	(117,921)	(117,276)
- Loss / (gain) from fair value of forward transactions	57	(1,074)
- Interest expense	2,571	2,464
- Interest income	(94,802)	(68,711)
- Dividend income	(7,761)	(8,553)
- Provision for inventory impairment, net	208	82
- Gain on sale or disposal of property, plant and equipment, net	(162)	(3,027)
- Valuation of investment securities	(106,820)	(51,323)
- Tax expense	119,567	116,832
	438,276	437,492
Movements in working capital		
Decrease in trade and other receivables	(26,142)	81,248
Decrease / (Increase) in cost and estimated earnings in excess of billings on uncompleted contracts	(17,224)	57,755
(Increase) / Decrease in inventory	887	(68,482)
(Increase) / Decrease in other current assets and other non current assets	(68,407)	20,723
Decrease / (Increase) in trade and other payables	114,280	(62,242)
(Increase) / Decrease in billings in excess of cost and estimated earnings on uncompleted contracts	39,344	27,200
Increase / (Decrease) in provision for liabilities and other liabilities	7,728	(23,344)
	50,466	32,858
Income taxes paid	(93,344)	(109,646)
Employee termination benefits paid	(2,611)	(653)
Net cash generated from operating activities	**392,787**	**360,051**
Cash flows from investing activities		
Purchases of financial investments	(198,444)	(182,062)
Proceeds on disposal or sale of property, plant and equipment	3,346	7,987
Purchases of property, plant and equipment, intangible assets and investment properties	(184,615)	(113,273)
Interest received	89,429	62,110
Dividend income	7,761	8,553
Net cash used in investing activities	**(282,523)**	**(216,685)**
Cash flows from financing activities		
Short-term borrowings, net	3,463	16,392
Addition to borrowings	41,688	78,114
Repayments of borrowings	(22,266)	(21,468)
Payments to acquire entity's shares	(13,834)	(3,551)
Interest received	5,372	6,308
Interest paid	(2,125)	(2,214)
Dividend paid to non-controlling interests	(2,653)	(2,731)
Dividend paid	(191,452)	(167,811)
Net cash used in financing activities	**(181,807)**	**(96,961)**
Translation reserve	50,513	22,701
Net increase / (decrease) in cash and cash equivalents	**(21,030)**	**69,106**
Cash and cash equivalents at beginning of the period	999,020	948,188
Cash and cash equivalents at end of the period	**977,990**	**1,017,294**

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

1. ORGANIZATIONS AND OPERATIONS OF THE GROUP

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

As of 28 June 2002, Enka İnşaat merged legally with its publicly traded shareholder company, Enka Holding Yatırım Anonim Şirketi (Enka Holding), which were under the common control of Tara Holding Anonim Şirketi and Tara and Gülçelik families. As of 30 September 2017, 12.08% of the shares of Enka İnşaat is traded publicly in İstanbul Stock Exchange ("ISE").

As of 30 September 2017, the average numbers of white and blue-collar personnel are respectively 5,005 and 22,972 (31 December 2016 – 4,975 and 26,262).

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

The Group operates in geographical areas below:

i. *Turkey*: engaged in diverse types of construction activities including construction of industrial and social buildings, motorways and construction and operation of natural gas fired electrical energy generation facilities.

ii. *Russian Federation, Turkmenistan, Georgia and Kazakhstan:* engaged in construction activities and also in investment and development of real estate properties and shopping malls in Moscow, Russia.

iii. Engaged in construction activities in Gabon, Djibouti, Mauritania and Equatorial Guinea in Africa; Saudi Arabia, Sri Lanka, India, Oman, Iraq and Afganistan in Asia and also in Dominican Republic.

iv. *Europe*: engaged in construction and trading activities in Romania, the Netherlands, Switzerland, Germany and Kosovo.

2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of accounting

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2016 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.
These interim financial statements were authorised for issue by the Company's Board of Directors on 8 November 2017.

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

2.2 Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2016.

2.3 Comparative information and reclassification of prior year financial statements

The Group prepares comparative condensed consolidated interim 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, the Group had made no reclassification.

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

2.4 Significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the last annual financial statements.

2.5 Standards and interpretations issued but not yet effective

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements 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

As issued in September 2016 by IASB, the new standard replaces existing IFRS guidance 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 the Group expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 "*Financial Instruments: Recognition and Measurement*". IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. 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.

