ENKA İNŞAAT VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Condensed Consolidated Interim Financial Statements As at and for the Nine-Months Period Ended
30 September 2019

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

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

ASSETS	**Note**	**30 September 2019**	**31 December 2018**
Current Assets		**2,597,853**	**2,521,452**
Cash and cash equivalents		868,388	626,712
Financial investments		957,759	899,517
Trade receivables		270,609	505,938
Other receivables			
Other receivables from related parties		20	20
Other receivables from third parties		1,092	1,033
Inventories		304,997	307,082
Prepaid expenses		59,305	45,890
Costs and estimated earnings in excess of billings on uncompleted contracts	5	58,132	45,203
Other current assets		54,219	66,681
		2,574,521	2,498,076
Assets held for sale		23,332	23,376
Non-Current Assets		**5,444,377**	**5,274,829**
Financial investments		1,835,756	1,725,464
Trade receivables		16,811	44,103
Investment properties	6	1,991,014	1,891,078
Property, plant and equipment	7	1,529,745	1,554,394
Right of use assets		25,104	-
Intangible assets			
Other intangible assets		25,600	44,062
Deferred tax assets		6,891	5,415
Prepaid expenses		9,776	6,426
Other non-current assets		3,680	3,887
TOTAL ASSETS		**8,042,230**	**7,796,281**

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

LIABILITIES	Note	30 September 2019	31 December 2018
Current Liabilities		**748,988**	**913,251**
Short-term borrowings		31,747	54,540
Current portion of long-term borrowings		19,653	18,914
Trade payables		183,335	344,400
Payables to employees		16,994	19,751
Other payables			
Payables to related parties		27	29
Payables to third parties		15,732	20,776
Billings in excess of costs and estimated earnings on uncompleted contracts	5	170,055	167,209
Deferred income		181,587	139,368
Taxation on income		26,773	53,126
Provisions			
Provisions for employee benefits		12,604	14,780
Other provisions		43,019	51,630
Other current liabilities		47,462	28,728
Non-Current Liabilities		**714,960**	**701,812**
Long-term borrowings		173,009	178,355
Other payables		26,161	25,009
Deferred income		1,040	1,079
Provisions for employee benefits		13,486	13,309
Deferred tax liabilities		501,264	484,060
EQUITY		**6,578,282**	**6,181,218**
Equity Attributable to Equity Holders of the Parent		**6,507,395**	**6,102,790**
Share capital	10	2,639,338	2,639,338
Treasury Shares	10	(68,825)	(55,725)
Revaluation surplus		152,845	169,342
Currency translation difference		(1,247,127)	(1,311,178)
Other reserves		(1,021)	(1,644)
Legal reserves and accumulated profit		5,032,185	4,662,657
Non-Controlling Interests		**70,887**	**78,428**
TOTAL LIABILITIES AND EQUITY		**8,042,230**	**7,796,281**

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 2019

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

	Note	1 January- 30 September 2019	1 January- 30 September 2018	1 July- 30 September 2019	1 July- 30 September 2018
CONTINUING OPERATIONS					
Revenue	4	1,438,389	2,049,681	430,794	806,837
Cost of revenues (-)	4	(1,089,702)	(1,476,394)	(331,485)	(602,710)
GROSS PROFIT		**348,687**	**573,287**	**99,309**	**204,127**
Administrative expenses (-)	4	(65,624)	(66,799)	(21,394)	(20,625)
Marketing, selling and distribution expenses (-)	4	(19,416)	(19,336)	(7,127)	(6,168)
Other operating income	4	13,015	75,625	5,503	56,061
Other operating expenses (-)	4	(29,572)	(33,743)	(5,972)	(19,432)
PROFIT FROM OPERATIONS		**247,090**	**529,034**	**70,319**	**213,963**
Income from investing activities	4	358,840	120,434	123,413	45,968
Expenses from investing activities (-)	4	(32,119)	(380,962)	(17,794)	(173,299)
OPERATING PROFIT BEFORE FINANCE EXPENSES		**573,811**	**268,506**	**175,938**	**86,632**
Financial income	4	28,407	47,934	8,029	19,957
Financial expenses (-)	4	(24,012)	(29,366)	(6,346)	(7,727)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**578,206**	**287,074**	**177,621**	**98,862**
Current tax expense (-)		(61,136)	(78,178)	(11,070)	(20,862)
Deferred tax expense (-)		(12,353)	(41,449)	(3,208)	(30,800)
NET PROFIT (LOSS) FOR THE PERIOD		**504,717**	**167,447**	**163,343**	**47,200**
Attributable to:					
Non-controlling interest		2,322	2,784	2,502	1,868
Equity holders of the parent		502,395	164,663	160,841	45,332
		504,717	**167,447**	**163,343**	**47,200**
Earning / (Loss) per share from continuing operations					
- ordinary share certificate (full USD)		0.10	0.03	0.03	0.01
Weighted average number of shares (1 dollar weighted average shares)		4,935,536,796	4,935,536,796	4,935,536,796	4,935,536,796

