

ENKA İNŞAAT VE SANAYİ A.Ş.
2019
ANNUAL REPORT

Fields of Activity

Engineering & Construction

Power Generation

Real Estate

Trade



2019

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CONTENT

01 Companies	8
02 General Assembly Meeting	9
03 Board of Directors	10
03 Chairman's Message	12
04 Engineering & Construction	16
04.1 Oil, Gas & Petrochemicals	18
04.2 Power Plants	42
04.3 Infrastructure Projects	52
04.4 Building Works Projects	60
05 Group Companies	68
06 Power Generation	92
07 Real Estate	96
08 Trade	112
09 Social Activities	122
10 Reports	160
10.1 Corporate Governance	162
10.2 Independent Auditor's Report	181



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CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Shareholders of Enka İnşaat ve Sanayi Anonim Şirketi

Opinion

We have audited the annual report of Enka İnşaat ve Sanayi Anonim Şirketi (the "Company"), its subsidiaries and joint operations (collectively referred to as "the Group"), for the period between 1 January 2019 and 31 December 2019, since we have audited the complete set consolidated financial statements for this period.

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

Basis for Opinion

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

Auditor's Opinion on Complete Set of Consolidated Financial Statements

We have expressed an unqualified opinion on the complete set of consolidated financial statements of the Group for the period between 1 January 2019 and 31 December 2019 on 4 March 2020.

Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and Communiqué on the Principles of Financial Reporting in Capital Markets numbered II – 14.1 (the "Communiqué"), the Group's management is responsible for the following regarding the annual report:

a) The Group's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.



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

c) The annual report also includes the matters below:

- Significant events occurred in the Group after the reporting period,

- The Group's research and development activities.

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

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

Auditor's Responsibility for the Audit of the Annual Report

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

We conducted our audit in accordance with the standards on auditing issued by the Capital Markets Board of Turkey and Standards on Auditing issued by POA. These standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the consolidated financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Group are consistent with the consolidated financial statements and the information obtained during the audit and provides a fair presentation.

Additional paragraph for convenience translation to English

The complete set of consolidated financial statements prepared in accordance with the Turkish Financial Reporting Standards ("TFRS") issued 4 March 2020 is incorporated by reference in the Annual Report presented in English whereas it is attached to the Annual Report presented in Turkish. In addition to the Annual Report presented in Turkish, the consolidated financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") issued 13 March 2020 is attached to the Annual Report presented in English.

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

Erdal Tıkmak, SMMM
Partner
13 March 2020
İstanbul, Turkey



ENKA İnşaat ve Sanayi A.Ş. The Board of Directors' Annual Report

Reporting Period	: 01.01.2019 - 31.12.2019
Registered Company Name	: ENKA İnşaat ve Sanayi A.Ş.
Registration or Incorporation	: 1957
Registered Country	: Istanbul / Turkey
Chamber of Commerce Registration Number	: 68194
Paid-in Capital	: 5.000.000.000 TL (Turkish Lira) 2.639.338.456 US Dollars (equivalent)
BS EN ISO 9001 Certificate No	: 2015 Registered : FS 57544
BS EN ISO 14001 Certificate No	: 2015 Registered : EMS 71388
BS EN ISO 45001 Certificate No	: 2018 Registered : OHS 71389
ASME A Certificate No	: 2019 Registered : 45151
ASME U Certificate No	: 2019 Registered : 45152
ASME U2 Certificate No	: 2019 Registered : 45153
ASME S Certificate No	: 2019 Registered : 45154
NB	: 2019 Registered
R Stamp	: 2019 Registered
Corporate Governance Rating	: 9,28 (November 2019 - SAHA Kurumsal Yönetim ve Kredi Derecelendirme A.Ş.)
Head Office Address	: Balmumcu Mah., Zincirlikuyu Yolu No: 10, 34349 Beşiktaş / Istanbul
Phone	: +90 (212) 376 10 00 (pbx)
Fax	: +90 (212) 272 88 69
Official Website	: https://www.enka.com
E-mail	: enka@enka.com



COMPANIES

ENGINEERING & CONSTRUCTION

- ENKA İnşaat ve Sanayi A.Ş.
- Çimtaş Çelik İmalat Montaj ve Tesisat A.Ş.
- Çimtaş Gemi İnşa Sanayi ve Ticaret A.Ş.
- Cimtas Boru İmalatları ve Ticaret Ltd. Şti.
- Çimtaş Hassas İşleme Sanayi ve Ticaret Ltd. Şti.
- Cimtas (Ningbo) Steel Processing Co. Ltd.
- ENKA UK Construction Ltd.
- Kasktaş Kayar Kalıp Altyapı Sondaj Kazık ve Tecrit A.Ş.
- ENKA Holding B.V.
- ENKA Construction and Development B.V.
- ENKA Power Systems B.V.
- Bechtel ENKA UK Limited

POWER GENERATION

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

REAL ESTATE

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

TRADE

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

(The full list of the companies can be found in the Consolidated Financial Statements as of December 31, 2019)

THE GENERAL ASSEMBLY MEETING

Date: 27 March 2020

Time: 14:00

Venue: Balmumcu Mahallesi, Zincirlikuyu Yolu, No: 6
ENKA Konferans Salonu
Beşiktaş / ISTANBUL

AGENDA

1. Election of the General Assembly Presidential Board and authorization of the Presidential Board for signing the Minutes of the General Assembly Meeting,
2. Reading and discussing the Annual Report of the Board of Directors and the Financial Statements for the fiscal year 2019,
3. Reading and discussing the Report of Independent Auditors,
4. Regarding the regulations of Capital Markets Board, informing the shareholders about the donations made within the fiscal year 2019 under the framework of Company's current Donation and Aid Policy,
5. Approval of Balance Sheet and Income Statement Accounts of 2019,
6. Acquittal and release of the Board Members due to the Company's activities for the fiscal year 2019,
7. Election of the Board Members,
8. Regarding the regulations of Capital Markets Board, determining the attendance fee for the Board Members as 20.000 Turkish Liras per month according to the principles set in the Remuneration Policy Applicable to the Board Members and Administratively Responsible Managers,
9. Approval of the selection of the Independent Auditors recommended as KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. by the Board of Directors,
10. Regarding the regulations of Capital Markets Board, making decision on distribution of the Balance Sheet profit of 2019 according to the current Profit Distribution Policy of the Company,
11. Informing the shareholders that there are no guarantees, pledges, mortgages and encumbrances given to the benefit of third parties regarding the regulations of Capital Markets Board,
12. Approving the Authorization of the Board of Directors for deciding the distribution of the Advance Dividend for the fiscal year 2020 in accordance with the Article No.37 of the Articles of Association and within the scope of Capital Markets Board's Communiqué No.II-19.1 dated January 23, 2014 for advance dividends,
13. Discussion and approval of set off of the Advance Dividends to be distributed so, from any distributable resources as given in the annual financial situation statement for the fiscal year 2020, if no sufficient profits are realized or even losses are suffered at the end of the fiscal year 2020,
14. Informing the shareholders about share buybacks in accordance with the disclosure of the Capital Markets Board of Turkey in order to protect the interests of minority shareholders,
15. Authorization of the Board Members to engage in businesses mentioned in Articles 395 and 396 of the Turkish Code of Commerce and in compliance with the Corporate Governance Principles, informing the General Assembly on any businesses engaged in and performed by the same within such framework during the fiscal year 2019,
16. Requests and recommendations.

Board of Directors



Sinan Tara
Chairman of the Board
(Executive Member)



Haluk Gerçek
Vice Chairman of the Board
(Executive Member)



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



Mehmet Mete Başol
Member of the Board
(Non-Executive &
Independent Member)



Fatih Osman Tar
Member of the Board
(Non-Executive &
Independent Member)

Chairman's Message



Dear Shareholders,

On behalf of the Board of Directors of ENKA İnşaat ve Sanayi A.Ş., we would like to extend to you our deepest respects and to thank you for attending the Annual General Meeting, at which we gather to share our activities in 2019 and our expectations for 2020.

As at the end of 2019, ENKA's equity amounted to 6.57 billion US Dollars, its net cash position to 3.75 billion US Dollars, its consolidated turnover to 1.9 billion US Dollars, and its consolidated net profit to 686 million US Dollars. As a company that distributes cash dividend every year, we are planning to distribute 273 million US Dollars of cash dividend from 2019 activities. In addition to the cash dividend, 25 million US Dollars of shares have been bought back, thus a total of 298 million US Dollars would be paid to our shareholders. In 2020 company share buyback is continuing.

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

The turnover of the engineering and construction sector was realised as 1.1 billion US Dollars.

New projects undertaken in 2019 include; the 112-km Morava Corridor Motorway Project which stretches from Pojate to Preljina in Serbia, the 250 MW natural gas combined cycle power plant project for TAIF Group company Kazanorgsintez in Kazan, Tatarstan, the first phase of a high-technological multifunctional medical complex in St. Petersburg, Russia, and a produced water treatment facility for ExxonMobil in Iraq. ENKA's share of new projects received in 2019 has reached 1.1 billion US Dollars.

With respect to energy generation, ENKA is Turkey's largest private sector electrical power generator with its wholly owned natural gas combined cycle power plants in Gebze, Adapazarı and İzmir, operated under the Build Operate model with a total installed capacity of 4100 MW, and it is able to meet approximately 11% of Turkey's annual electricity needs. In 2019, the contribution of our energy segment to the consolidated turnover was 324 million US Dollars. Following expiry of the Electricity Sale Agreements with EÜAŞ, Adapazarı and Gebze power plants have suspended their generation in February 2019 and İzmir power plant in August 2019 until a second decision upon generation shall resume. Our high energy-efficient plants will be operational again as the natural gas prices in our country decreases to the level of world prices and the demand for electricity increases. As a new investment in the field of energy, progress continue in the Namakhvani Project, which is a hydro power plant with a total capacity of 433 MW, to be built under the Build-Operate model in Georgia. Environmental permits of the project were received on February 28, 2020, and the construction of the dam will begin in July 2020. Construction of the project will totally be completed by ENKA. With this approximately 750 million US Dollars investment project, for the first time we will generate revenue to our energy segment from outside of Turkey.

In the real estate sector, from which we generated revenues of 346 million US Dollars in 2019, we continue to invest in and manage Class A office buildings and shopping malls through our companies established in Russia. In this segment, as of the end of the year, we own approximately 370 thousand square metres of net rentable Class A office space and 357 thousand square meters of net rentable space in shopping malls and a hotel which are all located in Moscow except one of the shopping mall. In all the office buildings which we manage, we are hosting some of the world's foremost international companies. Besides the fact that the name ENKA has become synonymous with quality, our success in the development and management of real estate has been compounded by our company's record of fulfilling all its promises. Recently in this segment, with a total investment of more than 700 million USD, the reconstruction of the Kuntsevo and Kashirskaya shopping malls in Moscow was completed. The fact that we do not finance the investments which we carry out in this sector through debt, but make use of the revenues which we earn, is the prime characteristic that distinguishes us from other real estate investment companies.

In the field of trading activities, ENKA Pazarlama, which distributes the world's trusted brands in construction machinery, lifting equipment and industrial products, has achieved a turnover of 109 million US Dollars in 2019. Compared to the previous year, although the machinery market contracted more than half, ENKA Pazarlama's revenues dropped only 31% and the company's market-leading position has been strengthened.

ENKA protects its employees, who are its most valuable asset, with its strong occupational health and safety management system, and as a result, the Loss Time Incident Frequency Rate is well below the industry specific target values. ENKA Academy trainings together with environment, safety and health trainings has reached 900,000 person hours, to ensure that all employees maintain and develop their professional competencies and do their jobs efficiently and safely, as well as to develop themselves as individuals.

ENKA set out its sustainability journey in 2017 as a signatory of the United Nations Global Compact for a sustainable future; and by launching the Sustainability Department in 2018, ENKA transformed it into institutional structure and a management system. In 2019, with its Sustainability Policy and its strategy which are summarised under the captions of; Doing Good Business, Caring for Employees, Developing Communities and Reducing Environmental Impact; and together with the communities in which it interacts due to its activities and all parties with which it co-operates, ENKA has continued to expand its sustainability practices across the entire value chain as well as projects and group companies. As a result of these works, ENKA continues its presence in the London-based FTSE4Good Index; which evaluates companies on their environmental, social and governance performance; and it was also entitled to be included in the Borsa İstanbul Sustainability Index.

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

Dear shareholders, I wish 2020 to be full of health, happiness and success.

SİNAN TARA

Chairman of the Board

3 March 2020

OUR OPERATIONS

OIL, GAS & PETROCHEMICALS PROJECTS

1. The South Caucasus Pipeline Expansion (SCPX) Project, Gardabani, Tsalka, Vale, Georgia
2. West Qurna I (WQI) Initial Oil Train Facility (IOT) Project, Basra, Iraq
3. Crude Shipment Capacity Project, Tengiz, Kazakhstan
4. Third Generation Injection (3GI) Civil and Underground Services, Tengiz, Kazakhstan
5. FGP - Wellhead Pressure Management Project - Core Substation ME&I Installation, Tengiz, Kazakhstan
6. FGP - Wellhead Project Management Project - Multi-Well Pads Civil Installation, Tengiz, Kazakhstan
7. Tengiz Base Operations and Maintenance Works, Tengiz, Kazakhstan
8. 3GP Mechanical, Electrical and Instrumentation Installation Works, Tengiz, Kazakhstan

POWER PLANTS PROJECTS

9. Dhi Qar 750 MW Combined Cycle Power Plant, Nasiriyah, Iraq
10. Samawa 750 MW Combined Cycle Power Plant, Samawa, Iraq
11. Nizhnekamsk 495 MW Combined Cycle Power Plant, Nizhnekamsk, Tatarstan, Russian Federation

12. Kazan 250 MW Combined Cycle Power Plant, Kazan, Tatarstan, Russian Federation

INFRASTRUCTURE PROJECTS

13. Pristina - Hani i Elezit (Route 6) Motorway Project, Pristina - Hani i Elezit, Kosovo
14. Umm Qasr Yard 5 Development, Quay Wall & Marine Works Packages Project, Umm Qasr, Basra, Iraq
15. Morava Corridor Motorway Project, Pojate - Preljina, Serbia

BUILDING WORKS PROJECTS

16. TAIF Business Centre, Kazan, Tatarstan, Russian Federation
17. Special Building Project, 001-201
18. Special Building Project, 091-201
19. Special Building Project, 254-201
20. Special Building Project, 052-201
21. Special Building Project, 595-201
22. Special Building Project, 094-201
23. Special Building Project, 966-205
24. Special Building Project, 030-201
25. St. Petersburg High-Technological Multifunctional Medical Complex (HMMC) St.Petersburg, Russian Federation

GROUP COMPANIES

26. Çimtaş Çelik İmalat Montaj ve Tesisat A.Ş. (Çimtaş Steel), Gemlik, Turkey
27. Cimtas Boru İmalatları ve Tic. Ltd. Şti. (Cimtas Pipe), Gemlik, Turkey
28. Çimtaş Hassas İşleme San. ve Tic. Ltd. Şti., Gemlik, Turkey
29. Çimtaş Gemi İnşa Sanayi ve Tic. A.Ş., Gemlik, Turkey
30. Cimtas Ningbo Modular Skids & Pipe Spools (Cimtas Ningbo) - China
31. Kasktaş Kayar Kalıp Altyapı Sondaj Kazık ve Tecrit A.Ş., Turkey