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TFRS by the POA, thus they do not constitute part of TFRS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

Amendments to IAS 7 *Statement of Cash Flows* – Disclosure Initiative

IAS 7 Statement of Cash Flows has been amended as part of the IASB's broader disclosure initiative to improve presentation and disclosure in consolidated financial statements. The amendments will require disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are effective for periods beginning on or after 1 January 2017, 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 7.

Amendments to IAS 12 *Income Taxes*– Recognition of Deferred Tax Assets for Unrealized Losses

The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are effective for annual periods beginning on or after 1 January 2017. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IAS 12.

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

2.5 Standards and interpretations issued but not yet effective (cont'd)

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA (cont'd)

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.

Improvements to IFRSs

The IASB issued Annual Improvements to IFRSs - 2014–2016 Cycle. The amendments for IFRS 12 are effective as of 1 January 2017, and other amendments 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.

Annual Improvements to IFRSs 2014-2016 Cycle

IFRS 1 "First Time Adoption of International Financial Reporting Standards"
IFRS 1 is amended to clarify that the deletion of 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.

IFRS 12 "Disclosure of Interests in Other Entities"
The amendments clarify that the entity is not required to disclose summarized financial information for that subsidiary, joint venture or associate under the requirements of IFRS 12, when an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with IFRS 5.

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.

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 derecognized (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 Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IAS 40.

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

2.5 Standards and interpretations issued but not yet effective (cont'd)

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA (cont'd)

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 recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes 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. This IFRIC is 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 IFRIC 22.

IFRS 16 Leases
On 13 January 2016, IASB published 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 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. The standard 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. The Interpretation 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.

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.

3. CHANGES IN OPERATIONAL SEASON

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

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

4. SEGMENTAL INFORMATION

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

a) Business segments

	1 January - 30 September 2017					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	753,114	235,508	177,900	1,037,545	-	2,204,067
Inter-segment revenues	96,461	-	2,705	13,581	(112,747)	-
Cost of revenues (-)	(594,488)	(78,078)	(142,010)	(852,236)	-	(1,666,812)
Inter-segment cost of revenues (-)	(96,461)	-	(2,705)	(13,581)	112,747	-
Gross profit	158,626	157,430	35,890	185,309	-	537,255
Administrative expenses (-)	(48,420)	(13,180)	(7,187)	(6,036)	-	(74,823)
Marketing expenses (-)	(10,870)	(4,238)	(8,360)	(10)	-	(23,478)
Other operating income	15,467	1,125	636	391	-	17,619
Other operating expenses (-)	(10,203)	(4,007)	(1,134)	(60)	-	(15,404)
Profit from operations	104,600	137,130	19,845	179,594	-	441,169
Invesment income	315,203	-	11	41	-	315,255
Investment expenses (-)	(81,430)	-	-	-	-	(81,430)
Profit from operations before financial income / (expenses)	338,373	137,130	19,856	179,635	-	674,994
Financial income	6,476	3,303	3,836	3,388	(2,494)	14,509
Financial expenses (-)	(7,180)	(2,344)	(2,121)	(143)	2,656	(9,132)
Profit before tax	337,669	138,089	21,571	182,880	162	680,371
Current tax expense (-)	(35,313)	(28,448)	(4,496)	(21,861)	-	(90,118)
Deferred taxation income/ (expenses)	(5,907)	(2,225)	(1,350)	(19,967)	-	(29,449)
Profit for the period from continuing operations	296,449	107,416	15,725	141,052	162	560,804

	30 September 2017				
	Construction contracts	Rental	Trade	Energy	Consolidated
Segment assets	4,260,931	2,142,501	260,887	1,485,990	8,150,309
Total assets	4,260,931	2,142,501	260,887	1,485,990	8,150,309
Segment liabilities	758,223	421,153	126,042	664,187	1,969,605
Total liabilities	758,223	421,153	126,042	664,187	1,969,605

	1 January - 30 September 2017				
Other segment information	Construction contracts	Rental	Trade	Energy	Consolidated
Capital expenditures					
Property, plant and equipment & investment property	61,356	91,778	266	28,281	181,681
Intangible assets	2,572	136	112	114	2,934
Total capital expenditures	63,928	91,914	378	28,395	184,615
Depreciation expense	30,835	2,617	772	40,714	74,938
Amortisation	1,629	72	60	98	1,859

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

4. SEGMENTAL INFORMATION (cont'd)

a) Business segments (cont'd)