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 2019

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

	1 January-30 September 2019	**1 January-30 September 2018**	**1 July-30 September 2019**	**1 July-30 September 2018**
NET PROFIT FOR THE PERIOD	**504,717**	**167,447**	**163,343**	**47,200**
Other Comprehensive Income / (Expense):				
Items that will not be reclassified subsequently to profit or loss	**(19,978)**	**(759)**	**(4,628)**	**(247)**
Gains / (losses) on revaluation of property, plant and equipment	(20,391)	-	(4,511)	-
Changes in currency translation difference in revaluation fund of property	413	(759)	(117)	(247)
Items that may be reclassified subsequently to profit or loss	**63,315**	**(168,120)**	**(33,339)**	**(62,788)**
Changes in currency translation difference	62,689	(168,120)	(33,588)	(62,788)
Gains (Losses) on financial assets measured at fair value through other comprehensive income	626	-	249	-
OTHER COMPREHENSIVE INCOME / (LOSS)	**43,337**	**(168,879)**	**(37,967)**	**(63,035)**
TOTAL COMPREHENSIVE INCOME	**548,054**	**(1,432)**	**125,376**	**(15,835)**
Attributable to:				
Non-controlling interest	(3,547)	(162)	(254)	1,279
Equity holders of the parent	551,601	(1,270)	125,630	(17,114)
	548,054	**(1,432)**	**125,376**	**(15,835)**

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 2019

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

	Share capital	Treasury Shares	Revaluation surplus	Currency translation difference	Other reserves	Legal reserves and accumulated profit	Total	Non-controlling interests	Total equity
Balance at 1 January 2018	**2,556,803**	**(25,866)**	**176,262**	**(1,094,940)**	**280**	**4,594,954**	**6,207,493**	**76,320**	**6,283,813**
Total other comprehensive income	-	-	(759)	(165,174)	-	-	(165,933)	(2,946)	(168,879)
Profit for the period	-	-	-	-	-	164,663	164,663	2,784	167,447
Total comprehensive income	-	-	(759)	(165,174)	-	164,663	(1,270)	(162)	(1,432)
Increase (Decrease) through Treasury Share Transactions	-	(23,273)	-	-		-	(23,273)	-	(23,273)
Transfer of depreciation difference (net of deferred tax) of revaluation effect	-	-	(1,003)	-	-	1,003	-	-	-
Share capital increase	82,535	-	-	-	-	(82,535)	-	-	-
Dividends paid	-	-	-	-		(141,976)	(141,976)	(434)	(142,410)
Transfer of revaluation surplus of sold lands	-	-	-	-	-	-	-	-	-
Balance at 30 September 2018	**2,639,338**	**(49,139)**	**174,500**	**(1,260,114)**	**280**	**4,536,109**	**6,040,974**	**75,724**	**6,116,698**
Balance at 1 January 2019	**2,639,338**	**(55,725)**	**169,342**	**(1,311,178)**	**(1,644)**	**4,662,657**	**6,102,790**	**78,428**	**6,181,218**
Total other comprehensive income			(15,468)	64,051	623		49,206	(5,870)	43,336
Profit for the period						502,395	502,395	2,323	504,718
Total comprehensive income	-	-	(15,468)	64,051	623	502,395	551,601	(3,547)	548,054
Increase (Decrease) through Treasury Share Transactions		(13,100)					(13,100)		(13,100)
Transfer of depreciation difference (net of deferred tax) of revaluation effect			(1,029)			1,029	-		-
Dividends paid						(133,896)	(133,896)	(3,994)	(137,890)
Balance at 30 September 2019	**2,639,338**	**(68,825)**	**152,845**	**(1,247,127)**	**(1,021)**	**5,032,185**	**6,507,395**	**70,887**	**6,578,282**

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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