POWER GENERATION

32. Gebze Elektrik Üretim Ltd. Şti., Gebze, Turkey
33. Adapazarı Elektrik Üretim Ltd. Şti., Adapazarı, Turkey
34. İzmir Elektrik Üretim Ltd. Şti., İzmir, Turkey

REAL ESTATE

35. City Center Investment B.V., Moscow, Russian Federation
36. ENKA Invest, Moscow, Russian Federation
37. ENKA TC, Moscow, Russian Federation
38. Moskva Krasnye Holmy, Moscow, Russian Federation

39. Otel Moskva - Krasnye Holmy, Swissotel Krasnye, Moscow, Russian Federation
40. Mosenka, Moscow, Russian Federation

TRADE

41. ENKA Pazarlama İhracat İthalat A.Ş., İstanbul, Turkey
42. ENTAŞ Nakliyat ve Turizm A.Ş., İstanbul, Turkey
43. AirENKA Hava Taşımacılığı A.Ş., İstanbul, Turkey
44. ENKA Systems Yazılım A.Ş., İstanbul, Turkey

SOCIAL ACTIVITIES

45. ENKA Foundation, İstanbul, Turkey
46. ENKA Sports Club, İstanbul, Turkey
47. ENKA Schools - İstanbul, Turkey
48. ENKA Schools - Adapazarı, Turkey
49. ENKA Schools Private ENKA Science and Technology High School - Kocaeli, Turkey
50. ENKA Schools Private ENKA Vocational and Technical Anatolian High School - Kocaeli, Turkey
51. ENKA Culture & Art, İstanbul, Turkey

ENGINEERING & CONSTRUCTION

OIL, GAS & PETROCHEMICALS
PROJECTS

POWER PLANTS PROJECTS

INFRASTRUCTURE PROJECTS

BUILDING WORKS PROJECTS

GROUP COMPANIES



OIL, GAS & PETROCHEMICALS

1. The South Caucasus Pipeline Expansion (SCPX) Project, Gardabani, Tsalka, Vale, Georgia
2. West Qurna I (WQI) Initial Oil Train Facility (IOT) Project, Basra, Iraq
3. Crude Shipment Capacity Project, Tengiz, Kazakhstan
4. Third Generation Injection (3GI) Civil and Underground Services, Tengiz, Kazakhstan
5. FGP - Wellhead Pressure Management Project - Core Substation ME&I Installation, Tengiz, Kazakhstan
6. FGP - Wellhead Project Management Project - Multi-Well Pads Civil Installation, Tengiz, Kazakhstan
7. Tengiz Base Operations and Maintenance Works, Tengiz, Kazakhstan
8. 3GP Mechanical, Electrical and Instrumentation Installation Works, Tengiz, Kazakhstan

The South Caucasus Pipeline Expansion (SCPX) Project

LOCATION:
Gardabani, Tsalka, Vale,
Georgia

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

PROJECT DURATION:
February 2014 - October 2019

CONTRACT TYPE:
Unit Price

CONTRACT VALUE:
USD 878 Million

The South Caucasus Pipeline Expansion (SCPX) Project was designed to increase the capacity of the South Caucasus Pipeline System.

The existing 690 km pipeline, which transports gas from the Sangachal terminal in Azerbaijan to markets in Georgia and Turkey, is 42" in diameter and has a system design capacity of 7.4 bcma.

The expansion involved laying a new 48" pipeline which increased the capacity of the system by approximately 16 bcma and connected it to the Trans-Anatolian Natural Gas Pipeline.

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

The contract was worth USD 878 million, and the project was fully completed and demobilized in October 2019.

Under the contract, BEJV was responsible for all related early civil works and facilities construction for the two Compressor Stations (CSG-1 and CSG-2) and a pressure reduction and metering station (AREA 81) at three different locations in Georgia.

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

In addition to the construction of new facilities in three different locations, the scope of works also included brownfield work at the existing facilities located inside the Pumping Station Georgia (PSG-1), at Gardabani and the Pressure Reduction & Metering Station (AREA 80) at Vale.

The construction of the Pressure Reduction and Metering Station (AREA 81) was completed in 2017 and the facility became operational the same year following commissioning works.

*Received the 2018 ENR
Global Best Project Award
in the Power / Industrial
Category for its SCPX
AREA 81 Project.*

The demobilization of the temporary facilities was completed in early 2018. BEJV also successfully completed all of its brownfield work within the existing facilities in 2017.

In May 2019, BEJV successfully completed its commissioning assistance at CSG-2, the final item of work on the SCPX Facilities. BEJV provided support

to the employer in its commissioning and start-up works in the form of labor, equipment and facilities.



*SCPX – The AREA 81 Project was
awarded the “Merit” prize by
the British Safety Council in the
“International Safety Awards 2018”.*

As of the date of demobilization, the SCPX Project had been underway for 70 months or 2,090 days, achieving 26.8 million person-hours overall. The SCPX Project had achieved 2 million person-hours since the last lost-time incident on May 22, 2018.

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

After all the construction and commissioning assistance works on Compressor Station CSG-1 were successfully completed in August 2018, the demobilization of the temporary facilities was accelerated and completed in December 2018.

A total of 9 million person-hours were expended at the CSG-1 worksite, including the brownfield works on the adjacent MS-72 site.

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

- The compressor station has a plot area of 120,000 m², including 9,000 m² of covered space comprising the buildings and units listed below:
 - 4 compressor buildings
 - 4 compression trains each having 1 gas compressor, 1 suction scrubber, 1 after cooler and 1 seal gas recovery compressor
 - 2 local equipment buildings
 - 1 control building, administration, warehouse and workshop building
 - 1 power generation and primary substation building with 2 main generators and 1 emergency generator
 - 3 containerized instrument air packages
 - 1 nitrogen generation package
 - 2 fuel gas systems
 - 2 air receivers
 - 1 nitrogen receiver
 - 1 gas custody transfer metering package
 - 1x48" pig receiver
 - 1x48" pig launcher
- 1 vent system including the header, 2 knock-out drums and an 80 m stack
- 1 guard house
- 550,000 m³ of earthworks
- 45,000 m³ of reinforced concrete
- 5,000 tons of structural steel, handrails and grating
- 20,000 m² of building cladding panel
- 2,500 tons of mechanical and electrical equipment
- 300 items of electrical and instrumentation equipment
- Fabrication, installation, hydro-testing and reinstatement of 3,000 tons of pipe ranging from ½" to 48" in diameter
- 7,500 m² of pipe and in-line valves (equivalent to 12,000 m of pipe and 1,000 valve boxes) heat traced and insulated including the use of 5-layer acoustic insulation
- 60,000 m of steel cable trays and ladders
- 850 km of electrical, instrumentation and telecom cables
- 19,000 m² of asphalt plant road



Compressor Station Georgia-2 (CSG-2) Tsalka, Georgia

All the construction and commissioning assistance works on compressor station CSG-2 were successfully completed in May 2019. The construction and hand-over of the access road had been completed in 2017.

Following the completion of the commissioning assistance work and the relocation of the client to the permanent accommodation facilities, the demobilization of the temporary camp facilities was finalized on October 29th 2019.

A total of 13.2 million person-hours had been expended at the CSG-2 worksite.

The final installation quantities for key commodities at CSG-2 are as follows:

- The compressor station has a plot area of 167,000 m² including 12,000 m² of covered space comprising the buildings and units listed below:
 - 4 compressor buildings
 - 4 compression trains each having 1 gas compressor, 1 suction scrubber, 1 after cooler and 1 seal gas recovery compressor
 - 2 local equipment buildings
 - 1 control building, administration, warehouse and workshop building including 1 power generation and primary substation building with 3 main generators and 1 emergency generator
 - 1 utility building
 - 1 accommodation building and substation
 - 3 containerized instrument air packages
 - 1 nitrogen generation package
 - 2 fuel gas systems
 - 2 air receivers
 - 1 nitrogen receiver
- 1 vent system including header, 2 knock-out drums and stack reaching to 40 m height
- 1 guardhouse
- 1,000,000 m³ of earthworks
- 45,000 m³ of reinforced concrete
- 7,500 tons of structural steel, handrails and grating
- 50,000 m² of building cladding panel
- 3,000 tons of mechanical and electrical equipment
- 360 items of electrical and instrumentation equipment
- 3,000 tons of pipe ranging from ½" to 48" in diameter installed, hydro-tested and reinstated
- 9,400 m² of pipe and in-line valves (equivalent to 13,000 m of pipe and 350 valve boxes) heat traced and insulated including the use of 5-layer acoustic insulation
- 60,000 m of steel cable trays and ladders
- 1,000 km of electrical, instrumentation and telecom cables
- 22,000 m² of asphalt plant road



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

All construction and commissioning assistance works at the AREA 81 Pressure Reduction and Metering Station were successfully completed in 2017.

With the completion of the demobilization work on the temporary facilities in the first quarter of 2018, all the activities of BEJV at the site were completed.

The AREA 81 worksite, including the brownfield work at the adjacent MS-80 site, was completed with a total of 3.5 million person-hours of work and was awarded *the ENR Global Best Project Award in the Power / Industrial category in 2018*.

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

- Overall, AREA 81 has a plot area of 70,000 m² and comprises the facilities, buildings and units listed below:
 - 2 gas inlet filters
 - 1 gas custody transfer metering package
 - 4 water bath heaters
 - 1 flow control valve package
 - 1 pig launcher
 - 1 vent system including header, knock-out drum and stack reaching a height of 35m
- 400,000 m³ of earthworks
- 9,000 m³ of reinforced concrete
- 800 tons of structural steel, handrails and grating
- 1,000 tons of mechanical and electrical equipment
- 1,400 tons of pipe ranging from ½" to 48" in diameter installed, hydro-tested and reinstated
- 220 km of electrical, instrumentation and telecom cables
- 8,000 m² of asphalt plant road



West Qurna 1 (WQ1) Initial Oil Train (IOT) Facility Project

LOCATION:
Basra, Iraq

OWNER / CLIENT:
ExxonMobil Iraq Limited

PROJECT DURATION:
August 2015 – January 2020

CONTRACT TYPE:
Lump Sum Turnkey

CONTRACT VALUE:
USD 203 Million

In July 2015, ENKA was awarded a contract by ExxonMobil Iraq limited (EMIL) for the construction of a new oil processing facility to increase production at EMIL's West Qurna 1 Oil Field in Iraq. The contract price is USD 203 million, and ENKA's share is USD 106 million.

ENKA and its regional partner have supplied front-end engineering design (FEED), detailed design engineering, procurement, fabrication, construction, commissioning and start-up services. The new facility is capable of producing an annual average of 100,000 stock tank barrels of crude oil per day.

The final customer of the new facility constructed adjacent to the existing degassing station facility DS8 is the Basra Oil Company (BOC) of Iraq.

The facility, located in the province of Basra, was designed to process full well stream fluids from the production wellhead area and separate them into associated gas, untreated produced water and stable product crude for export. The contract required the modularization of the facility to the maximum possible extent given the logistics constraints.

ENKA fabricated the pipe rack modules of the facility through its subsidiary Çimtaş. The supply, fabrication, testing and trial assembly works were carried out at the Çimtaş Module & Shipyard Facilities in Gölçük - Kocaeli, Turkey, and the modules then were directly shipped to site.

As of the end of 2019, all engineering, procurement, fabrication, construction and commissioning works have been completed.

The major works on the project carried out in 2019 were the commissioning and start-up works.

The mechanical completion work, which had started in 2018, was completed in January 2019 with the signing of all testing and completion checklists for the mechanical, piping, civil, electrical and instrumentation disciplines.

Following the completion of the mechanical works, commissioning and start-up works commenced.

The commissioning and start-up works on the facility was completed successfully in May 2019.

West Qurna 1 – Initial Oil Train Project was awarded the “Distinction” prize by British Safety Council in the “International Safety Awards 2019”. Additionally, Project has received the “Best in Country” award as well by scoring the highest points among the participants from Turkey.

In parallel with the commissioning and start-up works, the partial turnover notice of the facility was issued by the employer in March 2019.

The final turnover notice of the entire facility is expected to be issued in January 2020. The performance tests of the facility are also planned to be completed in the first quarter of 2020.

The only construction work carried out in 2019 consisted of the completion of the road construction and paving works which is still continuing in two areas.



As of December 2019, the demobilization work on the project had been completed.

As of the end of 2019, the project had been under way for 1,598 working days and 4,540,000 person-hours had been worked without lost time incident (LTI).

LOCATION:
Tengiz, Kazakhstan

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

PROJECT DURATION:
July 2014 - December 2019

CONTRACT VALUE:
USD 436 Million

Crude Shipment Capacity Project

ENKA is an equal partner with Bechtel in a USD 436 million contract awarded by Tengizchevroil (TCO). The contract includes all the engineering, procurement, construction and pre-commissioning works for the Crude Shipment Capacity (CSC) project.

Scope of work:

The project consists of the engineering, procurement, construction, and pre-commissioning of new crude oil storage tanks, switching manifolds and pumps and the addition of support, control, and safety systems to all necessary piping systems together with the construction of all necessary piping systems, auxiliary systems and control systems and all related pre-commissioning works. In addition to the new facility, the contract includes all the necessary construction work for its integration with the existing crude oil storage system and all related pre-commissioning works.

The work performed in 2019 includes the following:

The pre-commissioning and commissioning of the New Tank Farm Facility (CSC) and the integration of the new facility with the existing Tank Farm (CTF) were completed. The facility was successfully handed over to the client's operation teams and the systems started operating as designed. All contractual and statutory paperwork were signed off and the two-year warranty period commenced as of October 2019.

Major pre-commissioning quantities in Greenfield and Brownfield Areas:

- As of the end of 2019, the Construction Works Completion Certification (CWCC) and Mechanical Complete Certification (MCC) had been signed off for all 364 subsystems. All 1,501 hot loop tests had been completed. The construction log packages for all 364 subsystems had been handed over to the employer and accepted.
- The mechanical completion certificate (MC) was issued by the employer on 4 October 2019.

As of the end of 2019, the demobilization phase of the project was under way and 25 persons were still being employed on the project.

As of the end of 2019, 1,950 working days / 16,083,475 person-hours had been expended on the project without lost time incident (LTI).



LOCATION:
Tengiz, Kazakhstan

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

PROJECT DURATION:
May 2017 - July 2019

CONTRACT VALUE:
USD 119 Million

Third Generation Injection Plant (3GI) Civil Works and Underground Services

A joint venture in which ENKA and Bechtel hold equal shares was awarded the contract for the civil works and underground services of the Third Generation Gas Injection Plant (3GI), which is the part of the Future Growth Project (FGP) in Tengiz, Kazakhstan. Upon completion of all phases, the FGP will increase the Tengiz field's annual oil production capacity by an additional 12 million tons (260,000 barrels a day), gas production capacity by an additional 960 million standard cubic feet a day, and the field's overall oil production capacity to approximately 39 million tons per annum.

The client is Tengizchevroil (TCO), the joint venture consisting of Chevron (50%), ExxonMobil (25%), KazMunayGas (20%) and LukArco (5%) which operates and develops the Tengiz Oil Field.