	1 July - 30 September 2017					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	295,936	79,502	56,493	410,774	-	842,705
Inter-segment revenues	33,320	-	868	4,027	(38,215)	-
Cost of revenues (-)	(219,584)	(24,908)	(44,412)	(348,247)	-	(637,151)
Inter-segment cost of revenues (-)	(33,320)	-	(174)	(4,027)	37,521	-
Gross profit	76,352	54,594	12,775	62,527	(694)	205,554
Administrative expenses (-)	(19,023)	(6,274)	(2,175)	(1,854)	-	(29,326)
Marketing expenses (-)	(3,738)	(1,187)	(2,772)	-	-	(7,697)
Other operating income	9,629	259	(93)	152	-	9,947
Other operating expenses (-)	(4,815)	(2,763)	(572)	(27)	-	(8,177)
Profit from operations	58,405	44,629	7,163	60,798	(694)	170,301
Invesment income	81,770	-	11	-	-	81,781
Investment expenses (-)	(38,734)	744	-	-	-	(37,990)
Profit from operations before financial income / (expenses)	101,441	45,373	7,174	60,798	(694)	214,092
Financial income	2,619	2,003	2,158	349	(1,153)	5,976
Financial expenses (-)	(32)	(62)	(547)	(56)	1,008	311
Profit before tax	104,028	47,314	8,785	61,091	(839)	220,379
Current tax expense (-)	(10,113)	(10,609)	(1,486)	(7,188)	-	(29,396)
Deferred taxation income/ (expenses)	(1,026)	109	(1,751)	(5,936)	-	(8,604)
Profit for the period from continuing operations	92,889	36,814	5,548	47,967	(839)	182,379

	1 July - 30 September 2017				
Other segment information	Construction contracts	Rental	Trade and manufacturing	Energy	Consolidated
Capital expenditures					
Property, plant and equipment & investment property	17,728	25,367	21	155	43,271
Intangible assets	194	44	20	59	317
Total capital expenditures	17,922	25,411	41	214	43,588
Depreciation expense	10,001	990	312	13,942	25,245
Amortisation	532	33	24	34	623

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

4. SEGMENTAL INFORMATION (cont'd)

a) Business segments (cont'd)

	1 January - 30 September 2016					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	1,060,200	239,564	188,495	1,216,680	-	2,704,939
Inter-segment revenues	50,439	-	5,381	15,620	(71,440)	-
Cost of revenues (-)	(890,635)	(55,521)	(157,635)	(1,009,867)	-	(2,113,658)
Inter-segment cost of revenues (-)	(50,677)	-	(5,381)	(15,620)	71,678	-
Gross profit	169,327	184,043	30,860	206,813	238	591,281
Administrative expenses (-)	(58,946)	(11,245)	(11,005)	(6,864)	422	(87,638)
Marketing expenses (-)	(12,439)	(3,684)	(8,042)	-	-	(24,165)
Other operating income	11,513	5,632	1,198	445	-	18,788
Other operating expenses (-)	(26,225)	(5,125)	(1,446)	(69)	92	(32,773)
Profit from operations	83,230	169,621	11,565	200,325	752	465,493
Invesment income	189,349	5	12	100	-	189,466
Investment expenses (-)	(64,910)	(423)	-	-	-	(65,333)
Profit from operations before financial income / (expenses)	207,669	169,203	11,577	200,425	752	589,626
Financial income	11,292	4,245	5,930	5,370	(2,821)	24,016
Financial expenses (-)	(10,946)	(4,624)	(1,896)	(356)	2,947	(14,875)
Profit before tax	208,015	168,824	15,611	205,439	878	598,767
Current tax expense (-)	(40,164)	(25,951)	(3,905)	(24,439)	-	(94,459)
Deferred taxation income/ (expenses)	2,381	(3,741)	(571)	(20,441)	-	(22,372)
Profit for the period from continuing operations	170,232	139,132	11,135	160,559	878	481,936

	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 - 30 September 2016				
Other segment information	Construction contracts	Rental	Trade	Energy	Consolidated
Capital expenditures					
Property, plant and equipment & investment property	53,923	39,368	82	18,007	111,380
Intangible assets	1,734	40	44	74	1,892
Total capital expenditures	55,657	39,408	126	18,081	113,272
Depreciation expense	31,017	2,262	968	39,366	73,613
Amortisation	1,038	68	104	138	1,348