	1 January- 30 September 2019	1 January- 30 September 2018
Cash flows from operating activities		
Profit for the period	504,717	167,447
Adjustments to reconcile net income to net cash used in operating activities:		
- Adjustments related to depreciation and amortisation	81,943	73,518
- Adjustments related to provision for employment	1,893	953
- Adjustments related to allowance for doubtful receivables	678	(227)
- Adjustments related to provision for litigations	4,114	4,011
- Adjustments to related to deferred income from electricity sale	(16,650)	(115,221)
- (Income) / loss from fair value of forward transactions	20	(8,341)
- Adjustments to related to interest expense	3,476	4,200
- Adjustments to related to interest income	(95,138)	(88,168)
- Adjustments to related to dividend income	(14,914)	(9,532)
- Adjustments to related to provision for inventory impairment, net	(89)	(1,493)
- Adjustments to related to gain on sale or disposal of property, plant and equipment	(4,591)	(830)
- Adjustments to related to valuation of investment securities	(216,600)	339,592
- Interest accrual	135	-
- Tax expense	73,489	119,627
	322,483	485,536
Movements in working capital		
Change in trade and other receivables	262,422	(221,018)
Change cost and estimated earnings in excess of billings on uncompleted contracts	(12,929)	(22,804)
Change in inventory	2,175	(83,046)
Change in other current assets and other non current assets	(4,110)	20,491
Change in trade and other payables	(161,065)	166,025
Change in billings in excess of cost and estimated earnings on uncompleted contracts	2,846	(82,675)
Change provision for liabilities and other liabilities	56,615	61,824
	145,954	(161,203)
Income taxes paid	(87,489)	(92,257)
Employee termination benefits paid	(680)	(1,417)
Net cash generated from operating activities	**380,268**	**230,659**
Cash flows from investing activities		
Purchases of financial investments	(322,309)	(208,775)
Sale of financial investments	370,378	323,350
Proceeds on disposal or sale of property, plant and equipment	18,270	6,310
Purchases of property, plant and equipment, intangible assets and investment properties	(120,233)	(112,091)
Interest received	88,056	80,427
Dividend received	14,914	9,532
Net cash used in investing activities	**49,076**	**98,753**
Cash flows from financing activities		
Short-term borrowings	10,921	(18,195)
Addition to long-term borrowings	7,677	25,000
Repayments of borrowings	(50,225)	(7,403)
Purchase of treasury shares	(13,100)	(23,273)
Interest received	6,947	7,740
Interest paid	(3,297)	(3,263)
Dividend paid to non-controlling interests	(3,994)	(434)
Dividend paid	(133,896)	(141,976)
Net cash used in financing activities	**(178,967)**	**(161,804)**
Translation reserve	(8,702)	(17,507)
Net increase / (decrease) in cash and cash equivalents	**241,675**	**150,101**
Cash and cash equivalents at beginning of the period	625,713	780,718
Cash and cash equivalents at end of the period	**867,388**	**930,819**

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 2019, 11,83% of the shares of Enka İnşaat is traded publicly in İstanbul Stock Exchange ("ISE").

As of 30 September 2019, the average numbers of white and blue-collar personnel are respectively 4,500 and 12,935 (31 December 2018 – 4,558 and 12,043).

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

The Group operates in geographical areas below:

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

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

iii. Engaged in construction activities in Gabon, Kenya, Djibouti, Mauritania in Africa; Saudi Arabia, Sri Lanka, India, Oman, Iraq and Afganistan in Asia; Mexico in North America and Paraguay in South America.

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

2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of accounting

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 30 September 2019. The consolidated financial statements of Enka İnşaat were authorized for issue by the management on 8 November 2019. 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 condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") including requirements of IAS 34 "Interim Financial Reporting". IAS consists of International Accounting Standards, International Financial Reporting Standards ("IFRS") and related appendices and interpretations.

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 as the presentation currency in accordance with IAS 21 "the effects of changes in foreign exchange rates".

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

2.2 Changes in the accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements.

The Group has initially adopted IFRS 16 *Leases* from 1 January 2019.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non- lease components as a single lease component.

B. As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases on-balance sheet.

i. Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

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

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

2.2 Changes in the accounting policies (cont'd)

i. Significant accounting policies (cont'd)

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Some leases provide for additional rent payments that are based on changes in local price indices. At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The leases were classified as finance leases under IAS 17. For the finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

On transition to IFRS 16, the Group recognised additional right-of-use assets, including investment property and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	1 January 2019
Right-of-use assets	7,869
Short-term lease liabilities	163
Long-term lease liabilities	7,706

The Group presents lease liabilities in "borrowings" in the statement of financial position.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted- average rate applied is for USD 5.1%.

