

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

SUMMARY CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 MARCH 2017

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ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES**SUMMARY CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2017**

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

ASSETS	31 March 2017	31 December 2016
Current Assets	2,607,078	2,468,211
Cash and cash equivalents	1,113,762	1,000,020
Financial investments	669,275	684,133
Trade receivables	373,026	419,938
Other receivables		
Other receivables from related parties	25	-
Other receivables from third parties	1,599	1,537
Inventories	319,515	264,804
Prepaid expenses	55,256	45,679
Costs and estimated earnings in excess of billings on uncompleted contracts	25,771	3,060
Other current assets	48,188	48,356
	<u>2,606,417</u>	<u>2,467,527</u>
Assets held for sale and discontinued operations	661	684
Non-Current Assets	5,330,049	5,118,410
Financial investments	1,614,486	1,510,400
Trade receivables	29,146	28,933
Investment properties	2,002,134	1,886,911
Property, plant and equipment	1,592,532	1,602,005
Intangible assets		
Goodwill	55,168	55,168
Other intangible assets	25,509	24,462
Deferred tax assets	1,958	1,400
Prepaid expenses	5,095	4,868
Other non-current assets	4,021	4,263
TOTAL ASSETS	<u>7,937,127</u>	<u>7,586,621</u>

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES**SUMMARY CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2017**

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

LIABILITIES	31 March 2017	31 December 2016
Current Liabilities	914,105	851,737
Short-term borrowings	25,409	24,279
Current portion of long-term borrowings	52,138	42,482
Trade payables	301,754	238,110
Payables to employees	20,376	21,873
Other payables		
Payables to related parties	82	90
Payables to third parties	14,673	13,133
Billings in excess of costs and estimated earnings on uncompleted contracts	207,583	241,027
Deferred income	103,899	98,681
Taxation on income	75,309	51,979
Provisions		
Provisions for employee benefits	17,327	18,342
Other provisions	56,152	58,465
Other current liabilities	39,403	43,276
Non-Current Liabilities	1,026,309	1,006,381
Long-term borrowings	264,296	217,249
Other payables	22,388	22,059
Deferred income	283,101	329,481
Provisions for employee benefits	16,126	16,290
Deferred tax liabilities	440,398	421,302
EQUITY	5,996,713	5,728,503
Equity Attributable to Equity Holders of the Parent	5,930,782	5,666,583
Share capital	2,445,227	2,445,227
Treasury Shares	(12,032)	(12,032)
Revaluation surplus	182,171	182,004
Currency translation difference	(1,095,689)	(1,190,023)
Other reserves	(541)	(541)
Legal reserves and accumulated profit	4,411,646	4,241,948
Non-Controlling Interests	65,931	61,920
TOTAL LIABILITIES AND EQUITY	7,937,127	7,586,621

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

SUMMARY CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD ENDED 31 MARCH 2017

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

	1 January- 31 March 2017	1 January- 31 March 2016
CONTINUING OPERATIONS		
Revenue	662,103	904,343
Cost of revenues (-)	<u>(502,587)</u>	<u>(698,231)</u>
GROSS PROFIT	159,516	206,112
Administrative expenses (-)	(17,397)	(25,834)
Marketing, selling and distribution expenses (-)	(7,728)	(7,091)
Other operating income	4,299	8,910
Other operating expenses (-)	<u>(5,579)</u>	<u>(6,945)</u>
PROFIT FROM OPERATIONS	133,111	175,152
Income from investing activities	127,575	102,647
Expenses from investing activities (-)	<u>(23,262)</u>	<u>(52,853)</u>
OPERATING PROFIT BEFORE FINANCE EXPENSES	237,424	224,946
Financial income	7,345	7,719
Financial expenses (-)	<u>(16,629)</u>	<u>(9,597)</u>
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	228,140	223,068
Current tax expense (-)	(42,569)	(33,841)
Deferred tax expense (-)	<u>(13,197)</u>	<u>(2,762)</u>
NET PROFIT FOR THE PERIOD	<u>172,374</u>	<u>186,465</u>
Attributable to:		
Non-controlling interest	2,962	2,904
Equity holders of the parent	<u>169,412</u>	<u>183,561</u>
	<u>172,374</u>	<u>186,465</u>
Earning per share from continuing operations		
- ordinary share certificate (full cent)	0.04	0.04
Weighted average number of shares (1 cent weighted average shares)		
	419,160,000,000	419,160,000,000