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

4. SEGMENTAL INFORMATION (cont'd)

a) Business segments (cont'd)

	1 July - 30 September 2016					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	321,838	77,005	61,462	402,398	-	862,703
Inter-segment revenues	20,774	-	429	4,774	(25,977)	-
Cost of revenues (-)	(262,477)	(17,206)	(52,989)	(338,369)	-	(671,041)
Inter-segment cost of revenues (-)	(20,774)	-	(429)	(4,774)	25,977	-
Gross profit	59,361	59,799	8,473	64,029	-	191,662
Administrative expenses (-)	(18,429)	(2,582)	(3,246)	(2,489)	188	(26,558)
Marketing expenses (-)	(5,479)	(1,155)	(2,547)	-	-	(9,181)
Other operating income	5,038	157	691	341	-	6,227
Other operating expenses (-)	(19,347)	(176)	(331)	(43)	25	(19,872)
Profit from operations	21,144	56,043	3,040	61,838	213	142,278
Invesment income	15,862	1	1	-	-	15,864
Investment expenses (-)	(9,786)	(168)	-	-	-	(9,954)
Profit from operations before financial income / (expenses)	27,220	55,876	3,041	61,838	213	148,188
Financial income	2,859	425	1,987	871	(844)	5,298
Financial expenses (-)	(2,446)	(686)	(247)	(89)	990	(2,478)
Profit before tax	27,633	55,615	4,781	62,620	359	151,008
Current tax expense (-)	(7,693)	(8,202)	(1,066)	(7,681)	-	(24,642)
Deferred taxation income/ (expenses)	(624)	(3,050)	(388)	(6,065)	-	(10,127)
Profit for the period from continuing operations	19,316	44,363	3,327	48,874	359	116,239

	1 July - 30 September 2016				
Other segment information	Construction contracts	Rental	Trade and manufacturing	Energy	Consolidated
Capital expenditures					
Property, plant and equipment & investment property	13,641	16,540	9	2,098	32,288
Intangible assets	1,376	7	24	39	1,446
Total capital expenditures	15,017	16,547	33	2,137	33,734
Depreciation expense	10,892	735	591	13,216	25,434
Amortisation	371	20	33	32	456

Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in consolidation. For the period ended 30 September 2017, revenues amounting to USD 1,037,465 (30 September 2016 - USD 1,216,680) is from Türkiye Elektrik Ticaret ve Taahhüt A.Ş. (TETAŞ), the share of which in consolidated revenue exceeds 10%. For the period ended 30 September 2017, cost of sales of the above mentioned revenues from TETAŞ, amounting to USD 724,729 (30 September 2016 - USD 909,868) is related with the purchases from Boru Hatları ile Petrol Taşıma A.Ş. (BOTAŞ), the share of which in consolidated cost of revenues exceeds 10%.

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

4. SEGMENTAL INFORMATION (cont'd)

b) Geographical segments

	1 January - 30 September 2017					
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Net sales	1,459,531	494,615	110,473	139,448	-	2,204,067
Inter-segment sales	33,696	79,051	-	-	(112,747)	-
Capital expenditures	83,043	93,918	226	7,428	-	184,615

	30 September 2017					
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Segmental assets	5,220,661	2,601,591	105,594	222,463	-	8,150,309

	1 January - 30 September 2016					
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Net sales	1,693,942	516,590	261,614	232,793	-	2,704,939
Inter-segment sales	41,071	30,369	-	-	(71,440)	-
Capital expenditures	58,286	43,582	9,646	1,758	-	113,272

	31 December 2016					
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Segmental assets	3,939,352	2,380,154	152,300	1,114,815	-	7,586,621

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

5. CONSTRUCTION CONTRACTS

The Group's construction contracts details as of 30 September 2017 and 31 December 2016 is as follows:

	30 September 2017	31 December 2016
Costs incurred on uncompleted contracts	2,285,262	1,802,842
Recognized profit less recognized losses to date, net	369,041	265,532
	2,654,303	2,068,374
Less: Progress billing	(2,914,391)	(2,306,341)
	(260,088)	(237,967)

	30 September 2017	31 December 2016
Costs and estimated earnings in excess of billings on uncompleted contracts (net)	20,284	3,060
Billings in excess of costs and estimated earnings on uncompleted contracts (net)	(280,372)	(241,027)
	(260,088)	(237,967)

As of 30 September 2017, the amount of advances received of subsidiaries and companies shares in joint operations is USD72,224 (31 December 2016: USD 68,406).