The contract was signed in May 2017 and the total final contract value of the project is USD 119 million, which is USD 35 million more than its original value.

The project covers the infrastructure works, such as pile cropping and head treatment, earthworks, road works and terracing, concrete works and installation of underground utilities systems including piping, drainage wells and duct banks, and the installation of underground cables and grounding works for site areas 45, 47A, 47B, 49, 57 and 58, which are integral parts of the TCO FGP project.

The mechanical completion took place in July 2019 and the one-year guarantee period has commenced. A certificate of final completion is expected to be issued for the end of 2019.

The main site activities carried out for the project included the pouring of 33,360 m³ of concrete, the installation of 15.1 km of HDPE pipework, the compacting of 1,320,000 m³ of filling material, the prefabrication and installation of 406 manholes/underground boxes and the pulling of 248 km of underground cable.

In 2019 the number of personnel working on the project was highest in January, at 551. The project continued for 658 working days and in total, 5,999,148 person-hours were expended without lost time incident during the course of the project.



LOCATION:
Tengiz, Kazakhstan

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

PROJECT DURATION:
July 2017 - July 2019

CONTRACT VALUE:
USD 49 Million

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

Tengizchevroil has been undertaking a major expansion of its existing facilities through the development of the Future Growth Project (FGP), a component of which is the Wellhead Pressure Management Project (WPMP). A joint venture in which ENKA and Bechtel have equal shares was awarded the contract for the Core Substation ME&I Installation project.

The work carried out under the project included the installation of a new 110 kV core substation and the interconnection of the facility's new and existing generating stations. The core substation operates as the hub for the distribution of power.

The core substation comprises 32 prefabricated and pretested modules, and includes 6 units of 110 kV BAAH GIS main switches and associated control and protection equipment, 10 kV/400 V distribution transformers, low voltage switchgear, UPS systems, FLS, ECS and SRC system control equipment panels and automatic synchronizing units.

The scope of works also includes the following:

- The laying, testing and terminating of the 110 kV underground cables and the associated intermediate underground cables
 - The assembly of 2 units of 40/60/20 MVA buffer transformers, overhead line disconnector mechanisms and post insulators and supports
 - Assembly of 2 units of 245 MVA, 110 kV series reactors, overhead line disconnector mechanisms and associated post insulators and supports
 - Assembly of 2 units of standby diesel generators and associated staircases, platforms, piping, electrical control panels, switchyard grounding and lightning rods
 - 11 units of 110 kV overhead line gantries, associated cable support structures and surge arrestors.
- Within the year 2019 the following work was carried out under the project:
- The installation of 2 reactors, 2 transformers and 6 110 kV BAAH GIS main switches and associated control and protection equipment

- The pulling and termination of the 110 kV underground high voltage cable
- Underground and above-ground low voltage cable pulling and termination
- Structural steel erection

By the end of the project, 2,170 m³ of structural concrete had been poured, 50,000 m³ of filling material had been compacted, 268 tons of steel had been erected, 8,340 km high voltage cable had been pulled and terminated, 59,000 m of underground low voltage cable had been pulled and 880 m of HDPE piping had been installed.

In 2019, all the installation and testing of the systems covered by the contract were completed and delivered to the employer.

As of July 2019, mechanical completion was achieved and the one-year warranty period began.

In 2019, the number of employees working on the project peaked at 520. A total of 698 working days and 2,344,000 person-hours were expended without lost time incident (LTI).



LOCATION:
Tengiz, Kazakhstan

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

PROJECT DURATION:
November 2015 - January 2019

CONTRACT VALUE:
USD 105 Million

FGP Multi-Well Pads Civil Installation

Tengizchevroil (TCO) has been undertaking a large-scale expansion of its existing facilities through the development of the Future Growth Project (FGP) / Wellhead Pressure Management Project (WPMP). The expansion resulted in the signing of a new contract for the construction of new greenfield processing plants and some brownfield facilities in the same area.

Under the project, the following activities have been carried out across 18 different work sites: road construction, work site clearance and grubbing, site preparation, excavation works, installation of grounding lines, construction of wellhead cellars and auger and precast concrete pile installations, pile testing and cropping, construction of pile cap and precast foundations, construction of emergency flare pits, construction of reserve and technical water pits, and construction of HDPE technical water lines.

The project was completed in January 2019 with 1,200 days and 5.3 million person-hours without lost time incident (LTI). The peak manpower level of 931 employees was reached in March 2018.



LOCATION:
Tengiz, Kazakhstan

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

PROJECT DURATION:
March 2001 - April 2021

CONTRACT VALUE:
USD 638 Million

Tengiz Base Operations and Maintenance Work

Since the beginning of 2001, the ENKA-Bechtel joint venture, in which ENKA has a 50% stake, has been awarded contracts for projects with a total contract value of USD 638 million.

The scope of work awarded consists of engineering, procurement and construction work including but not limited to: pipe spool and precast fabrication works, infrastructure works, piling and drilling, earthworks, structural works, piping / pipeline-repair works, electrical and instrumentation works, tank erection works, turnaround services and maintenance of the client's oil and gas processing facilities.

The works carried out under the project in 2019 include the following:

- SGP LP Flare Header Upgrade Pre-TA and TA works
- SGP Amine tank - main piping and structural works
- Field new flow line and hook-up works
- Field flow line rollback & reinstatement works
- Field pump and piping system upgrade works
- Field pipeline repair works
- MS-17 Manifold Upgrade civil, mechanical, electrical and instrumentation works
- Main Diesel Fuel Storage Area Expansion works

In the MS-17 Manifold Upgrade Project, work on the shutdown phase was completed one month earlier than anticipated. This achievement allowed the employer to commence operations one month in advance.

As of the end of 2019, the project was 56% complete. The project is due to be completed in April 2021.

The number of employees working on the project reached 665 in July 2019. The project has been underway for 1,543 working days and 11,093,420 person-hours have been expended without lost time incident (LTI).



Third Generation Project (3GP) Mechanical, Electrical and Instrumentation Installation Works

Senimdi Kurylys LLP, an equal joint venture between ENKA and Bechtel, was awarded the contract for the Mechanical, Electrical and Instrumentation installation works for the Third Generation Project (3GP) in May 2018.

The 3GP is part of TCO's Future Growth Project (FGP) which is an integrated project being developed primarily to increase the production capacity of the Tengiz Oil Field by an additional 12 million tons per year (260,000 barrels per day) and its gas production capacity by an additional 27 million m³ per day.

The project is being carried out using a modularized construction strategy, with modules constructed both at Kazakh coastal fabrication yards and at other fabrication yards in Europe and the Far East.

The project includes construction work for the crude processing plant, as well as the module stacking, sour water stripper and utilities areas.

Construction of the mechanical, electrical and instrumentation works and module stacking, installation and hook-up are included within the scope of the project and the key quantities are as follows:

- Stacking of 100 modules and setting of 65 modules on foundations
- Construction of 14,000 tons of stick-built steelwork
- Fabrication and installation of 109,000 m of pipework and erection of 21,600 m of spools shipped loose
- Installation of 1,535 km of electrical, instrumentation and telecom cables
- Installation of 161 pieces of mechanical equipment and integration of 238 pieces of mechanical equipment
- Insulation of 97,200 m of pipework and 20,000 m² of equipment
- Construction of 9 buildings (6 major and 3 minor)
- 195,000 m² of paved roads

LOCATION:
Tengiz, Kazakhstan

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

PROJECT DURATION:
May 2018 - April 2022

By mid-December 2019, the completion rate had reached 19%, with a total of 2,400 employees working on the project, and 5.5 million person-hours of work carried out with no lost time incidents.

Major accomplishments at the site include:

- Completion of mobilization and construction of temporary facilities
- Completion of the assembly of 47 modules and setting of 23 modules on foundations (all Area 43 modules have been set on foundations)
- 2,800 tons out of a projected total of 5,600 tons of pipe spool fabricated at the SK Tengiz Spool Shop
- 11,000 m of piping installed and 82 closure welds completed
- 2,100 tons of stick-built pipe rack structural steel erected
- 10,600 m of piping insulation and 7,350 m² of equipment insulation completed
- Buildings: MOA Building steel erection and cladding, and Area 43 Fire Water Pump House and Area 44 Chemical Dosing Building steel erection completed; steel erection in the Area 43 Chemical Dosing Building under way
- Work on the hook-up of modules under way and making progress
- 30 pressurised vessels set on foundations
- 60,000 hours of craft training completed.



POWER PLANTS PROJECTS

1. Dhi Qar 750 MW Combined Cycle Power Plant, Nasiriyah, Iraq
2. Samawa 750 MW Combined Cycle Power Plant, Samawa, Iraq
3. Nizhnekamsk 495 MW Combined Cycle Power Plant, Nizhnekamsk, Tatarstan, Russian Federation
4. Kazan 250 MW Combined Cycle Power Plant, Kazan, Tatarstan, Russian Federation



Dhi Qar 750 MW Combined Cycle Power Plant

ENKA entered into a consortium agreement with General Electric (GE) on January 3rd 2017, to undertake works on the Dhi Qar Combined Cycle Power Plant project which was awarded to GE by the Ministry of Electricity of Iraq under a contract signed on February 5th 2017.

The contract, which was awarded on an Engineering, Procurement and Construction (EPC) basis, includes design works, manufacturing, deliveries to site, construction and assembly works, operation, commissioning, start up and testing. The gas turbines and generators and their off-base auxiliaries, which were previously acquired by the employer, are to be installed and commissioned by the GE-ENKA consortium in simple cycle mode and then converted to combined cycle through the addition of a steam tail and associated equipment. The power plant has a 4x4x1 configuration and will be capable of using three different fuels, with natural gas as the primary fuel and light distilled oil and crude oil as back-up fuels. The fuel storage and treatment facilities for the liquid fuels are also included in the scope of the work. The gross output at ISO conditions will be 750 MW.

The four 9E gas turbine and generator sets (4X125 MW) and auxiliaries were purchased by the employer from General Electric under the "Mega Deal" project in December 2008. These are to be installed by the consortium as free issued equipment.

In late 2018, the work was divided into two phases to overcome financing and budget challenges. Phase 1 broadly envisages the completion of the simple cycle plant, including the 132 kV air insulated switchyard (AIS) and 400 kV gas insulated switchyard (GIS) together with common balance of plant of a size and capacity to accommodate the combined cycle operation.

Phase 2 broadly involves the completion of the combined cycle plant by adding on the necessary equipment.

The contract duration for Phase 1 is 647 days from the starting date, which was March 18th 2019. Phase 2 is to be completed over 1,020 days from the starting date, which is likely to be in the first quarter of 2020.

LOCATION:
Nasiriyah, Iraq

OWNER / CLIENT:
Ministry of Electricity of Iraq

CONTRACTOR:
Consortium of General Electric and
ENKA: Consortium of General Electric
Global Parts & Products GmbH and
Alstom Middle East FZE Iraq Branch and
ENKA UK Construction Limited

PROJECT DURATION:
March 2019 – December 2020 (Phase 1)
Q1 2020 – Q4 2022 (Phase 2)

CONTRACT VALUE:
USD 561 Million



Phase 1 is financed by UK Export Finance (UKEF) and Phase 2 will be financed by the Iraqi Government through a Trade Bank of Iraq (TBI) loan.

ENKA is responsible for the conceptual design and detailed engineering of the entire civil works, the piling works and the mechanical and electrical works for Balance of Plant (BoP).

ENKA will also procure, manufacture and deliver the BoP equipment and provide construction services including the overall civil works, the piling works, the erection and installation of BoP and power block equipment, and the testing & commissioning activities required to achieve successful operation on a turnkey basis.

The power block equipment and main machinery sets such as the HRSGs, diverter dampers, STG, ACC, DCS, 132 kV AIS and 400 kV GIS, step-up transformers and auto-transformers, excluding the free issued equipment, are to be designed, procured, manufactured and transported to Iraq by GE. GE is also to be responsible for the testing and commissioning of the equipment which it supplies.

Phase 1 is due to be completed in December 2020. In practice, however, the simple cycle power plant is expected to be op-

erational by summer 2020, adding 500 MW to the grid earlier than scheduled so as to overcome the power shortages in the region. The plant will be operated using natural gas while construction activities related to back-up fuels continue.

The estimated completion date for Phase 2 is the fourth quarter of 2022.

By the end of 2019, the gas turbines and associated auxiliary systems had already been installed for all four units. Mechanical completion had been achieved for Gas Turbine (GT) Units 1 and 2. For Units 3 and 4, the completion rate was 95%.

Two other major project milestones achieved by late December 2019 were the energization of the 132 kV AIS and the first firing of Gas Turbine Generator (GTG) Unit 1, three months ahead of schedule. In parallel, the commissioning of all the process-based systems associated with the power island area is ongoing.

For the civil works, 6,300 m³ of lean concrete and 48,000 m³ of structural concrete had been poured. All of the piling works

foreseen for Phase 1 had been completed through the installation of 46,690 m of dia 80 cm bored piling.

A total of 1,000 tons of steel erection was achieved along with AIS within the scope of project.

With respect to the electrical works, 130 kilometers of medium voltage, low voltage and instrument cables had been pulled and terminated.

The Phase 1 turnover packages are being partially handed over to the commissioning team and all commissioning activities under the responsibility of ENKA are ongoing.

All in all, the Phase 1 engineering, procurement, piling and civil works and mobilization activities were 70.5% complete at the end of December 2019.

As of the end of December 2019, a total of 1,692 people were working on the project of whom 848 were locals.

By the end of 2019, 4,353,771 person-hours and 933 days had been worked on the project without lost time incident (LTI).

Samawa 750 MW Combined Cycle Power Plant

ENKA entered into a consortium agreement with General Electric (GE) on January 3rd 2017, to undertake works on the Samawa Combined Cycle Power Plant project which was awarded to GE by the Ministry of Electricity of Iraq under a contract dated February 5th 2017.

The contract, which was awarded on an Engineering, Procurement and Construction (EPC) basis, includes design works, manufacturing, deliveries to site, construction and assembly works, operation, commissioning, start up and testing. The gas turbines and generators and their off-base auxiliaries, which were previously acquired by the employer, are to be installed and commissioned by the GE-ENKA consortium in simple cycle mode and then converted to combined cycle through the addition of a steam tail and associated equipment. The power plant has a 4x4x1 configuration and will be capable of using three different fuels, with natural gas as the primary fuel and light distilled oil and heavy fuel oil as back-up fuels. The fuel storage and treatment facilities for the liquid fuels are also included in the scope of the work. The gross output at ISO conditions will be 750 MW.

The four 9E gas turbine and generator sets (4X125 MW) and auxiliaries were purchased by the employer from General Electric under the "Mega Deal" project in December 2008. These are to be installed by the consortium as free issued equipment.

In late 2018, the work was divided into two phases to overcome financing and budget challenges. Phase 1 broadly envisages the completion of the simple cycle plant, including the 132 kV air insulated switchyard (AIS) and 400 kV gas insulated switchyard (GIS) together with common balance of plant of a size and capacity to accommodate the combined cycle operation.

Phase 2 broadly involves the completion of the combined cycle plant by adding on the necessary equipment.