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

2.3 Changes in Accounting Estimates and Errors

Changes in accounting policies or accounting errors are applied retrospectively and the consolidated financial statements of the previous periods are restated. If estimated changes in accounting policies are for only one period, changes are applied on the current period 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 period.

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 intepretations issued but not yet effective

As of 30 September 2019, the standards and interpretations issued but not yet effective and not early adopted

Standards issued but not yet effective and not early adopted

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group has not early adopted are as follows.

The revised Conceptual Framework

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

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

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

IFRS 17 Insurance Contracts

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

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

2.4 Standards and intepretations issued but not yet effective (cont'd)

As of 30 September 2019, the standards and interpretations issued but not yet effective and not early adopted (cont'd)

Amendments to IAS 1 and IAS 8 - Definition of Material

In October 2018 the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8). The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. The amended "definition of material "was added to the important definition and it was stated that this expression could lead to similar results by not giving and giving misstating information. In addition, with this amendment, the terminology used in its definition of material has been aligned with the terminology used in the Conceptual Framework for Financial Reporting (Version 2018). Those amendments are prospectively effective for annual periods beginning on or after 1 January 2020 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 1 and IAS 8.

Amendments to IFRS 3 - Definition of a Business

Determining whether a transaction results in an asset or a business acquisition has long been a challenging but important area of judgement. The IASB has issued amendments to IFRS 3 Business Combinations to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. With this amendments confirmed that a business must include inputs and a process, and clarified that the process shall be substantive and the inputs and process must together significantly contribute to creating outputs. It narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a concentration test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The amendment applies to businesses acquired in annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the amendments to IFRS 3.

2.5 Use of judgements and estimates

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

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

3. CHANGES IN OPERATIONAL SEASON

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

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

4. SEGMENTAL INFORMATION

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

a) Business segments

	1 January - 30 September 2019					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	791,398	255,861	73,474	317,656	-	1,438,389
Inter-segment revenues	21,476	-	8,359	6,462	(36,297)	-
Cost of revenues (-)	(640,772)	(84,803)	(59,742)	(304,385)	-	(1,089,702)
Inter-segment cost of revenues (-)	(21,476)	-	(8,359)	(6,236)	36,071	-
Gross profit	150,626	171,058	13,732	13,497	(226)	348,687
Administrative expenses (-)	(41,299)	(13,045)	(6,034)	(5,312)	66	(65,624)
Marketing expenses (-)	(11,227)	(4,124)	(4,065)	-	-	(19,416)
Other operating income	9,587	423	2,038	967	-	13,015
Other operating expenses (-)	(26,421)	(1,469)	(1,665)	(17)	-	(29,572)
Profit from operations	81,266	152,843	4,006	9,135	(160)	247,090
Invesment income	358,840	-	-	-	-	358,840
Investment expenses (-)	(32,119)	-	-	-	-	(32,119)
Profit from operations before financial income / (expenses)	407,987	152,843	4,006	9,135	(160)	573,811
Financial income	13,052	3,079	2,282	10,554	(560)	28,407
Financial expenses (-)	(14,969)	(4,920)	(3,962)	(669)	508	(24,012)
Profit / (loss) before tax	406,070	151,002	2,326	19,020	(212)	578,206
Current tax expense (-)	(20,888)	(27,543)	(1,893)	(10,812)	-	(61,136)
Deferred taxation income/ (expenses)	(9,972)	(4,538)	813	1,344	-	(12,353)
Profit / (loss) for the period from continuing operations	375,210	118,921	1,246	9,552	(212)	504,717

	30 September 2019				
	Construction contracts	Rental	Trade	Energy	Consolidated
Segment assets	4,568,354	2,087,375	213,229	1,173,272	8,042,230
Total assets	4,568,354	2,087,375	213,229	1,173,272	8,042,230
Segment liabilities	728,492	391,135	84,956	259,365	1,463,948
Total liabilities	728,492	391,135	84,956	259,365	1,463,948

	1 January - 30 September 2019				
Other segment information	Construction contracts	Rental	Trade	Energy	Consolidated
Capital expenditures					
Property, plant and equipment & investment property	47,942	16,103	20,657	15,807	100,509
Intangible assets	15,017	67	1	4,639	19,724
Total capital expenditures	62,959	16,170	20,658	20,446	120,233
Depreciation expense	32,364	1,628	950	40,043	74,985
Amortisation	6,780	96	17	65	6,958

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4. SEGMENTAL INFORMATION (cont'd)

a) Business segments(cont'd)