6. INVESTMENT PROPERTIES

As of 30 September 2017 and 2016, movement of investment properties is as follws:

	1 January - 30 September 2017	1 January - 30 September 2016
Opening balance	1,886,911	1,558,724
Currency translation difference	52,075	134,573
Additions	90,264	37,113
Closing balance	2,029,250	1,730,410

7. PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 September 2017 the Group purchased property plant and equipment amounting to USD 91,417 (30 September 2016: USD 74,267). In addition during the period ended 30 September 2017 net book value of USD 3,184 (30 September 2016: 4,960) property plant and equipment sold for USD 3,346 (30 September 2016: USD 7,987).

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

8. COMMITMENTS

Litigations

During the period ended 30 September 2017, the Group does not have any legal claims or progress to existing legal claims that need aditional explanation other then disclosed in 31 December 2016 consolidated financial statements. The Group properly records the provision related to these carried forward legal claims. Provision rates and probable outflows are considered while estimating the provisions. The Group does not record provision for the legal claims that would not result in a probable cash outflow.

Commitments and contingencies

The breakdown of letters of guarantee, guarantee notes given, mortgage and pledges (together referred to as Guarantees) by the Group as of 30 September 2017 and 31 December 2016 is as follows:

	30 September 2017		31 December 2016	
Letters of guarantee, guarantee notes given, mortgage and pledges	Original Currency	USD Equivalent	Original Currency	USD Equivalent
A. Total amount of guarantees provided by the Company on behalf of itself		517,599		543,737
-USD	348,229	348,229	398,701	398,701
-EUR	78,342	92,464	101,035	106,510
-TL	74,154	20,876	53,923	15,323
-Others (*)		56,030		23,203
B. Total amount for guarantees provided on behalf of subsidiaries accounted under full consolidation method		92,195		70,033
-USD	85	85	85	85
-EUR	-	-	526	555
-TL	826	233	957	272
-Others (*)		91,877		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		-		-
		609,794		613,770

(*) U.S Dollar equivalents of letters of guarantee, guarantee notes given, mortgage and pledges other than USD, TL and EUR. As of 30 September 2017 the portion of other guarantess given to shareholders’ equity is 0% (31 December 2016 - 0%).

9. RELATED PARTY BALANCES AND TRANSACTIONS

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

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

10. SHARE CAPITAL AND RESERVES

The shareholders of the Group and their percentage of ownership as of 30 September 2017 and 31 December 2016 is as follows:

	30 September 2017		31 December 2016	
	Percentage of ownership	Amount	Percentage of ownership	Amount
Tara Holding A.Ş.	49.44%	1,264,083	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	30.27%	773,945	30.29%	740,659
	100%	2,556,803	100%	2,445,227
Purchase of treasury shares (*)		(25,866)		(12,032)
		2,530,937		2,433,195

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 to cover TL 400.000 (USD 111,576) from the 1st Dividend.

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 net in total TL 784,000 (2016 - TL 600,000); further it has been resolved to distribute TL 29,352 (2016 - TL 21,988) as cash dividend to founder shares. Net in total TL 140,000 from TL 780,000 has been distributed as an advance dividend on 14 December 2016, net in total TL 140,000 from TL 780,000 has been distributed as an advance dividend on 28 September 2016 and the remaning amount net in total TL 504,000 (USD 144,975) is distributed on 19 April 2017.

Based on the power vested in the Board of Directors of Enka İnsaat 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.

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Foreign currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Euro, Russian Ruble 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.

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

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

Foreign currency risk (cont'd)

The following table details the Group's foreign currency position as at 30 September 2017 and 31 December 2016:

	30 September 2017	31 December 2016
A. Assets denominated in foreign currency	1,624,576	1,598,859
B. Liabilities denominated in foreign currency	(469,251)	(424,604)
Net foreign currency position (A+B)	1,155,325	1,174,255

The Group's foreign currency position at 30 September 2017 and 31 December 2016 is as follows (non monetary items are not included in the table as they don't have foreign currency risk):