The contract duration for Phase 1 is 647 days from the starting date, which was March 18th 2019. Phase 2 is to be completed over 1,020 days from the starting date, which is likely to be in the first quarter of 2020.

LOCATION:
Samawa, Iraq

OWNER / CLIENT:
Ministry of Electricity of Iraq

CONTRACTOR:
Consortium of General Electric and
ENKA: Consortium of General Electric
Global Parts & Products GmbH and
Alstom Middle East FZE Iraq Branch and
ENKA UK Construction Limited

PROJECT DURATION:
March 2019 – December 2020 (Phase 1)
Q1 2020 – Q4 2022 (Phase 2)

CONTRACT VALUE:
USD 562 Million



Phase 1 is financed by UK Export Finance (UKEF) and Phase 2 will be financed by the Iraqi Government through a Trade Bank of Iraq (TBI) loan.

ENKA is responsible for the conceptual design and detailed engineering of the entire civil works, the piling works and the mechanical and electrical works for Balance of Plant (BoP).

ENKA will also procure, manufacture and deliver the BoP equipment and provide construction services including the overall civil works, the piling works, the erection and installation of BoP and power block equipment and the testing and commissioning activities required to achieve successful operation on a turnkey basis.

The power block equipment and main machinery sets such as the HRSGs, diverter dampers, STG, ACC, DCS, 132 kV AIS and 400 kV GIS, step-up transformers and auto-transformers, excluding free issued equipment, are to be designed, procured, manufactured and transported to Iraq by GE. GE is also to be responsible for the testing and commissioning of the equipment which it supplies.

Phase 1 is due to be completed in December 2020. In practice, however, the simple cycle power plant is expected to be operational by summer 2020, adding 500 MW to the grid earlier

than scheduled so as to overcome the power shortages in the region. The plant will be operated using natural gas while the construction activities related to back-up fuels continue.

The estimated completion date for Phase 2 is the fourth quarter of 2022.

By the end of 2019, the gas turbines and associated auxiliary systems had already been installed for all four units. Mechanical completion had been achieved for Gas Turbine (GT) Units 1 and 2. For Units 3 and 4, the completion rate was 95%.

Two other major project milestones achieved by late December 2019 were the energization of the 132 kV AIS and the first firing of Gas Turbine Generator (GTG) Unit 1, three months ahead of schedule. In parallel, the commissioning of all the process-based systems associated with the power island area is ongoing.

For the civil works, 7,400 m³ of lean concrete and 50,000 m³ of structural concrete had been poured. All of the piling

works foreseen for Phase 1 had been completed through the installation of 48,925 m of dia 80 cm bored piling.

A total of 1,100 tons of steel had been erected including the AIS.

With respect to the electrical works, 150 kilometers of medium voltage/low voltage and instrument cables had been pulled and terminated.

The Phase 1 turnover packages are being partially handed over to the commissioning team and all commissioning activities under the responsibility of ENKA are ongoing.

All in all, the Phase 1 engineering, procurement, piling and civil works and mobilization activities were 71.8% complete at the end of December 2019.

As of the end of December 2019, a total of 1,579 people were working on the project of whom 831 were locals.

By the end of 2019, 4,438,499 person-hours and 783 days had been worked on the project without lost time incident (LTI).

Nizhnekamsk 495 MW Combined Cycle Power Plant

LOCATION:
Nizhnekamsk, Tatarstan,
Russian Federation

OWNER / CLIENT:
Nizhnekamskneftekhim
(Member of the TAIF Group)

PROJECT DURATION:
December 2017 - April 2021

CONTRACT TYPE:
Lump Sum

CONTRACT VALUE:
EUR 349 Million

A consortium of ENKA and Siemens have undertaken the Nizhnekamskneftekhim Combined Cycle Gas Turbine Thermal Power Plant (CCGT-TPP) project in the Republic of Tataristan in the Russian Federation. The plant is under construction in the industrial hub in the southeast of the city of Nizhnekamsk, on the left bank of the River Kama.

ENKA and Siemens entered into a consortium agreement for the project on January 12th 2017. The works were awarded by Nizhnekamskneftekhim under a contract dated December 18th 2017. The duration of the contract is 40 months from the award date.

The works are to be performed on an engineering, procurement and construction (EPC) basis. They include engineering, manufacturing, deliveries to site, erection and painting works and the operation, commissioning, start-up and testing of the plant.

The CCGT-TPP will have a configuration of two gas turbines, one steam turbine and two heat recovery steam generators (HRSGs). The main fuel will be natural gas. The associated gas derivatives (syngas) that are by-products of Nizhnekamskneftekhim's production processes will also be used as fuel.

The basic design documentation package was approved by the Russian Federation State Expertise on November 25th 2019 and the construction permit for the project was issued on November 27th 2019. Progress on the procurement related engineering (material requisition release) stands at 80%, while progress on the detailed designs, which are being prepared concurrently, has reached 75%.

The two gas turbines and the steam turbine have been delivered to the site together with their auxiliaries. The condenser, the two HRSGs and their auxiliaries and three generator step up transformers have also been delivered. Delivery of the cooling tower steel commenced in November 2019. The natural gas compressors are expected to be delivered in April 2020 and the syngas compressors in July 2020.

The highlights of the progress made on site activities as of the end of December 2019 are as follows:

- The temporary site facilities were fully established in August 2019.
- About 1,000 m of perimeter wall has been erected out of a total of 1,160 m.
- 21,300 m³ of reinforced concrete has been poured out of 26,500 m³ and 80% progress has been achieved.
- 3,400 tons of structural steel has been erected out of 5,442 tons.

- The installation of 177 tons of underground piping has been completed.
- Above-ground piping works commenced in December 2019 and 40 tons of piping has been installed out of the total of 850 tons.
- 12,000 m² of facade and roof cladding works have been completed out of 34,500 m².
- The two gas turbines, weighing 205 tons each, and the two generators, weighing 217 tons each, have been placed on their foundations.
- The steam turbine, which weighs 145 tons, the steam turbine generator, which weighs 217 tons, and the steam surface condenser, which weighs 163 tons, have been placed on their foundations.
- The three generator step up transformers weighing 105 tons each have been placed on their foundations.
- The lifting and assembly of twelve HRSG modules with a total weight of 2,414 tons have been completed.

The completion rate for site construction works was 31.5% as of December 31st 2019.

The total workforce at the project site at the end of December 2019 was 917, including 162 white-collar staff.

As of December 31st 2019, 2,275,000 person-hours or 467 days had been worked without lost time incident (LTI).

Kazan 250 MW Combined Cycle Power Plant

On October 2nd 2019, Siemens signed a contract with PJSC Kazanorgsintez, a member of the TAIF Group, for the delivery, installation and commissioning of one SGT5-2000E gas turbine, one SST-600 steam turbine, one heat recovery steam generator and all associated systems for a 250 MW Combined Cycle Power Plant in Kazan (KOS Project) in Tatarstan in the Russian Federation. ENKA has a “Cooperation Agreement” with Siemens, signed on February 27th 2018, regarding the construction of the plant.

Within the framework of this “Cooperation Agreement” ENKA is to perform the engineering, procurement and construction (EPC) works. ENKA will also be responsible for commissioning. Siemens will supply the gas and steam turbines.

The main fuel for the plant will be natural gas. The plant will also make use of the associated gas derivatives (syngas) that are by-products of Kazanorgsintez’s production processes.

As of the end of December 2019, the KOS Project was at the basic design preparation stage. Survey work is due to begin in early January, 2020.

It is anticipated that the basic design documentation package will receive Russian Federation State Expertise approval in November 2020 and that construction work will commence in December 2020.

The plant is due to start operating in March 2023.

*LOCATION:
Kazan, Tatarstan, Russian
Federation*

*OWNER / CLIENT:
PJSC Kazanorgsintez
(Member of the TAIF Group)*

*PROJECT DURATION:
October 2019 – March 2023*

*CONTRACT TYPE:
Lump Sum*

*CONTRACT VALUE:
EUR 245 Million*



INFRASTRUCTURE PROJECTS

1. Pristina - Hani i Elezit (Route 6) Motorway Project, Pristina - Hani i Elezit, Kosovo
2. Umm Qasr Yard 5 Development, Quay Wall & Marine Works Packages Project, Umm Qasr, Basra, Iraq
3. Morava Corridor Motorway Project, Pojate – Preljina, Serbia



Pristina-Hani i Elezit (Route 6) Motorway Project

LOCATION:
Pristina - Hani i Elezit, Kosovo

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

PROJECT DURATION:
July 2014 - December 2020

CONTRACT TYPE:
Lump Sum

CONTRACT VALUE:
EUR 661 Million

The Bechtel-ENKA General Partnership (BEGP) completed the construction of the Pristina-Hani i Elezit Motorway in Kosovo on May 29th 2019. The employer has requested additional works which are to be carried out in 2020.

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

The construction contract was signed by BEGP and the Ministry of Infrastructure and Transport of the Government of Kosovo in July 2014. The lump sum contract made BEGP responsible for the Engineering, Procurement and Construction of the overall project. The contract had a value of EUR 661.4 million and ENKA and Bechtel took equal shares in the undertaking. The project was BEGP's second project in Kosovo.

The project envisaged the construction of 65 km of 2x2-lane motorway, designed in three sections. The first two sections of the motorway have a platform width of 27.5 m in fill sections and 29.3 m in cut sections. For the third section, which is located in a mountainous region, the platform width is reduced to 25.0 m in fill sections and 26.8 m in cut sections. The geometrical specifications of the motorway are in line with both Trans-European Motorway (TEM) standards and Croatian standards while the design is compliant with European standards. Construction works were completed in accordance with the 2001 General Technical Requirements (GTR) of the Croatian Road Authority.

The project included the construction of 13 bridges (7,920 m), 20 overpasses, 19 underpasses and 258 box and pipe culverts. In total, 19 million m³ of excavations and 10.7 million m³ of earth and rock filling were undertaken. Moreover, 561,000 m³ of concrete, 740,000 m³ of subbase and CTB, and 610,000 tons of asphalt were poured. About 200,000 m of active and passive anchoring and 70,000 m of piling were carried out, while 166 km of guardrail was installed. One of the 13 bridges is a 5.7 km long main viaduct over the valley in Section 3.

The number of personnel reached 3,353 at its peak, including citizens of 13 different countries including Kosovo, Turkey, Albania, Romania, Macedonia and the United States. Citizens of Kosovo made up 80% of the total. The total number of machines used was 1,281, and supplementary machinery was used when necessary. There was one camp site with a capacity to accommodate 754 people.

By the end of 2019, over 29 million person-hours had been expended. The BEGP provided all the personnel working on the project with training in safety and quality. Thanks to these training activities, over 8,400,000 person-hours were achieved without lost time incident (LTI). By the end of 2019, over 61,000 people had received a total of 103,500 hours of training in 57 different skills or on health, safety and environment (HSE) topics.

The employer has now requested the addition of two interchanges and one overpass to the completed motorway, and these have been included in the BEGP's scope of works. Accordingly, a cabinet decision of May 28th 2019 put the contract completion date back from June 1st 2019 to December 1st 2020. The additional work is currently pending Notice to Proceed from the employer, the Ministry of Infrastructure and Transport.



Umm Qasr Yard 5 Development, Quay Wall & Marine Works Packages Project

The Port of Umm Qasr is located approximately 5.2 km south of Basra. It is by far the largest sea port and the only deep-water port in Iraq. The port has road links north-west to Basra and south across the Kuwaiti border, plus a main line rail link north-west to Basra. The BMT Umm Qasr Yard-5 is situated at the northern end of the port.

ENKA was awarded the contract by the Alorean Company on May 7th 2018. The contract had two dates of entry into effect – namely, the NCD (Notice of Commencement Date) and the NTP (Notice to Proceed). These milestones were passed on June 27th 2018 and December 3rd 2018, respectively. The engineering, procurement and mobilization work commenced following notification of the NCD and the construction work commenced upon notification of the NTP.

ENKA's responsibilities under this contract include engineering, procurement and construction activities.

Within the scope of works, a blocwork-type quay wall is to be installed at the end of the basin. This will be the very first blockwork-type quay wall to be constructed in Iraq and ENKA is proud to be involved.

The length of the main quay wall is 550 m and it will consist of 3,177 precast blocks with 11 layers, 287 U-shaped precast blocks and 15,475 m³ of in-situ concrete, amounting to 120,544 m³ of concrete in total. Besides the filling materials already placed in the trench line along the quay wall, various filling materials totalling to 462,371 m³ will be used to fill in the back of the wall.

LOCATION:
Umm Qasr, Basra, Iraq

OWNER / CLIENT:
Alorean Company for
Investment Ltd.

PROJECT DURATION:
December 2018 – January 2020

CONTRACT TYPE:
Lump Sum

CONTRACT VALUE:
USD 70 Million

The dredging of a total area of 1,194,457 m³ seabed was completed on April 23rd 2019. Following the completion of the dredging works, 7,821 m³ of bedding material and 2,200 m³ of levelling material were placed along the length of the quay wall trench at a depth of 17 m below the water.

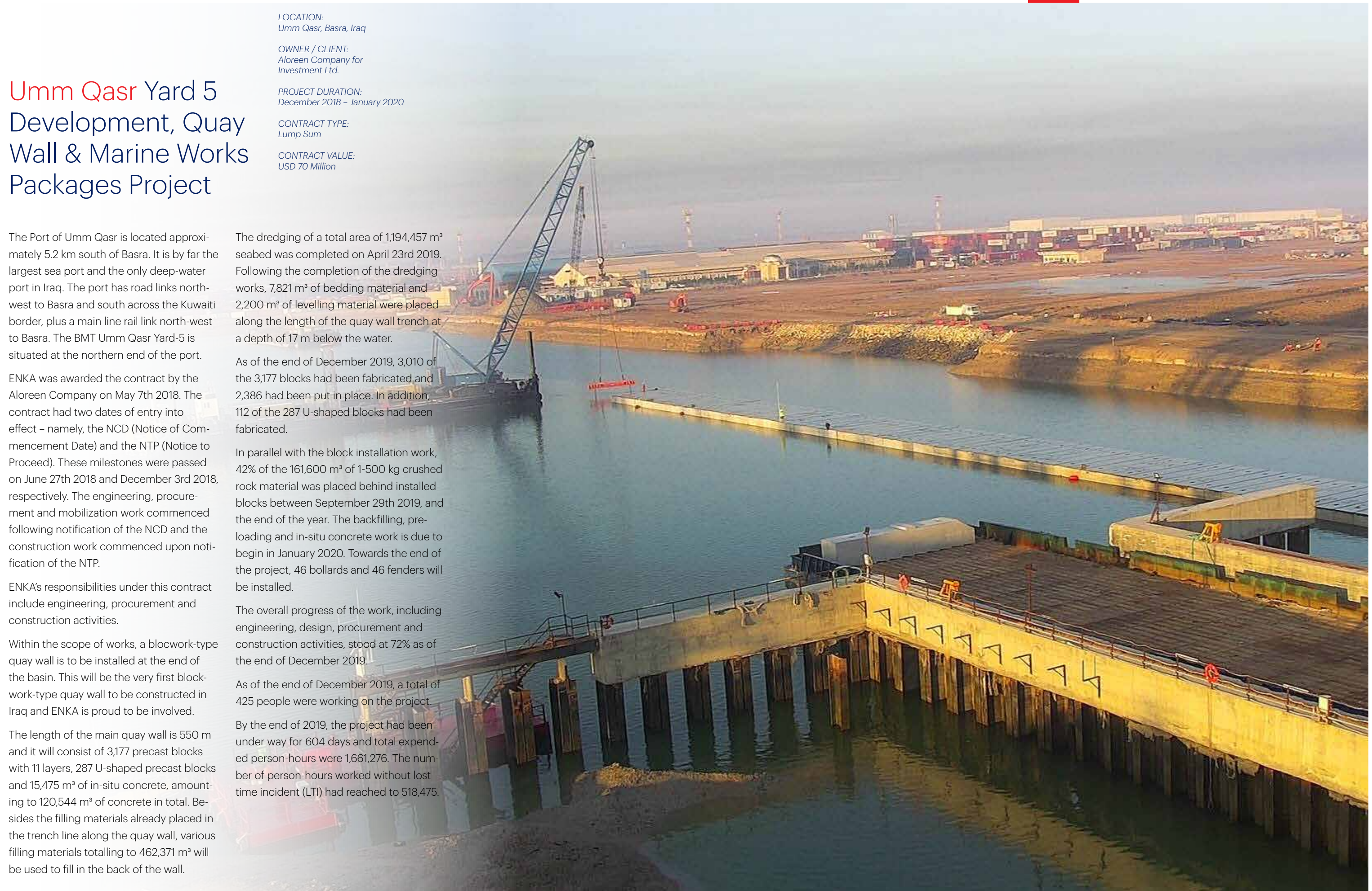
As of the end of December 2019, 3,010 of the 3,177 blocks had been fabricated and 2,386 had been put in place. In addition, 112 of the 287 U-shaped blocks had been fabricated.