	1 July - 30 September 2019					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	275,673	87,703	21,531	45,887	-	430,794
Inter-segment revenues	4,361	-	2,437	226	(7,024)	-
Cost of revenues (-)	(229,086)	(24,410)	(17,388)	(60,601)	-	(331,485)
Inter-segment cost of revenues (-)	(4,361)	-	(2,437)	-	6,798	-
Gross profit	46,587	63,293	4,143	(14,488)	(226)	99,309
Administrative expenses (-)	(13,872)	(4,625)	(1,553)	(1,363)	19	(21,394)
Marketing expenses (-)	(4,813)	(1,024)	(1,290)	-	-	(7,127)
Other operating income	3,626	80	1,605	192	-	5,503
Other operating expenses (-)	(4,448)	(231)	(1,299)	6	-	(5,972)
Profit from operations	27,080	57,493	1,606	(15,653)	(207)	70,319
Invesment income	123,413	-	-	-	-	123,413
Investment expenses (-)	(17,794)	-	-	-	-	(17,794)
Profit from operations before financial income / (expenses)	132,699	57,493	1,606	(15,653)	(207)	175,938
Financial income	7,538	(132)	1,488	(474)	(391)	8,029
Financial expenses (-)	(4,891)	(467)	(2,139)	643	508	(6,346)
Profit before tax	135,346	56,894	955	(15,484)	(90)	177,621
Current tax expense (-)	(1,834)	(8,877)	(755)	396	-	(11,070)
Deferred taxation income/ (expenses)	(3,264)	(2,144)	(20)	2,220	-	(3,208)
Profit for the period from continuing operations	130,248	45,873	180	(12,868)	(90)	163,343

	1 July - 30 September 2019				
Other segment information	Construction contracts	Rental	Trade and manufacturing	Energy	Consolidated
<u>Capital expenditures</u>					
Property, plant and equipment & investment property	19,976	3,527	22	94	23,619
Intangible assets	2,829	35	-	66	2,930
Total capital expenditures	22,805	3,562	22	160	26,549
Depreciation expense	13,460	495	301	13,501	27,757
Amortisation	3,223	46	5	22	3,296

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4. SEGMENTAL INFORMATION (cont'd)

a) Business segments(cont'd)

	1 January - 30 September 2018					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	692,059	244,528	137,805	975,289	-	2,049,681
Inter-segment revenues	60,945	-	6,431	12,554	(79,930)	-
Cost of revenues (-)	(531,956)	(80,147)	(108,652)	(755,639)	-	(1,476,394)
Inter-segment cost of revenues (-)	(60,945)	-	(6,431)	(12,554)	79,930	-
Gross profit	160,103	164,381	29,153	219,650	-	573,287
Administrative expenses (-)	(46,025)	(8,851)	(6,674)	(5,326)	77	(66,799)
Marketing expenses (-)	(9,505)	(3,742)	(6,089)	-	-	(19,336)
Other operating income	64,162	3,221	1,872	6,370	-	75,625
Other operating expenses (-)	(30,146)	(948)	(2,403)	(246)	-	(33,743)
Profit from operations	138,589	154,061	15,859	220,448	77	529,034
Invesment income	120,212	222	-	-	-	120,434
Investment expenses (-)	(380,962)	-	-	-	-	(380,962)
Profit from operations before financial income / (expenses)	(122,161)	154,283	15,859	220,448	77	268,506
Financial income	12,990	2,424	14,802	19,542	(1,824)	47,934
Financial expenses (-)	(12,143)	(5,357)	(2,009)	(11,682)	1,825	(29,366)
Profit before tax	(121,314)	151,350	28,652	228,308	78	287,074
Current tax expense (-)	(23,531)	(20,871)	(2,948)	(30,828)	-	(78,178)
Deferred taxation income/ (expenses)	(9,809)	(6,106)	(2,376)	(23,158)	-	(41,449)
Profit for the period from continuing operations	(154,654)	124,373	23,328	174,322	78	167,447

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

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4. SEGMENTAL INFORMATION (cont'd)

a) Business segments(cont'd)

	1 January - 30 September 2018				
Other segment information	Construction contracts	Rental	Trade	Energy	Consolidated
Capital expenditures					
Property, plant and equipment & investment property	50,435	54,696	299	1,707	107,137
Intangible assets	4,729	62	-	163	4,954
Total capital expenditures	55,164	54,758	299	1,870	112,091
Depreciation expense	28,607	1,935	835	40,113	71,490
Amortisation	1,800	75	38	115	2,028