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES**SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2017**

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

	1 January- 31 March 2017	1 January- 31 March 2016
NET PROFIT FOR THE PERIOD	172,374	186,465
Other Comprehensive Income / (Expense):		
Items that will not be reclassified subsequently to profit or loss	450	191
Changes in currency translation difference	450	191
Items that may be reclassified subsequently to profit or loss	95,386	87,783
Changes in currency translation difference	95,386	87,490
<i>Changes in cash flow hedge</i>	-	293
Gain arising during the period	-	293
OTHER COMPREHENSIVE INCOME / (LOSS)	95,836	87,974
TOTAL COMPREHENSIVE INCOME	268,210	274,439
Attributable to:		
Non-controlling interest	4,011	4,658
Equity holders of the parent	264,199	269,781
	268,210	274,439

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 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	-	-	191	85,736	293	-	86,220	1,754	87,974
Profit for the period	-	-	-	-	-	183,561	183,561	2,904	186,465
Total comprehensive income	-	-	191	85,736	293	183,561	269,781	4,658	274,439
Transfer of depreciation difference (net of deferred tax) of revaluation effect	-	-	(516)	-	-	516	-	-	-
Balance at 31 March 2016	2,378,041	-	147,897	(1,240,572)	(914)	4,110,871	5,395,323	56,468	5,451,791
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	-	-	450	94,334	-	-	94,784	1,049	95,833
Profit for the period	-	-	-	-	-	169,415	169,415	2,962	172,377
Total comprehensive income	-	-	450	94,334	-	169,415	264,199	4,011	268,210
Transfer of depreciation difference (net of deferred tax) of revaluation effect	-	-	(283)	-	-	283	-	-	-
Balance at 31 March 2017	2,445,227	(12,032)	182,171	(1,095,689)	(541)	4,411,646	5,930,782	65,931	5,996,713

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2017

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

	1 January- 31 March 2017	1 January- 31 March 2016
Cash flows from operating activities		
Profit for the period	172,374	186,465
Adjustments to reconcile net income		
to net cash used in operating activities:		
- Depreciation and amortization of non-current assets	25,590	24,780
- Provision for employment termination benefits	1,180	975
- Allowance for doubtful receivables	290	218
- Provision for litigations	563	1,331
- Adjustments to deferred income from electricity sale	(44,497)	(40,095)
- Loss from fair value of forward transactions	111	(2,454)
- Interest expense	608	441
- Interest income	(34,744)	(20,370)
- Dividend income	(1,340)	(1,863)
- Provision for inventory impairment, net	147	185
- Gain on sale or disposal of property, plant and equipment, net	(79)	(314)
- Valuation of investment securities	(59,837)	(19,692)
- Tax expense	55,766	36,603
	<u>116,132</u>	<u>166,210</u>
Movements in working capital		
Decrease in trade and other receivables	46,757	98,742
Decrease / (Increase) in cost and estimated earnings in excess of billings on uncompleted contracts	(22,711)	(18,074)
(Increase) / Decrease in inventory	(54,858)	(62,316)
Decrease in other current assets and other non current assets	(9,434)	28,723
Decrease / (Increase) in trade and other payables	63,652	(86,868)
Increase / (Decrease) in billings in excess of cost and estimated earnings on uncompleted contracts	(33,445)	7,998
Decrease in provision for liabilities and other liabilities	(4,183)	(1,229)
	<u>(14,222)</u>	<u>(33,024)</u>
Income taxes paid	(19,239)	(19,366)
Employee termination benefits paid	(1,105)	(161)
Net cash generated from operating activities	<u>81,566</u>	<u>113,659</u>
Cash flows from investing activities		
Financial investments	(29,392)	(147,705)
Proceeds on disposal or sale of property, plant and equipment	3,132	1,862
Purchases of property, plant and equipment, intangible assets and investment properties	(42,161)	(36,207)
Interest received	33,139	20,370
Dividend income	1,340	1,863
Net cash used in investing activities	<u>(33,942)</u>	<u>(159,817)</u>
Cash flows from financing activities		
Short-term borrowings, net	1,129	9,650
Addition to long-term borrowings	41,946	27,592
Interest paid	1,605	(211)
Dividend paid to non-controlling interests	(442)	-
Net cash used in financing activities	<u>44,238</u>	<u>37,031</u>
Translation reserve	21,880	28,456
Net decrease in cash and cash equivalents	<u>113,742</u>	<u>19,329</u>
Cash and cash equivalents at beginning of the period	999,020	948,188
Cash and cash equivalents at end of the period	<u>1,112,762</u>	<u>967,517</u>