In parallel with the block installation work, 42% of the 161,600 m³ of 1-500 kg crushed rock material was placed behind installed blocks between September 29th 2019, and the end of the year. The backfilling, pre-loading and in-situ concrete work is due to begin in January 2020. Towards the end of the project, 46 bollards and 46 fenders will be installed.

The overall progress of the work, including engineering, design, procurement and construction activities, stood at 72% as of the end of December 2019.

As of the end of December 2019, a total of 425 people were working on the project.

By the end of 2019, the project had been under way for 604 days and total expended person-hours were 1,661,276. The number of person-hours worked without lost time incident (LTI) had reached to 518,475.



LOCATION:
Požate – Preljina, Serbia

OWNER / CLIENT:
Government of the Republic of
Serbia Ministry of Construction,
Transport and Infrastructure

PROJECT DURATION:
December 2019 - December 2023

CONTRACT TYPE:
Lump Sum

CONTRACT VALUE:
EUR 745 Million

Morava Corridor Motorway Project

ENKA and its joint venture partner Bechtel have been selected by the Government of the Republic of Serbia to design and build the 112 km Morava Corridor Motorway Project which will connect central Serbia with Pan-European Corridors 10 and 11.

The Morava Corridor Motorway will be a 112 km dual-carriageway motorway, with a design speed of 130 kmh. It will stretch from Požate and the A1 (the North-South motorway in central Serbia) via Kruševac (which used to be the industrial hub of Yugoslavia) to Preljina in northern Čačak. The project runs from east to west through the West Morava river valley and is seen as a key enabler of the economic corridor to the industrial city of Kruševac, with ultimate international connections to Bosnia, Montenegro and Macedonia.

The construction of the motorway will start in early 2020. Under the contract terms and conditions, each individual section of the motorway will be completed within less than 2.5 years during the course of a total construction period of four years. An extensive telecommunications network is to be installed along the route to provide a digital corridor for improved connectivity in the region. The project features ten new interchanges, a large number of structures for crossing highways, railways and the challenging West Morava river, high embankments with extensive embankment scour protection works, flood protection measures, long river diversions, dykes and even the construction of a new river bed in view of the wide flood plain of the West Morava.

The scope of works includes 78 bridges, 24 overpasses, 12 underpasses, over 20 million m³ of excavations, over 17 million m³ of earth filling, 490,000 m³ of concrete, 1.7 million m³ of subbase, 1.1 million tons of asphalt and 460 km of guardrail installation.

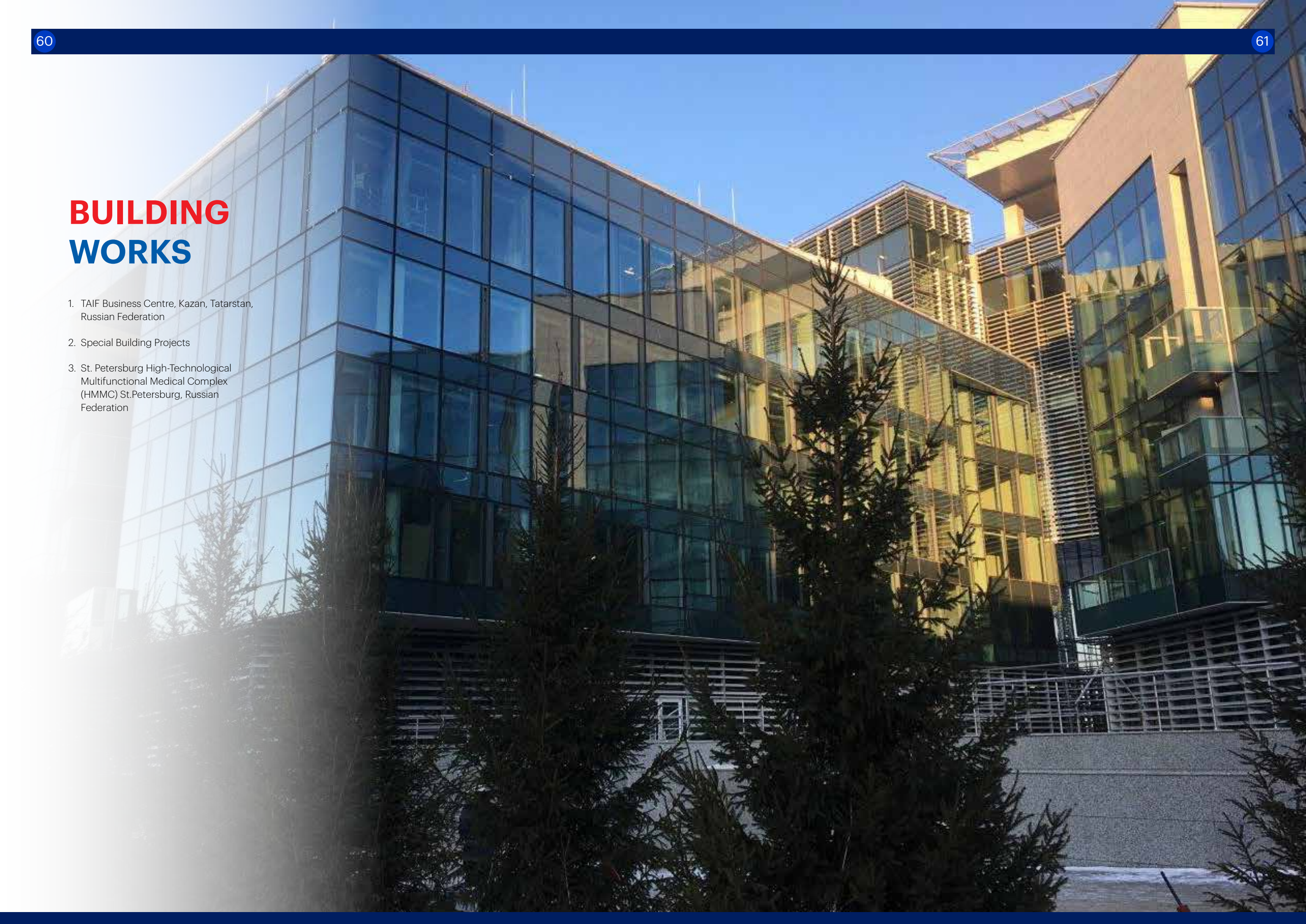
ENKA and its joint venture partner Bechtel have successfully delivered a number of major infrastructure projects in the region since the 1990s, including motorways in Albania, Croatia, Kosovo, Turkey and Romania. Together, the partnership has built more than 750 km of motorways including major engineering structures like tunnels, bridges and viaducts.

To perform this important infrastructure project, ENKA will be drawing on its top-notch engineering and fabrication experience as well as on the high quality and environmental, health and safety standards which it has acquired over 60 years of operations.



BUILDING WORKS

1. TAIF Business Centre, Kazan, Tatarstan, Russian Federation
2. Special Building Projects
3. St. Petersburg High-Technological Multifunctional Medical Complex (HMMC) St.Petersburg, Russian Federation



LOCATION:
Kazan, Tatarstan, Russian
Federation

OWNER / CLIENT:
TAIF PSC

PROJECT DURATION:
April 2017 - May 2020

CONTRACT TYPE:
Lump Sum

CONTRACT VALUE:
USD 143 Million

TAIF Business Center

Work continued in 2019 at TAIF Business Center project in the city of Kazan in Tatarstan of the Russian Federation. ENKA was awarded the contract for this project in April 2017. The works undertaken by ENKA are scheduled for completion in May 2020.

As of the end of 2019, the overall completion rate was 85.5%. A total of 760 people were working on the project and 3,788,512 person-hours had been expended without Lost Time Incident (LTI).

Progress on the architectural works amounted to 82%. In this context, 17,595 m² of the brick walls and 15,274 m² of the gypsum board partition walls had been erected, and a total of 33,750 m² of screed had been poured. In addition, 24,809 m² of ceramic floor covering and 2,867 m² of natural stone floor covering works had been carried out, resulting in completion rates of 99% and 91% respectively. All elevators had been installed and were ready for use. The exterior landscaping and the work on the underground parking floors were also close to completion.

The main works continuing on the site were the interior wooden wall cladding, the installation of glass partitions, the application of ceramic, granite and marble wall coverings, the laying of parquet; the fitting of doors and the gypsum and metal suspended ceiling works.

The rates of progress on the mechanical and electrical works were roughly 93% for the former and about 85% for the latter. The rate of progress on the weak current systems had reached only to 46% due to revisions made by the employer.

The transformers, cooling/air conditioning equipment and heating center had all been installed and were already operating. A total of 68,236 m of stainless-steel pipes, 8,841 m of steel pipes and 33,706 m² of ventilation ducts had been installed, while 907 km of cables had been laid and 21.3 km of cable trays had been installed.



Special Projects

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

Under the agreement, ENKA consulted up to the completion of special building projects in Cameroon in 2005, Guinea, Mali and Sierra Leone in 2006, Algeria and Nepal in 2007, Bosnia and Herzegovina in 2010, Djibouti in 2011, Burundi in 2012, Equatorial Guinea in 2013, the Dominican Republic in 2014, and Djibouti Camp Lemonnier, Mauritania, Russia and the Netherlands in 2017. A project for Papua New Guinea was cancelled.

Further projects were awarded to Caddell Construction Co. for the construction of 3 more special buildings and similar works in Asian continent in 2016, 1 in South American continent, 1 in North American continent, 1 in European continent, 1 in African continent in 2017 and 1 in North American continent in 2018. ENKA is currently consulting on 9 special building projects, which have a total contract value of almost USD 2 billion.

The project started in 2007 in Asian continent was completed successfully, as of the end of 2019.

For one of the Asian continent projects design works and concrete works have

been completed for all buildings except the main office building, which has been put on hold.

Design, mobilization and building concrete works have been completed for yet another Asian continent project, and work is continuing on the interior finishing. This project is due to be completed in December 2020.

Apart from those two Asian continent projects, concrete works, mechanical works, electrical works and architectural works are under way on two more different projects in Asian continent and the project in South American continent. One of these Asian continent projects is due for completion in December 2020, another mentioned Asian continent project in July 2021 and the South American continent project in July 2021.

The project in European Continent started in May 2018 and concrete works and interior finishing are continuing, which is due to be completed in October 2020.

One project in North American continent started in February 2018. Concrete works and interior finishing are continuing, which is due to be completed in April 2022. Another project in North American continent started in May 2019. Mobilization and excavation works are continuing with a planned completion in April 2023.

The project in African continent started in January 2018. Concrete works and interior finishing are continuing. The project is due to be completed in September 2021.



St. Petersburg High-Technological Multifunctional Medical Complex (HMMC)

ENKA commenced work in 2019 on design and construction of a High-Technology Multifunctional Medical Complex (HMMC) Project in St. Petersburg in Russia.

The project is being implemented by the SOGAZ Medicine Clinical Group, a subsidiary of Gazprom. The contract for the first phase was signed with LLC Constructiv acting on behalf of LLC MMC SOGAZ Medical Technologies.

The first phase comprises the construction of temporary site facilities and utilities, top soil removal and excavation works, the construction of perimeter walls (piling, concrete and panel works), the sublayers of the foundations and drainage works. For the remaining works, a contract is due to be signed in April 2020.

The medical complex, which is scheduled to start operating in 2022, will not only be one of the most advanced of its kind in Russia, but will also be one of the three best equipped and most multifunctional medical institutions in the world.

Covering an area of more than 200,000 m², the complex will include an oncology center, a multidisciplinary clinic, a rehabilitation and sports medicine center, an educational complex and a nuclear medicine center. All the buildings will be connected by galleries.

LOCATION:
St. Petersburg, Russian
Federation

OWNER / CLIENT:
LLC MMC SOGAZ Medical
Technologies /
Limited Liability Company
"Constructiv"

PROJECT DURATION:
November 2019 – May 2022

CONTRACT TYPE:
Lump Sum

CONTRACT VALUE:
USD 26 Million

The complex will have a world-class range of modern diagnostic and medical equipment. It will operate its own ambulance substation, polyclinic, accidents and emergencies unit, trauma center and hospital. The modern clinic will provide medical care to 20,000 patients a year.

One of the advantages of the complex will be its accessibility to transport, since it is located at the intersection of the major highways in St. Petersburg and on the borders of the region. The proximity of the facility to the ring road and to the western high-speed diameter, which provides access to the airport, combined with the availability of a building to accommodate patients and their relatives, will enable people from all parts of the country to receive treatment here.

Work on the project started in November 2019 and approximately 8% of the first phase has been completed. By the end of 2019 a total of 25,352 person-hours had been expended without lost time incident (LTI). Project activities are continuing in winter conditions with a total of 351 personnel.



GROUP COMPANIES

1. Çimtaş Çelik İmalat Montaj ve Tesisat A.Ş. (Çimtaş Steel) - Turkey
2. Cımtas Boru İmalatları ve Ticaret Ltd. Şti. (Cımtas Pipe) - Turkey
3. Çimtaş Hassas İşleme San. ve Tic. Ltd. Şti. - Turkey
4. Çimtaş Gemi İnşa Sanayi ve Ticaret A.Ş. - Turkey
5. Cımtas Ningbo Modular Skids & Pipe Spools (Cımtas Ningbo) - China
6. Kasktaş Kayar Kalıp Altyapı Sondaj Kazık ve Tecrit A.Ş. - Turkey

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

Established in 1973, Çimtaş Steel broke its own production record in 2019 with an output of 70,000 tons. 2019 was a year in which Çimtaş made progress in all of its business lines. The 1915 Çanakkale Bridge, with a total weight of 93,600 tons has begun to rise between Asia and Europe. Very high levels of machining tolerances (± 0.35 mm) were achieved on the surfaces of the 7,500 mm dia rotor and 9,000 mm dia stator parts of the largest wind tower produced by Çimtaş Steel at 4,900 mm dia. In 2019, Çimtaş Steel also expanded its product range, carrying out and completing its first offshore component assembly with the Stinger. The broad range of materials used by Çimtaş in the design and welded manufacture of pressure vessels was extended with the use of pure titanium. The fabrication of the pressure vessels – one Autoclave Vessel and one Flash Vessel – which will form the core of the Mansourah gold production facility in Saudi Arabia, got under way.