	1 July - 30 September 2018					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	254,175	83,299	26,745	442,618	-	806,837
Inter-segment revenues	12,289	-	2,077	3,261	(17,627)	-
Cost of revenues (-)	(189,965)	(16,988)	(21,542)	(374,215)	-	(602,710)
Inter-segment cost of revenues (-)	(12,289)	-	(2,077)	(3,261)	17,627	-
Gross profit	64,210	66,311	5,203	68,403	-	204,127
Administrative expenses (-)	(15,710)	(2,524)	(1,045)	(1,369)	23	(20,625)
Marketing expenses (-)	(3,594)	(1,150)	(1,424)	-	-	(6,168)
Other operating income	53,137	14	335	2,575	-	56,061
Other operating expenses (-)	(17,941)	(99)	(1,315)	(77)	-	(19,432)
Profit from operations	80,102	62,552	1,754	69,532	23	213,963
Invesment income	45,746	222	-	-	-	45,968
Investment expenses (-)	(173,299)	-	-	-	-	(173,299)
Profit from operations before financial income / (expenses)	(47,451)	62,774	1,754	69,532	23	86,632
Financial income	5,613	488	5,642	8,717	(503)	19,957
Financial expenses (-)	(856)	(2,060)	1,768	(7,194)	615	(7,727)
Profit before tax	(42,694)	61,202	9,164	71,055	135	98,862
Current tax expense (-)	(7,740)	(7,410)	105	(5,817)	-	(20,862)
Deferred taxation income/ (expenses)	(15,526)	(2,388)	(3,180)	(9,706)	-	(30,800)
Profit for the period from continuing operations	(65,960)	51,404	6,089	55,532	135	47,200

	1 July - 30 September 2018				
Other segment information	Construction contracts	Rental	Trade and manufacturing	Energy	Consolidated
Capital expenditures					
Property, plant and equipment & investment property	5,338	4,495	4	30	9,867
Intangible assets	1,121	29	-	31	1,181
Total capital expenditures	6,459	4,524	4	61	11,048
Depreciation expense	8,743	601	108	13,474	22,926
Amortisation	615	37	4	39	695

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4. SEGMENTAL INFORMATION (cont'd)

a) Business segments(cont'd)

Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in consolidation. For the period ended 30 September 2019, revenues amounting to USD 317,656 (30 September 2018 - USD 975,289) 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 2019, cost of sales of the above mentioned revenues from TETAŞ, amounting to USD 242,099 (30 September 2018 - USD 666,856) is related with the purchases from Boru Hatları ile Petrol Taşıma A.Ş. (BOTAŞ), the share of which in consolidated cost of revenues exceeds 10%.

b) Geographical segments

	1 January - 30 September 2019					
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Net sales	626,502	461,441	176,061	174,385	-	1,438,389
Inter-segment sales	36,297	-	-	-	(36,297)	-
Capital expenditures	63,103	52,392	3,427	1,311	-	120,233

	30 September 2019					
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Segmental assets	5,000,180	2,688,280	84,322	269,448	-	8,042,230

	1 July - 30 September 2019					
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Net sales	164,853	153,856	61,194	50,891	-	430,794
Inter-segment sales	7,024	-	-	-	(7,024)	-
Capital expenditures	13,536	12,049	529	435	-	26,549

	1 January - 30 September 2018					
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Net sales	1,264,856	471,643	89,790	223,392	-	2,049,681
Inter-segment sales	38,453	41,477	-	-	(79,930)	-
Capital expenditures	34,257	57,636	12,360	7,838	-	112,091

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4. SEGMENTAL INFORMATION (cont'd)

b) Geographical segments (cont'd)

	31 December 2018					
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Segmental assets	4,968,762	2,437,170	96,639	293,710	-	7,796,281

	1 July - 30 September 2018					
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Net sales	530,345	152,734	21,279	102,479	-	806,837
Inter-segment sales	10,118	7,509	-	-	(17,627)	-
Capital expenditures	5,983	4,219	(1,308)	2,154	-	11,048

5. CONSTRUCTION CONTRACTS

The Group's construction contracts details as of 30 September 2019 and 31 December 2018 is as follows:

	30 September 2019	31 December 2018
Costs incurred on uncompleted contracts	1,707,027	2,489,083
Recognized profit less recognized losses to date, net	274,993	439,169
	1,982,020	2,928,252
Less: Progress billing	(2,093,943)	(3,050,258)
	(111,923)	(122,006)

	30 September 2019	31 December 2018
Costs and estimated earnings in excess of billings on uncompleted contracts (net)	58,132	45,203
Billings in excess of costs and estimated earnings on uncompleted contracts (net)	(170,055)	(167,209)
	(111,923)	(122,006)

As of 30 September 2019, the amount of advances received of subsidiaries and companies shares in joint operations is USD 146,089 (31 December 2018: USD 42,809).