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

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

1. ORGANIZATIONS AND OPERATIONS OF THE GROUP

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

As of 28 June 2002, Enka İnşaat merged legally with its publicly traded shareholder company, Enka Holding Yatırım Anonim Şirketi (Enka Holding), which were under the common control of Tara Holding Anonim Şirketi and Tara and Gülçelik families. As of 31 March 2017, 12.16% of the shares of Enka İnşaat is traded publicly in İstanbul Stock Exchange (“ISE”).

As of 31 March 2017, the average numbers of white and blue-collar personnel are respectively 5,043 and 23,939 (31 December 2016 – 4,975 and 26,262).

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:

- 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 Afghanistan 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 SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The summary consolidated financial statements of the Group are derived from condensed consolidated financial statements of the Group for the period ended 31 March 2017 prepared in accordance with the accounting principles promulgated by the Turkish Capital Market Board (“CMB”).

The summary consolidated financial statements are presented in U.S. Dollars (“USD”) and all values are rounded to the nearest thousand (‘000) except when otherwise indicated. There is no difference in the summary consolidated financial statements derived from the condensed consolidated financial statements prepared in accordance with the accounting policies promulgated by CMB, except for the use of USD and TL as the presentation currency, respectively.

This summary interim financial information does not contain all the information required for the preparation of the annual financial statements, and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2016 prepared in accordance with International Financial Reporting Standards (“IFRS”).

Comparative information and reclassification of prior year 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, the Group had made no reclassification.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

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

3. SEGMENTAL INFORMATION

a) Business segments

	1 January - 31 March 2017					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	222,885	77,409	41,893	319,916	-	662,103
Inter-segment revenues	25,648	-	307	2,972	(28,927)	-
Cost of revenues (-)	(188,864)	(25,868)	(33,214)	(254,641)	-	(502,587)
Inter-segment cost of revenues (-)	(25,648)	-	(307)	(2,972)	28,927	-
Gross profit	34,021	51,541	8,679	65,275	-	159,516
Administrative expenses (-)	(11,723)	(2,221)	(1,792)	(1,710)	49	(17,397)
Marketing expenses (-)	(2,807)	(3,017)	(1,894)	(10)	-	(7,728)
Other operating income	3,480	379	369	71	-	4,299
Other operating expenses (-)	(4,965)	(145)	(456)	(13)	-	(5,579)
Profit from operations	18,006	46,537	4,906	63,613	49	133,111
Investment income	127,575	-	-	-	-	127,575
Investment expenses (-)	(22,892)	(370)	-	-	-	(23,262)
Profit from operations before financial income / (expenses)	122,689	46,167	4,906	63,613	49	237,424
Financial income	1,449	1,690	2,266	2,176	(236)	7,345
Financial expenses (-)	(15,029)	(1,351)	(494)	(420)	665	(16,629)
Profit before tax	109,109	46,506	6,678	65,369	478	228,140
Current tax expense (-)	(18,864)	(12,220)	(1,587)	(9,898)	-	(42,569)
Deferred taxation income/ (expenses)	(5,525)	(949)	560	(7,283)	-	(13,197)
Profit for the period from continuing operations	84,720	33,337	5,651	48,188	478	172,374

	31 March 2017				
	Construction contracts	Rental	Trade	Energy	Consolidated
Segment assets	4,109,737	2,105,847	266,236	1,455,076	7,936,896
Unallocated assets					231
Total assets	4,109,737	2,105,847	266,236	1,455,076	7,937,127
Segment liabilities	689,311	430,015	139,086	681,920	1,940,332
Unallocated liabilities					82
Total liabilities	689,311	430,015	139,086	681,920	1,940,414