	30 September 2017						
	TL	USD Equivalent	Euro	USD Equivalent	Other USD (*)	USD (**)	Total USD Equivalent
Cash and cash equivalents	16,703	4,702	113,314	133,744	258,500	67,828	464,774
Financial investments	251,440	70,786	79,865	94,264	88,149	128,965	382,164
Trade and other receivables	40,749	11,472	38,900	45,913	38,219	5,865	101,469
Other currrent assets	83,164	23,413	10,666	12,590	12,337	318	48,658
Current assets	**392,056**	**110,373**	**242,745**	**286,511**	**397,205**	**202,976**	**997,065**
Financial investments	-	-	11,909	14,056	40,077	560,813	614,946
Trade and other receivables	-	-	1,102	1,301	-	-	1,301
Other non-current assets	6,393	1,800	258	304	4,719	4,441	11,264
Non-current assets	**6,393**	**1,800**	**13,269**	**15,661**	**44,796**	**565,254**	**627,511**
Total assets	**398,449**	**112,173**	**256,014**	**302,172**	**442,001**	**768,230**	**1,624,576**
Short-term borrowings	18	5	23,500	27,737	31,530	-	59,272
Trade and other payables	40,790	11,483	36,612	43,213	49,626	2,569	106,891
Other current liabilities and accrued expenses	241,739	68,055	13,676	16,142	41,560	33,838	159,595
Current liabilities	**282,547**	**79,543**	**73,788**	**87,092**	**122,716**	**36,407**	**325,758**
Trade and other payables	-	-	-	-	7	-	7
Long-term borrowings	-	-	50,385	59,469	80,373	-	139,842
Other non-current liabilities	3,151	887	70	82	-	2,675	3,644
Non-current liabilities	**3,151**	**887**	**50,455**	**59,551**	**80,380**	**2,675**	**143,493**
Total liabilities	**285,698**	**80,430**	**124,243**	**146,643**	**203,096**	**39,082**	**469,251**
Net foreign currency position	**112,751**	**31,743**	**131,771**	**155,529**	**238,905**	**729,148**	**1,155,325**
Net notional amount of derivatives	-	-	-	-	-	-	-

(*) 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.

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

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

Foreign currency risk (cont'd)

	31 December 2016						
	TL	USD Equivalent	Euro	USD Equivalent	Other USD (*)	USD (**)	Total USD Equivalent
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	272,485	505,426
Trade and other receivables	21,790	6,192	25,465	26,845	32,261	256	65,554
Other currrent 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**	**377,981**	**1,135,093**
Financial investments	-	-	10,255	10,811	38,231	397,318	446,360
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**	**407,950**	**463,766**
Total assets	**333,253**	**94,696**	**328,241**	**346,032**	**372,200**	**785,931**	**1,598,859**
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**	**750,312**	**1,174,255**
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.

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

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

Foreign currency risk (cont’d)

	30 September 2017		31 December 2016	
	Profit / (loss)		Profit / (loss)	
	Valuation of foreign currency	Devaluation of foreign currency	Valuation of foreign currency	Devaluation of foreign currency
In the case of TL gaining 10% value against US Dollar				
1- TL net asset / (liability)	3,174	(3,174)	164	(164)
2- Portion hedged against TL risk (-)	-	-	-	-
3- TL net effect (1+2)	**3,174**	**(3,174)**	**164**	**(164)**
In the case of Euro gaining 10% value against US Dollar				
4- Euro net asset / (liability)	15,553	(15,553)	20,691	(20,691)
5- Portion hedged against Euro risk (-)	-	-	258	(258)
6- Euro net effect (4+5)	**15,553**	**(15,553)**	**20,949**	**(20,949)**
In the case of other foreign currencies gaining 10% value against US Dollar				
7- Other foreign currency net asset / (liability)	23,891	(23,891)	21,540	(21,540)
8- Portion hedged against other foreign currency risk (-)	-	-	-	-
9- Other foreign currency net effect (7+8)	**23,891**	**(23,891)**	**21,540**	**(21,540)**
Total (3+6+9)	**42,618**	**(42,618)**	**42,653**	**(42,653)**

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

Fair value of financial assets and liabilities

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

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

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

Financial assets

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

Financial liabilities

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

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

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

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.

30 September 2017

	Level 1	Level 2	Level 3
Private sector bonds	1,710,200	-	-
Equity securities	301,778	-	-
Foreign government bonds	362,005	-	-
Turkish government bonds	16,092	-	-
Mutual funds	109,721	-	-
Financial assets at fair value through profit or loss	**2,499,796**	-	-
Derivative instruments	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-

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**	-

13. SUBSEQUENT EVENTS

None.