In 2018, having successfully completed work on the Osmangazi Bridge, the world fourth longest suspension bridge, Çimtaş undertook to carry out the engineering, procurement, fabrication and delivery of all the structural steel components of the 1915 Çanakkale Bridge.

Once completed, the 1915 Çanakkale Bridge will have the longest main span of any suspension bridge in the world. It will be the fourth bridge to connect Asia and Europe. The 1915 Çanakkale Bridge, which will cross the Dardanelles between Lapseki and Gelibolu, will have a height of 318 m, a main span of 2,023 m and a total length of 4,608 m.

All manufacturing processes for this project are being carried out by Çimtaş Steel and Çimtaş Module & Shipyard to the required EN 1090-2 EXC 3 quality standard.



As part of this project, Çimtaş will produce steel components weighing:

- 43,500 tons for steel towers,
- 53,000 tons for steel bridge decks,
- 2,500 tons for steel shafts,
- 900 tons for anchorage blocks and
- 200 tons for bollards and cable lugs.

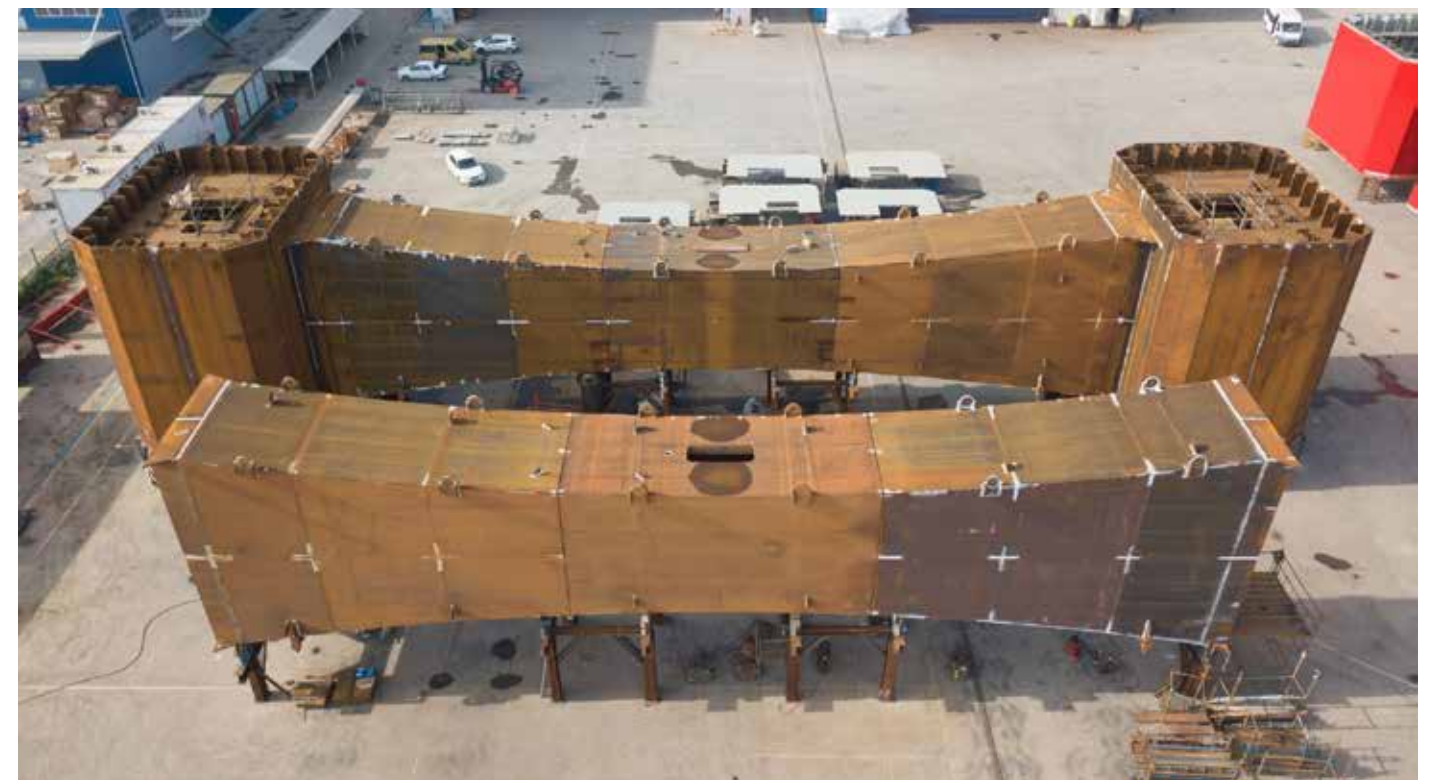
The total weight of the steel components will be 100,100 tons.

Çimtaş is proceeding with all stages of the panel fabrication, block formation and trial assembly works on the 146 steel tower blocks, which consist of 584 panels, and the 153 steel bridge deck blocks, which consist of 6,946 panels, in full keeping with the project schedule.

The steel tower blocks are being delivered to the assembly point by a special service ship with dynamic positioning. This vessel, the GMK-1, was specially designed and built by Çimtaş for the Osmangazi Bridge project.

Work on the tower panel fabrication, which began in August 2018, was completed in October 2019, a month ahead of schedule. The panel fabrication for the steel bridge decks, which was undertaken in August 2018, began in August 2019. The panel fabrication for the steel bridge decks is due to be completed in October 2020.

The 1915 Çanakkale Bridge will also be unique in the world by virtue of its design features. The towers and stiffening trusses of the bridge are being painted red and white, as the colors of the Turkish flag. At either end, the tops of the 318-meter towers will be shaped to represent the shell launched by Sergeant Seyit during the Battle of the Dardanelles.



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

Turkey's first wind tower producer Çimtaş Steel broke its own annual production record for wind towers in 2019 with 24,300 tons. Çimtaş Steel also reached a milestone by increasing the maximum diameter of the wind turbines it produces to 4,900 mm.

Enjoying the advantage of working with specially designed machinery, Çimtaş Steel produced rotor and stator parts with surfaces with a machining tolerance of just ± 0.35 mm.

Each set of 7,500 mm dia rotor and 9,000 mm dia stator parts finished by Çimtaş Steel to very high levels of precision to ensure that the generator converts the rotating motion of the turbine blades to electrical power with maximum efficiency weighs 35 tons.

In 2019, Çimtaş Steel produced 64 sets of EP2 (dia 6,000 mm) and 55 sets of EP3 (dia 9,000 mm) rotors and stators and exported all the sets it produced.

Enercon has put in an order for 180 sets of EP3 (dia 9,000 mm) rotors and stators to be delivered in 2020 and 2021.

In 2019, 75 wind towers consisting of a total of 365 parts were produced for the German Nordex and Enercon. In 2020, it is planned to manufacture the 111 wind turbines for which final orders have been received.

The Tengizchevroil Future Growth Project continues to make progress with the aid of Çimtaş Steel's constant output of pressurized vessels. The Future Growth Project is one of the most important units of the Tengiz Oil Field Project, which is known as the largest global private sector investment of the last 10 years.

The Crude Stabilizer produced for the Tengizchevroil Future Growth Project in Kazakhstan in 2018, measuring 85 m in length, 715 tons in weight and 6,500 mm in diameter, is one of the most highly pressurized vessels in the world. Since then, four Slug Catchers, each weighing 900 tons, have been dispatched by Çimtaş Steel to the Tengizchevroil Future Growth worksite.

The fabrication of all the vessels began in May 2018 and was carried out according to ASME Section VIII Div. 1 / Div. 2 quality standards. The deliveries were made in July 2019, in keeping with the project schedule. All the mechanical design and transportation analyses, procurement and manufacturing, as well as the delivery by RoRo on an FOB basis, were carried out by Çimtaş. For this highly challenging metallurgical project, Çimtaş had very strong steel plates produced by special order with a high resistance to corrosion and high nickel alloy surface finishes were used for interior coating.



In 2019, Çimtaş Steel also got to showcase its capabilities in using pure titanium materials. Çimtaş Steel is to produce pressurized vessels (Autoclave Vessel and Flash Vessel) using explosion clad titanium coating and titanium welding methods, as well as high-precision machining, and to deliver them to the Mansourah gold production facility under construction in Saudi Arabia. These pressurized vessels will form the heart of the Mansourah facility. The mechanical design, procurement and manufacturing will all be carried out at Çimtaş Steel. The pressurized vessels will be produced specially from materials with high resistance to corrosion and high temperatures, and in keeping with ASME Section VIII Div. 1 quality standards.

Production of the "Solitaire New Stinger Section", Çimtaş's first offshore project, was completed successfully in 2019. The stinger is due to be transported to the Baltic Sea in 2020 to be used in the assembly of underwater pipelines to serve the gas platforms there. These pipelines are among the heaviest in the world.

The pipe-to-pipe welded connections of the stinger, with its advanced structural details, were designed according to offshore cutting specifications and the cutting was performed on robotic machines. The stinger was developed to withstand the repeated loads it will have to bear and constructed with challenging welding work. Numerous operations were carried out using on-site machining equipment and 3D laser measuring devices to ensure the precise specifications required at the pin and joints of the stinger.

The stinger is 10 m wide, 50 m long and 18 m high and its total weight including stairs, grates and guardrails is 530 tons.

The manufacturing, assembly and precision machining had all been completed as of the end of 2019 and delivery will take place in 2020.



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

Located in Gemlik, Turkey, Cimtas Pipe is a leading provider of Integrated Piping Solutions (IPS) for top-tier global customers in the power, oil and gas, petrochemicals, mining and metals, nuclear and offshore industries worldwide.

Cimtas Pipe engineers, fabricates, assembles, and installs high pressurized piping systems, pressure vessels, process skids, and preassembled units for power and petrochemical plants as well as conducting material procurements and manufacturing longitudinally submerged arc welded (LSAW) pipes, butt weld fittings, induction bends, flanges and branch connections to the highest international standards.

In 2019, Cimtas Pipe fabricated over 8,270 tons of process and power pipe spools and manufactured 2,200 tons of butt weld fittings, induction bends, flanges and branch connections, and 10,000 tons of LSAW pipes. In addition to its fabrication and manufacturing activities, Cimtas Pipe provided over 61,500 person-hours of engineering and 17,300 tons of material, valve and support procurement services for the following projects:

Oil & Gas Projects:

- Bechtel OG & C - Sabine Pass LNG Stage 4 (Train 6) (IPS: LSAW Pipes, Fittings, Spools)
- General Electric (GE) Oil & Gas - Desuperheaters
- BOTAŞ - Northern Marmara Underground Gas Storage Offshore Platform API 2B - Structural Pipes (LSAW Pipes, Fittings)
- SOCAR Star Refinery IFOP Projects (IPS: LSAW Pipes, Fittings, Spools)
- SOCAR Star Refinery COR 72 Project (LSAW Pipes, Fittings)
- Petkim Aliğa Complex Water Treatment Plant, Turnkey Injection System Project
- Kitimat LNG Rio Tinto Wharf Project (LSAW Pipes)
- MOL Polyol Complex Project (LSAW Pipes, Fittings)

- Lukoil-Nizhegorodnefteorgsintez Kstovo Refinery Project (LSAW Pipes)
- Shell Franklin Pennsylvania Chemicals Project (Sour Service LSAW Pipes)
- SMM Offshore Project (LSAW Pipes)
- Blankenburverbinding Project (LSAW Pipes)
- TÜPRAŞ PV Project (LSAW Pipes)
- Marine Drill Risers Project (LSAW Pipes)

Power Plant Projects:

- GE Power EVM II Mexico 850 MW CCPP Module & Piping
- CMI - Zeran CCPP 1 x HRSG (Fittings, Spools)
- Doosan Skoda Power - Muara Tawar 650 MW CCPP (Fittings, Spools)
- GE El Bracho CCPP (Fittings, Spools)
- GE Turbine Piping (6B, 6F, 9E, 9F, 9FA and 9HA)
- ENKA Dhi Qar 750 MW CCPP (Fittings, Spools)
- ENKA Nizhnekamsk 495 MW CCPP (Fittings, Spools)
- ENKA Samawa 750 MW CCPP (Fittings, Spools)

Engineering Services:

- Petkim Phthalic Anhydride (PA) Plant P & ID Studies
- SOCAR Star Refinery Fire System Improvement Projects
- Petkim - SOCAR Star Refinery Comprehensive Engineering Services
- MHPS America - Modularization Design of GAC Type Gas Turbine Enclosure including piping and electrical works
- TCO - Future Growth & Wellhead Pressure Vessel Project and Saipem (end user: Aramco - Jazan) Integrated Gasification Combined Cycle Project Pressure Vessel Designs
- Orano (Areva) La Hague Nuclear Fuel Recovery Plant Project Chimney Engineering and Fabrication



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



In mid-2019, Cimtas Pipe achieved 10 million safe working hours (4.5 years) without a lost-time incident (LTI). It continued to operate with zero incident right up to the end of the year. Moreover, as a result of its exceptional work on projects for the Bechtel OG&C Global Business Unit, Cimtas Pipe was recognized by Bechtel as its supplier of the year at the company's Annual Supply Chain Awards.

Towards the end of 2019, Cimtas Pipe's business unit Cimtas Pipe LSAW Pipe Works won a 5-Star rating for its health and safety management system and associated operations - a first for its sector worldwide. This followed a comprehensive audit against current best practice techniques and trends from the British Safety Council (BSC).

Including the 6,900 tons of piping systems completed for the Sabine Pass LNG Stage 4 (Train 6) Project and the 455 tons completed for the Corpus Christi LNG Stage 2 (Train 3) Project, in 2019, Cimtas Pipe has successfully fabricated and delivered a total of 122,000 pipe spools weighing 63,660 tons under the Cheniere LNG Program since 2013. Thanks to its unique capabilities for the supply of Integrated Piping Solutions (IPS), Cimtas Pipe manufactures the LSAW pipes and fittings for these projects in-house.



The manufacture of LSAW pipes and fittings for the Corpus Christi LNG Project Stage 3 (medium-scale trains up to train 7) is to commence at the beginning of 2020 as part of the same program.

Following its success in the Cheniere Program, Cimtas Pipe has received an order to supply the integrated piping solutions for the STAR Refinery IFOP Project of SOCAR Turkey, including the manufacturing of LSAW pipes and fittings.



This award involves a total of 3,000 tons of carbon steel pre-fabricated pipe spools comprising 2,000 tons of LSAW pipes with diameters of between 24" to 36" and 1,000 tons of CS butt weld fittings, tees, lateral tees, elbows and reducers.