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6. INVESTMENT PROPERTIES

As of 30 September 2019 and 2018, movement of investment properties is as follws:

	1 January - 30 September 2019	1 January - 30 September 2018
Opening balance	1,891,078	2,081,941
Currency translation difference	85,094	(173,696)
Additions	14,842	53,705
Closing balance	1,991,014	1,961,950

7. PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 September 2019 the Group purchased property plant and equipment amounting to USD 85,667 (30 September 2018: USD 54,432). In addition during the period ended 30 September 2019 net book value of USD 13,053 (30 September 2018: USD 5,480) property plant and equipment sold for USD 18,270 (30 September 2018: USD 6,310).

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8. COMMITMENTS

Litigations

During the period ended 30 September 2019, the Group does not have any legal claims or progress to existing legal claims that need aditional explanation other then disclosed as of 31 December 2018 the consolidated financial statements. The Group properly records the provision related to these carried forward legal claims. Provision rates and probable outflows are considered while estimating the provisions. The Group does not record provision for the legal claims that would not result in a probable cash outflow.

Commitments and contingencies

The breakdown of letters of guarantee, guarantee notes given, mortgage and pledges (together referred to as Guarantees) by the Group as of 30 September 2019 and 31 December 2018 is as follows:

	30 September 2019		31 December 2018	
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		446,525		578,382
-USD	210,385	210,385	337,120	337,120
-EUR	136,609	149,270	140,435	160,912
-TL	176,989	31,275	132,544	25,194
-Others (*)		55,595		55,156
B. Total amount for guarantees provided on behalf of subsidiaries accounted under full consolidation method		71,368		64,751
-USD	418	418	85	85
-EUR	-	-	-	-
-TL	822	145	826	157
-Others (*)		70,805		64,509
C. Provided on behalf of third parties in order to maintain operating activities (to secure third party payables)				-
D. Other guarantees given		-		-
i. Total amount of guarantees given on behalf of the parent company				-
ii. Total amount of guarantees provided on behalf of the associates which are not in the scope of B and C				-
iii. Total amount of guarantees provided on behalf of third parties which are not in the scope of C				-
		517,893		643,133

(*) U.S Dollar equivalents of letters of guarantee, guarantee notes given, mortgage and pledges other than USD, TL and EUR. As of 30 September 2019 the portion of other guarantess given to shareholders' equity is 0% (31 December 2018 - 0%).

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9. RELATED PARTY BALANCES AND TRANSACTIONS

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

10. SHARE CAPITAL AND RESERVES

The shareholders of the Group and their percentage of ownership as of 30 September 2019 and 31 December 2018 is as follows:

	30 September 2019		31 December 2018	
	Percentage of ownership	Amount	Percentage of ownership	Amount
Tara Holding A.Ş.	49.72%	1,312,279	49.72%	1,312,279
Vildan Gülçelik	7.99%	210,883	7.99%	210,883
Sevda Gülçelik	6.43%	169,709	6.43%	169,709
Enka Spor Eğitim ve Sosyal Yardım Vakfı	5.87%	154,929	5.87%	154,929
Other	29.99%	791,538	29.99%	791,538
	100%	2,639,338	100%	2,639,338
Purchase of treasury shares (*)		(68,825)		(55,725)
		2,570,513		2,583,613

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

(*) Group's buyback transactions have reached 14,463,204 shares at 30 September 2019.

11. INVESTMENT INCOME

Income from investing activities USD 216,599 (30 September 2018: None) is resulted from increase in value of financial investments and USD 88,056 (30 September 2018: USD 80,427) is the interest income from financial investments.