	1 January - 31 March 2017				
	Construction contracts	Rental	Trade	Energy	Consolidated
Other segment information					
<u>Capital expenditures</u>					
Property, plant and equipment & investment property	11,001	25,761	13	3,816	40,591
Intangible assets	1,467	92	-	10	1,569
Total capital expenditures	12,468	25,853	13	3,826	42,160
Depreciation expense	10,536	855	332	13,309	25,032
Amortisation	481	24	23	32	560

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017**

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

3. SEGMENTAL INFORMATION (cont’d)

a) Business segments (cont’d)

	1 January - 31 March 2016					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	340,347	82,471	54,356	427,169	-	904,343
Inter-segment revenues	11,417	-	2,122	3,056	(16,595)	-
Cost of revenues (-)	(288,455)	(16,559)	(43,886)	(349,331)	-	(698,231)
Inter-segment cost of revenues (-)	(11,651)	-	(2,122)	(3,056)	16,829	-
Gross profit	51,658	65,912	10,470	77,838	234	206,112
Administrative expenses (-)	(18,588)	(2,356)	(2,785)	(2,179)	74	(25,834)
Marketing expenses (-)	(3,248)	(1,111)	(2,732)	-	-	(7,091)
Other operating income	3,950	4,239	617	104	-	8,910
Other operating expenses (-)	(6,349)	(331)	(302)	-	37	(6,945)
Profit from operations	27,423	66,353	5,268	75,763	345	175,152
Investment income	102,636	-	11	-	-	102,647
Investment expenses (-)	(52,275)	(578)	-	-	-	(52,853)
Profit from operations before financial income / (expenses)	77,784	65,775	5,279	75,763	345	224,946
Financial income	5,715	696	1,354	824	(870)	7,719
Financial expenses (-)	(6,314)	(2,915)	(741)	(616)	989	(9,597)
Profit before tax	77,185	63,556	5,892	75,971	464	223,068
Current tax expense (-)	(11,912)	(9,784)	(1,850)	(10,295)	-	(33,841)
Deferred taxation income/ (expenses)	1,919	827	(130)	(5,378)	-	(2,762)
Profit for the period from continuing operations	67,192	54,599	3,912	60,298	464	186,465
	31 December 2016					
	Construction contracts	Rental	Trade	Energy	Consolidated	
Segment assets	3,807,142	1,960,577	211,590	1,607,103	7,586,412	
Unallocated assets					209	
Total assets	3,807,142	1,960,577	211,590	1,607,103	7,586,621	
Segment liabilities	728,079	400,904	88,524	640,520	1,858,027	
Unallocated liabilities					91	
Total liabilities	728,079	400,904	88,524	640,520	1,858,118	
	1 January - 31 March 2016					
	Construction contracts	Rental	Trade	Energy	Consolidated	
Other segment information						
<u>Capital expenditures</u>						
Property, plant and equipment & investment property	25,254	9,377	28	1,340	35,999	
Intangible assets	159	27	20	2	208	
Total capital expenditures	25,413	9,404	48	1,342	36,207	
Depreciation expense	10,331	780	175	13,075	24,361	
Amortisation	328	32	40	19	419	

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

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

3. SEGMENTAL INFORMATION (cont’d)

b) Geographical segments

1 January - 31 March 2017						
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Net sales	429,162	148,806	48,087	36,048	-	662,103
Inter-segment sales	9,576	19,351	-	-	(28,927)	-
Capital expenditures	15,032	26,552	3	573	-	42,160
31 March 2017						
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Segmental assets	5,145,843	2,526,896	100,454	163,703	-	7,936,896
1 January - 31 March 2016						
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Net sales	568,749	161,350	117,465	56,779	-	904,343
Inter-segment sales	11,908	4,687	-	-	(16,595)	-
Capital expenditures	24,083	10,849	622	653	-	36,207
31 December 2016						
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Segmental assets	3,939,143	2,380,154	152,300	1,114,815	-	7,586,412