Furthermore, for STAR Refinery COR72 Project in 2019, the deliveries of in-house manufactured butt weld fittings, as well as supplies of pipes and tubes, were completed successfully.

In 2019, Cimtas Pipe has successfully completed the delivery of BOP Modules and interconnecting piping to GE Power, which has been installed to 2 x 7HA Class Machine Combined Cycle Power Plant in Mexico.

In this context, Cimtas Pipe delivered module structures, prefabricated and hydro tested pipe spools, installed spools,

valves, instrumentation, tubing lines, cable trays and cables, and completed mock-up assembly works, all functional tests, heat tracing and insulation works, for 29 sub-modules and piping weighing approximately 2,000 tons.

Cimtas Pipe provided 70 tons of turbine piping for GE Power and delivered 255 tons of pipe spools for the GE El Bracho GFPP Project in Argentina, where Cimtas Pipe undertook the manufacturing of the unique A234 WP92 Hot Formed Tee, a non-standard, high alloy steel product measuring 28" in diameter and with a wall thickness of 19 mm.

Furthermore, a new order was received with GE Power for 400 tons of alloyed spool piping and 40 tons of pipe fittings for the Orot Rabin Power Plant.



The third year of the desuperheater program that was developed for Baker Hughes proceeded smoothly and Cimtas Pipe began to fabricate turbine by-pass valves in addition to desuperheaters and steam forms.

In 2019, Cimtas Pipe was awarded a contract for the delivery of BOP Modules and interconnecting piping to Siemens AG for the Herne 6600 MW Combined Cycle Power Plant owned by STEAG in Herne, Germany.

Under this contract, Cimtas Pipe will deliver module structures, prefabricated and non-destructive tested pipe spools, preassembled spools, valves, instrumentation, cable trays and cables, and carry out the mock-up assembly works, functional tests, heat tracing and insulation works, for 37 sub-modules and piping weighing approximately 1,700 tons including 22 tons of carbon and alloyed steel butt weld fittings, and 41 induction bends. All this work will be done in 2020.

In 2019, Cimtas Pipe has been added "Approved Manufacturers/Vendors Lists" of top-tier companies which are GE Power, Siemens, Saipem, and Dragados Offshore after successful

qualification / audit processes of named companies for carbon, stainless, and alloy steel pipes as well as fittings in EN and ASTM standards.

Cimtas Pipe continued to support ENKA in its power plant projects in Iraq, supplying 760 tons of pipe spools, 100 tons (9,600 pieces) of supports and more than 800 engineered supports to the Dhi Qar and Samawa CCPPs.

Furthermore, Cimtas Pipe has also started the fabrication for ENKA Nizhnekamsk CCPP and completed 80 tons of pipe spools. Total scope of 500 tons piping will be supplied, fabricated and delivered as per the Russian GOST standards, where the fittings will be produced and certificated according to GOST standards for the first time.

In the scope of engineering services of Cimtas Pipe, The Turnkey Project, Petkim Aliağa Water Treatment Plant was completed with the lead of Cimtas Pipe Plant Design Group in 2019. The project scope consists of partial detail engineering, procurement, prefabrication, installation, and start-up activities within the range of civil, mechanical, piping, electrical, instrumentation, pressure vessels, valves, and pump skids of PAC and PE Injection System.

Furthermore, the engineering of large-scale pressure vessels up to 80 meters in length for Tengizchevroil (TCO) was successfully completed with finite element analysis.

The engineering services have also been approved by Chevron and Flour, the leading companies in the sector.

Cimtas Pipe completed its deliveries to the MOL Polyol Complex Project in Hungary in 2019. In line with the purchase orders received from Thyssenkrupp, the deliveries consisted of 1,364 tons of LSAW pipes and butt weld fittings for above ground and under-ground piping.

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



The Cimtas Pipe Fitting Works manufactured and delivered 2,200 tons (30,730 pieces) of butt weld fittings including cold and hot-formed stainless, carbon and alloy steel elbows, tees, reducers and laterals with diameters ranging from ½" to 60", induction bends, Çimtaş-branded branch connections and flanges in 2019.

Within the year, Cimtas Pipe also started to sell butt weld fittings to the biggest traders in the market, as well as receiving its first order from Gasco for the El Teena Meet Nama Project in Egypt.

Cimtas Pipe successfully delivered four X65QO-PSL2 induction bends with a diameter of 28" and a wall thickness of 30.8 mm with its LSAW pipes for the North Marmara Offshore Project in 2019.

In 2019, Cimtas Pipe launched a brand-new product, Sweepplus, alongside the branch connections which are CIM INSERT and CIM LET product groups and designed by the company's own engineering group. The Cimtas Pipe Fitting Works is the world's only manufacturer of the new product.

The Cimtas Pipe Fitting Works completed the qualifying processes for butt weld fittings including high-strength, low-alloy WPHY70 elbows, tees, reducers, and laterals with diameters in the range of ½" to 60" and super duplex steel S32750 and WP 321 stainless steel hot induction bends with diameters in the range of 3" to 36".

Furthermore, all the mandatory tests were completed at Cimtas Pipe's in-house Mechanical & Metallographic Laboratory, which is one of the most prestigious laboratories in Europe.

The TS EN ISO / IEC 17025 accreditation of the Cimtas Pipe Mechanical and Metallographic Laboratory was successfully renewed in 2019.

The Cimtas Pipe LSAW Pipe Works, the biggest investment in the history of Cimtas Pipe, manufactured and delivered 10,000 tons of LSAW pipes for oil, gas, and chemicals projects in the offshore/onshore industries in 2019.

In 2019, Cimtas Pipe continued to supply LSAW pipes for highly demanding projects managed by top-tier Engineering,

Procurement and Construction (EPC) companies and owner/operators like GE Oil & Gas, Bechtel OG & C, the MOL Group (with Thyssenkrupp Industrial Solutions), BOTAŞ and TÜPRAŞ (with Tekfen), Lukoil (with Commerciale Tubi Acciaio) and the BAM Group (with Erciyas Boru) as well as well-known trading companies like Van Leeuwen, Thyssenkrupp Materials Trading and CTA.

Towards the end of the year, Cimtas Pipe was awarded two purchase orders to supply LSAW pipes for two projects to be engineered and procured by the Italian EPC company Maire Tecnimont - namely, the SOCAR HAOR and Borealis Kallo projects.

The Cimtas Pipe LSAW Pipe Works has successfully managed to boost its manufacturing range of Longitudinal Submerged Arc Welded ("LSAW") pipes to 64" (1,626 mm) diameter and 2.75" (70 mm) wall thickness from 60" and 2.56" respectively.

In consideration of the market demand for heavier and thicker welded steel pipes, this swift capacity increase will strengthen



Cimtas Pipe's presence in the market compared with other sector players.

Cimtas Pipe made its first delivery of Longitudinal Submerged Arc Welded (LSAW) pipes after receiving its EAC (CU TR) certification, formerly known as GOST-R, in July 2019 to CTA for use in the SRO Lukoil-Nizhegorodnefteorgsintez Kstovo Refinery Project.

With EAC, Cimtas Pipe is now able to deliver its LSAW pipes and fittings individually or as a pipe spool directly to Eurasian Customs Union countries including Kazakhstan, Russia, Belarus, Kyrgyzstan and Armenia throughout its pioneering 'Integrated Piping Solutions (IPS)' business model.

Following a successful audit, the Cimtas Pipe LSAW Pipe Works obtained the DNVGL-ST-F101 Submarine Pipeline Systems Conformity Certificate, one of the most important requirements demanded of LSAW pipe manufacturers in the offshore market.

Çimtaş Hassas İşleme San. ve Tic. Ltd. Şti. (Çimtaş Precision Machining) - Turkey

Çimtaş Precision Machining, a subsidiary of the Çimtaş Group, manufactures complex, performance-critical gas turbine components for the aviation, power, oil and gas industries.

The company is recognized globally for its vertically integrated manufacturing systems and expertise in advanced materials.

The company delivers value-added products to its customers through continuous improvement, complete in-house control of processes and a lean production culture.

In 2019, Çimtaş Precision Machining continued to widen its range of products in the aviation sector. Çimtaş Precision Machining was accredited as an approved supplier by three of the major global OEMs within the year. The first of these was Rolls-Royce. Following this approval, Çimtaş Precision Machining received its first purchase order for a rotative part. Afterwards, General Electric (GE) Aviation added Çimtaş Precision Machining to its OEM supplier list and three separate purchase orders were awarded. Finally, the company was successful in the Honeywell supplier assessment and preparations to submit proposals got under way.

Having started to work with Turkish Aerospace Industries (TAI) in 2018, Çimtaş Precision Machining continued to supply parts for TAI projects as well as Boeing, Airbus and Bombardier platforms in 2019.

With the influx of aviation parts orders, Çimtaş Precision Machining also began to certify its special processes with the National Aerospace and Defense Contractors Accreditation Program (Nadcap). In 2019, certificates were obtained for Fluorescent Penetrant Inspection (FPI), Shot Peening, Heat Treatment, Welding and Coating. All these approvals were obtained through single inspections without any need for additional audits. Following the commissioning of the Etch Line, its newest investment, Çimtaş Precision Machining also intends to obtain the Nadcap Chemical Processing certificate in the near future.

Meanwhile, thanks to its ability to put new products into production, Çimtaş Precision Machining continued to grow its GE Power business. The company increased its product range with new hot and cold cutting turbine components and regularly added parts for new turbine families to its portfolio.

To improve the services it provides, Çimtaş Precision Machining initiated five separate enhancement projects benefiting from incentives in 2019. These projects involve the development of manufacturing processes, the manufacture of prototypes, investments in new production lines, the development of special processes, process improvements and additive manufacturing.

Çimtaş Precision Machining continues to support its customers by digitizing its work processes, leveraging interconnected technology with high servicing capabilities and successfully manufacturing complex parts for use all around the world.



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

In 2019, Çimtaş Module and Shipyard continued its work with Çimtaş Steel on the block formation, trial assembly of the steel towers and deck blocks for the 1915 Çanakkale Bridge, and on transporting them to the assembly site.

Çimtaş Module and Shipyard also successfully completed the transport by the sea to the site of the 1915 Çanakkale Bridge of the first parts which it manufactured for the project: four steel shafts each 26 meters high and 18 meters in diameter with a total weight of 2,500 tons, and four anchorage blocks with a total weight of 900 tons.

In 2019, Çimtaş Module and Shipyard continued its work on the manufacture of platforms with a total weight of 400 tons for the North Marmara Underground Gas Storage Facility. This project comprises two jacket-type platforms and two upper platforms. The manufacturing of the 1,000-ton jacket-type platforms was completed.



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

Cimtas Ningbo is a market-leading company that provides high-quality spool fabrication and meticulously assembles skids, jigs and modules. The company started operating its greenfield investment on 55,250 m² of land in Ningbo in 2019. This state of the art, goal-oriented facility helps incorporate custom-designed manufacturing technologies and enables Cimtas Ningbo to expand its product portfolio while maintaining its high standards.

In 2019, Cimtas Ningbo increased its fabrication capacity and delivered 300,000 diameter-inches of gas turbine, boiler and steam turbine piping systems to its customers. It also assembled and delivered turbine auxiliary units and quick-disconnect clamp assembly components.

Cimtas Ningbo was awarded the highly prestigious "Excellence in Performance Award" by Mitsubishi-Hitachi Power Systems Americas (MHPSA) for its performance in 2019. In addition, Cimtas Ningbo won the LEED Gold Certificate awarded by Bureau Veritas for the environmental practices implemented in its new manufacturing plant investment.

Cimtas Ningbo has been a long-term global solution partner of General Electric in the energy market, supporting different activities and locations. In 2019, Cimtas Ningbo supplied piping systems to the power plants listed below:

- Bangpakong Project, Thailand
- Bhola Project, Bangladesh
- Vizag Project, India
- Zinc Project, South Korea
- Meghnaghat Project, Bangladesh
- Riau Project, Indonesia
- Besmaya Project, Iraq
- Melaka Project, Malaysia
- Petromassila Project, Yemen
- La Plata Project, Argentina
- El Bracho HRSG External Piping, Argentina
- Track 4A EL42 Piping, Malaysia

Besides new built plants, Cimtas Ningbo also supports General Electric in providing after-sales service support to its existing customers. In this context it supplied over 1,000 large and small-scale projects with products in various configurations and metallurgies, often at very short lead times, in order to minimize any outages.

Cimtas Ningbo successfully completed deliveries of gas turbine piping with jig assemblies, and skids/modules for the following projects of MHPS Japan and America in 2019:

- Montgomery Project, USA
- Brunswick Project, USA
- Ottertail Project, USA
- Muara Karang Project, Indonesia
- Layyah Project, UAE

In addition to conventional plant design, Cimtas Ningbo offers modular design solutions that ensure that less work has to be carried out on site at all of MHPS's sites. Using its various jigs, and precise 3D measuring equipment, Cimtas Ningbo is currently putting its first GAC and JAC type modular fabrication and assembly units into operation in multiple locations in Asia without experiencing any problems. The first unit for the Otter Tail Project in the USA will be shipped in the first week of 2020.

Cimtas Ningbo has carried out manufacturing work for three Siemens projects - the SGT6-8000H Novo Tempo (Brazil) project, the SGT5-8000H Zengcheng (China) project and the

SGT5-4000F Jiangyin (China) project – in accordance with ASME and EN requirements. Global sourcing studies are being conducted with a view to increasing Cimtas Ningbo's volume of work both in Europe and the Americas.

Other than combined cycle power plant projects, Cimtas Ningbo produced critical pipelines for Toshiba for the Tanjung Jati (Indonesia) coal-fired power plant, successfully meeting all conditions and deadlines. The production of pipes with especially thick walls was completed efficiently using automatic welding machines specifically designed for this process.



Kasktaş Kayar Kalıp Altyapı Sondaj Kazık ve Tecrit A.Ş.

Kasktaş started out in 1957 as an internal department of ENKA specializing in soil engineering and foundation works. It was transformed into a separate company in 1975.

As of the end of 2019, it had a total of 203 personnel including 35 technical staff and 36 administrative staff. Its main assets are the experience of its employees in geotechnical design and all types of soil engineering, and its specialized geotechnical machinery and equipment. It continues to add new machinery and equipment to its extensive modern machinery park in order to meet all current requirements in the area of soil engineering. In this way it is able to offer its customers economical solutions without compromising quality.

With respect to quality, Kasktaş successfully underwent third party inspection by the BSI in 2019 for the ISO 9001 Quality, ISO 14001 Environmental and OHSAS 18001 Occupational Health & Safety Management systems. The Environmental and Occupational Health and Safety System was first established in the company headquarters and the main workshop in 2007, and was extended to include all construction sites, whether in Turkey or abroad, in 2009. Kasktaş's affiliate in Saudi Arabia has also implemented the ISO 14001 Environmental and OHSAS 18001 Occupational Health & Safety Management systems, and was certified by the BSI in 2009.