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12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Foreign currency risk

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

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

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

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

The following table details the Group's foreign currency position as at 30 September 2019 and 31 December 2018:

	30 September 2019	31 December 2018
A. Assets denominated in foreign currency	734,216	746,603
B. Liabilities denominated in foreign currency	(378,330)	(400,836)
Net foreign currency position (A+B)	355,886	345,767

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

Foreign currency risk (cont'd)

The Group's foreign currency position at 30 September 2019 and 31 December 2018 is as follows (non monetary items are not included in the table as they don't have foreign currency risk):

	30 September 2019						
	TL	USD Equivalent	Euro	USD Equivalent	Other USD (*)	USD (**)	Total USD Equivalent
Cash and cash equivalents	35,195	6,219	67,079	73,297	103,679	8,999	192,194
Financial investments	308,664	54,543	127,169	138,957	57,800	-	251,300
Trade and other receivables	71,158	12,574	66,828	73,023	35,024	3,944	124,565
Other currrent assets	155,808	27,532	24,307	26,560	20,030	38,640	112,762
Current assets	**570,825**	**100,868**	**285,383**	**311,837**	**216,533**	**51,583**	**680,821**
Financial investments	-	-	11,859	12,958	27,109	-	40,067
Trade and other receivables	-	-	5,514	6,025	-	-	6,025
Other non-current assets	9,836	1,738	58	63	5,502	-	7,303
Non-current assets	**9,836**	**1,738**	**17,431**	**19,046**	**32,611**	**-**	**53,395**
Total assets	**580,661**	**102,606**	**302,814**	**330,883**	**249,144**	**51,583**	**734,216**
Short-term borrowings	-	-	22,737	24,845	18,695	-	43,540
Trade and other payables	50,319	8,892	73,905	80,756	71,655	1,886	163,189
Other current liabilities							-
and accrued expenses	188,027	33,226	5,251	5,738	42,613	19,757	101,334
Current liabilities	**238,346**	**42,118**	**101,893**	**111,339**	**132,963**	**21,643**	**308,063**
Trade and other payables	-	-	-	-	-	-	-
Long-term borrowings	-	-	14,041	15,343	51,679	-	67,022
Other non-current liabilities	-	-	72	79	-	3,166	3,245
Non-current liabilities	**-**	**-**	**14,113**	**15,422**	**51,679**	**3,166**	**70,267**
Total liabilities	**238,346**	**42,118**	**116,006**	**126,761**	**184,642**	**24,809**	**378,330**
Net foreign currency position	**342,315**	**60,488**	**186,808**	**204,122**	**64,502**	**26,774**	**355,886**
Net notional amount of derivatives	(42,321)	(7,478)	27,850	30,432			22,954

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

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

Foreign currency risk (cont'd)

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

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

Foreign currency risk (cont'd)

	30 September 2019		31 December 2018	
	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)	6,049	(6,049)	1,954	(1,954)
2- Portion hedged against TL risk (-)	(748)	748	(1,178)	1,178
3- TL net effect (1+2)	**5,301**	**(5,301)**	**776**	**(776)**
In the case of Euro gaining 10% value against US Dollar				
4- Euro net asset / (liability)	20,412	(20,412)	19,909	(19,909)
5- Portion hedged against Euro risk (-)	3,043	(3,043)	4,258	(4,258)
6- Euro net effect (4+5)	**23,455**	**(23,455)**	**24,167**	**(24,167)**
In the case of other foreign currencies gaining 10% value against US Dollar				
7- Other foreign currency net asset / (liability)	6,450	(6,450)	8,896	(8,896)
8- Portion hedged against other foreign currency risk (-)	-	-	-	-
9- Other foreign currency net effect (7+8)	**6,450**	**(6,450)**	**8,896**	**(8,896)**
Total (3+6+9)	**35,206**	**(35,206)**	**33,839**	**(33,839)**

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

Fair value of financial assets and liabilities

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

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

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

Financial assets

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

Financial liabilities

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

Fair value hierarchy

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

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

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

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

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

Fair value hierarchy (cont'd)

30 September 2019

	Level 1	Level 2	Level 3
Private sector bonds	1,494,604	-	-
Equity securities	496,392	-	-
Foreign government bonds	732,054	-	-
Turkish government bonds	27,528	-	-
Mutual funds	42,937	-	-
Financial assets at fair value through profit or loss	**2,793,515**	-	-
Derivative instruments	-	2,036	-
Financial liabilities at fair value through profit or loss	-	**2,036**	-

31 December 2018

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

14. SUBSEQUENT EVENTS

On 23 October 2019, according to the press release of the Capital Markets Board of Turkey (the Board) dated 25 July 2016 in order to protect the interests of minority shareholders, Board of Directors has resolved to buyback the shares up to nominal value of Full TL 20,000,000, to determine the funds to be reserved as Full TL 150,000,000 for this purpose and to authorize Member of the Executive Committee İlhan Gücüyener for the transactions till the second announcement of the Board. After the reporting period of the Company the total nominal value of the buyback shares was Full TL 500,000.