Kasktaş entered 2019 with seven ongoing projects and undertook a further 22 projects in the course of the year. The main projects on which Kasktaş worked in 2019 are as follows:

Turkey

- 1915 Çanakkale Bridge Asian Shore Anchor Block Excavation and Support Works
- 1915 Çanakkale Bridge European Shore Ground Improvement and Bored Pile Works
- 1915 Çanakkale Bridge Asian and European Shore Berth Structures
- Akkuyu Nuclear Power Plant Slurry Wall Works
- Mandarin Oriental Bosphorus Hotel Project Excavation, Shoring System and Foundation Works
- İstanbul Üsküdar Hakimiyeti Milliye Bazaar and Underground Car Park Project Shoring Works

Saudi Arabia

- Sakaka 405 MW Independent Photovoltaic Power Plant Project
- Construction of an underpass at the intersection of Al-Medina Road and Al-Tahliya Street
- King Abdul Aziz Road Project 700 mm Water Pipe Protection Work
- King Abdul Aziz Road Project End of Tunnel Stretches 4 & 9
- King Abdullah Economic City Solar Desalination Plant Project
- Maad Hospitality Towers Slope Stability Project
- Riyadh Exit 10 Project
- Satellite Desalination Plants Construction Project: Haql Plant
- Satellite Desalination Plants Construction Project: Umluj Plant
- Underground Car Park Phase-1 Project

Russian Federation

- Bulgary Hotel Project
- Dimitrovsky Multifunctional Complex Building Project
- Havskaya Residence Construction Project
- Mulkomolny Multifunctional Complex Building Project
- Olsufevsky Multifunctional Complex Building Project
- Paveletskaya Square Multifunctional Underground Shopping Centre
- Sadovy Kvartal Deep Excavation Support Project
- Saharova Red 7 Project

- Serdtse Stolitsi Multifunctional Complex Building and Facilities Project
- Ust-Ilimsk Warehouse Construction Project

Iraq

- Dhi Qar Combined Cycle Power Plant Bored Pile Works



Kasktaş Kayar Kalıp Altyapı Sondaj Kazık ve Tecrit A.Ş.



1915 Çanakkale Bridge Projects



The 1915 Çanakkale Bridge forms part of the Kinalı-Tekirdağ-Çanakkale-Savaştepe Motorway Project is carried out by the Daelim-Limak-SK-Yapı Merkezi (DLSY) joint venture. In this context, Kasktaş undertook the Asian and European Shore Anchor Block Works and the European Shore Ground Improvement and Bored Pile Works.

The projects involved barrette pile, diaphragm wall, bored pile, secant pile, sheet pile, shotcrete and dewatering works.

By December 2019, all of the works undertaken had been completed. During the course of the year, 30,100 m³ of diaphragm wall works, 7,400 m of bored piling works, 120,100 m of DSM and 2,600 m² of sheet pile works had been completed.

When completed, the 1915 Çanakkale Bridge will be the longest suspension bridge in the world in terms of its main span of 2,023 m and also one of world's highest bridges with a tower height of 318 m.

Akkuyu Nuclear Power Plant



A contract has been signed with İçtaş for the slurry wall installation for the Akkuyu Nuclear Power Plant Project in Mersin.

The project began in December 2019 and is due to be completed in May 2020.

Üsküdar Hakimiyeti Milliye Bazaar and Underground Car-Park Project



The top-down pile and shoring works for the Hakimiyeti Milliye Bazaar and Underground Car Park project in the Üsküdar district of Istanbul were completed in

2019 with the installation of 3,700 m of top-down pile. The diaphragm walls had been completed the previous year. These works were carried out under a contract with the construction company PLT İnşaat Sanayi ve Tic. A.Ş.

Mandarin Oriental Bosphorus Hotel Project



The contract with Yapı Merkezi for the Mandarin Oriental Bosphorus Hotel Shoring and Foundation Works in the Kuruçeşme district of Istanbul encompassed diaphragm wall, pre-stressed anchor, top-down pile, foundation pile, secant pile and mini pile works. With the installation of 2,700 m of anchor in January and February, all work on the project was completed. By December 2019, excavation of the construction pit and all on-site monitoring works were also complete.

Sakaka Independent 405 MW Photovoltaic Power Plant Project



The Sakaka Independent 405 MW Photovoltaic Power Plant Project is the first renewable energy project in the Saudi Arabian National Renewable Energy Program. It is located in the Al Jouf region 30 km from the city of Sakaka and covers an area of 6 km². Upon completion, the project will supply 45,000 households in the Al Jouf region with power while offsetting over 430,000 tons of carbon dioxide emissions a year.

Under a contract signed with Mahindra – Susten, 25,100 Down-The-Hole (DTH) drillings were performed between January and April 2019. As of April 2019, all the envisaged drilling work had been completed.

Maad Hospitality Towers Slope Stability Project



The contract for the Maad Hospitality Towers project in Mecca, Saudi Arabia, was signed with Maad International Company. The project encompassed rock bolt, shotcrete and dowel bar works, which were to be executed on the existing sloping surface.

The rock bolt drillings were carried out at a height of between 0 and 80 m using hydraulic drilling machines installed on a platform suspended from 400-ton capacity cranes. The project was intended to ensure the stability of the rock slope, which is 185 m wide and 80 m high. The project was particularly challenging due to the presence of settlement areas and highways on the top of the slope.

With the execution of 21,300 m² of shotcrete in January, all work on the project was completed.

Riyadh Exit 10 Project



Work on the Riyadh Exit 10 project, which involved 2,500 m of soil nails and 2,200 m of shotcrete, was completed by the end of November.

The Riyadh Exit 10 project is an entertainment center owned by Seven Entertainment Clusters and funded by the Saudi Arabian Government. The contract was signed with El Seif Engineering.

Construction of an underpass at the intersection of Al-Medina Road and Al-Tahliya Street



A tunnel is to be built to reduce traffic congestion at the intersection of Al-Tahliyah Street and Al-Medina Road in Jeddah. Kasktaş has signed a contract with Advanced Construction Company for the jet grout work. The project is due to commence in January 2020.

Satellite Desalination Plants Construction Project: Umluj and Haql Plants



Under the Satellite Desalination Plants Construction Project, the Saudi Arabian Ministry of the Environment aims to build eight desalination plants on the Red Sea coast. Kasktaş undertook work on the Umluj and Haql Plants under contracts signed with Strome Saudi LCC and Peaks Construction & Maintenance Co. Ltd., respectively.

The work on the Umluj Plant was completed by the end of September. This work involved 2,000 m of secant pile and five dewatering drillings.

All of the work on the Haql Plant, consisting of 2,200 m of secant pile, eight steel struts and eight dewatering drillings, had been carried out by the end of November.

Kasktaş Kayar Kalıp Altyapı Sondaj Kazık ve Tecrit A.Ş.



King Abdul Aziz Road Project End of Tunnel Stretches 4 & 9



The contract for the End of Stretch-4 Shoring Works within the King Abdul Aziz Road Project was signed with Nesma & Partners Contracting.

Work on the 780 m² berliner wall and 2,500 m of anchors was completed in 2019. Additional works are due to start in January 2020 and to be completed in April 2020.

King Abdul Aziz Road Project 700 mm Water Pipe Protection Work



As part of the King Abdul Aziz Road Project, a contract was signed with Nesma & Partners Contracting with a view to preventing the 700 mm main water pipe feeding Haram from being disturbed during the course of excavations. The project included 800 m of soil nail and 1,200 m² of shotcrete works. The work was completed in 2019.

King Abdullah Economic City Solar Desalination Plant Project



The King Abdullah Economic City, which is located on the Red Sea coast, is to be supplied with water from a solar-powered desalination plant capable of purifying 30,000 m³ of sea water per day.

In this context, Kasktaş entered into a contract with Akon International. All work under the project was completed in 2019 with the installation of 2,900 m of secant pile and the completion of dewatering drillings.

Ust-Ilimsk Warehouse Construction Project



All work on the Ust-Ilimsk Warehouse Construction project was completed as of November 2019 with the installation of 14,700 m of bored pile.

The work was located in the Forest Industry Complex in Ust-Ilimsk City in Irkutski Oblast in Siberia.

The bored pile work was carried out inside the Additional Cardboard Factory, which is being built by the main contractor Esta Construction.

The Forest Industry Complex was started by the Ilim Group in 1973. The group supplies 75% of the annual cellulose requirements of the Russian Federation and is ranked among the ten largest paper mills in the world.

Saharova Red 7 Project

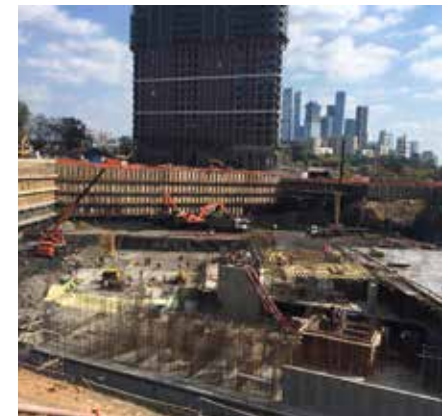


The bored pile work on the Saharova RED-7 project, which is located at the intersection of the two busiest streets in Moscow, was completed in October 2019 under a contract with Boes Construction.

Within the scope of the contract, all the existing reinforced concrete constructions at the site, except for the diaphragm walls, were removed and bored piles were installed under the building. First the slab at level 0 was removed; then a steel platform with a load of 200 tons was established on the slab located at level -1 and the bored pile machine was placed on the platform.

During the bored pile work, the machine was moved about using the steel platform, which functioned with a hydraulic system. A total of 13,200 m of bored pile was installed.

Serditse Stolitsi Multifunctional Complex Building and Facilities Project



The contract for the bored pile, anchor and pipe pile works for the Serditse Stolitsi Multi-functional Complex Building project in Shelepihinskaya Street, Moscow, was signed with Ant Yapı.

In 2019, 2,300 m of bored pile; 8,300 m of anchors and 2,900 m of pipe pile were installed. All the envisaged work was completed.

Dimitrovsky Multifunctional Complex Building Project



The contract for the bored pile work for the MR Group's Multifunctional Complex project in the Dimitrovsky district of Moscow was signed with Antteq.

All the bored pile work had already been completed in 2018. In 2019, the remaining work was completed with the pile base grouting for 173 piles.

Bulgary Hotel Project



Work is continuing on the bored pile work for the Bulgary Hotel project in Moscow under a contract signed with Boes Construction.

In 2019, 2,600 m of secant pile work was completed. Top-down pile work will commence in January 2020. As of the end of December 2019, 13 employees were working on the project and 30% of the total work had been completed. The target for completion date is April 2020.

Mulkomolny Multifunctional Complex Building Project



All work on the Mulkomolny Multifunctional Complex Building project in Moscow was completed in 2019 under a contract signed with Antteq.

The contract involved the installation of 7,000 m of bored pile.

Dhi Qar Combined Cycle Power Plant Bored Pile Works



The Dhi Qar Combined Cycle Power Plant in Iraq is being built by ENKA UK. Kasktaş has started work on the bored pile works beneath the foundations of the plant under a contract signed with ENKA Construction.

49,000 m of bored pile has been installed and 74% of all the envisaged work has been completed in 2019. Work is expected to be completed.

POWER GENERATION

1. Gebze Elektrik Üretim Ltd. Şti.,
Gebze, Turkey
2. Adapazarı Elektrik Üretim Ltd. Şti.,
Adapazarı, Turkey
3. İzmir Elektrik Üretim Ltd. Şti.,
İzmir, Turkey



Gebze Elektrik Üretim Ltd. Şti (Gebze Power Generation Ltd.)

Adapazarı Elektrik Üretim Ltd. Şti. (Adapazarı Power Generation Ltd.)

İzmir Elektrik Üretim Ltd. Şti. (İzmir Power Generation Ltd.)

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

The total investment for the three plants was USD 2.04 billion. Of this amount, 25% was financed through equity and 75% through project finance. USD 1.53 billion of the project finance was provided by Exim Bank of the USA (USD 860 million), Hermes of Germany (USD 185 million), OND of Belgium (USD 125 million), OPIC of the USA (USD 300 million) and various commercial banks (USD 60 million).

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

In line with the technology that is commonly employed at natural gas

combined cycle power plants around the world today, the Adapazarı, Gebze and İzmir plants operate well within the criteria set by air quality, water pollution and noise control regulations, and they constitute an exemplary group of investments in the field of energy in Turkey.

The turnkey construction of the Gebze, Adapazarı and İzmir natural gas combined cycle power plants was awarded to the Bechtel-ENKA Joint Venture (BEJV), in which ENKA had a 50% share. The projects were launched in 2000. The Gebze and Adapazarı plants were commissioned in 2002 and the İzmir plant in 2003.

Thus ENKA, together with its partner InterGen, became the largest private sector electricity producer in Turkey.

The electricity production companies signed 20-year contracts to purchase natural gas from the Petroleum Pipeline Corporation (BOTAŞ) and to sell electricity to the Electricity Generation Company (EÜAŞ – previously TETAŞ). As the 20-year period included the project development and construction phases, the contract period was essentially 16 years from the date on which the plants entered into commercial operation. Under the electricity sales agreement, the electricity produced in the plants was sold to EÜAŞ in accordance with an average tariff of USD 4.2 cents per kilowatt-hour. This was made possible by the advanced technology employed in the plants and the low financing costs. The electricity sales price consists of four components: investment costs, fuel costs, fixed operating costs and variable operating costs.

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

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

The ENKA Power Plants generated over 440 billion kilowatt-hours of electricity during the 16-year period of commercial operation. Since the expiry of the Electricity Sale Agreements with EÜAŞ and the Natural Gas Sale Contracts with BOTAŞ under the BOO Scheme, the plants have been licensed to operate in the merchant electricity market. With their collective annual generation capacity of 32 billion kilowatt-hours, they are capable of meeting 11% of Turkey's aggregate energy consumption as independent generation companies.

Meanwhile, the Energy Market Regulatory Authority (EPDK) has issued the ENKA power trading company ENKA Enerji Ticaret A.Ş. with an electricity supply license. Under the license, ENKA Enerji engages in wholesale/retail activities for eligible consumers. The EPDK has also issued ENKA Enerji Ticaret A.Ş. with an import (spot market) license. Under this license, ENKA Enerji is able to import natural gas/LNG and to engage in wholesale/retail activities for eligible consumers.

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



REAL ESTATE

1. City Center Investment B.V., Moscow, Russian Federation
2. ENKA Invest, Moscow, Russian Federation
3. ENKA TC, Moscow, Russian Federation
4. LLC Moskva Krasnye Holmy, Moscow, Russian Federation
5. Otel Moskva - Krasnye Holmy, Swissotel Krasnye Holmy, Moscow, Russian Federation
6. Mosenka, Moscow, Russian Federation



City Center Investment B.V.

City Center Investment B.V. (CCI) was established in 2003 for the development of the Naberezhnaya Tower complex. Today, the Naberezhnaya Tower is one of the most prestigious business centres in Moscow, with a Commercial Real Estate Award for the best Class-A business centre. Located in Moscow's international business centre, it is a model of inspiring architecture and state-of-the-art innovative design. CCI has been able to build long term relationships with its tenants thanks to its competitive advantages in the commercial real estate market.

The Naberezhnaya Tower complex consists of three blocks with a total leasable area of 163,000 m². At present, 117 staff are employed in office leasing, the management and operation of the facilities and the supply of fit-out works.

During 2019, the net absorption of office space increased by 2% as a result of new lease contracts totalling 15,000 m² and contract extensions for 20,000 m². The vacancy rate of the complex came down to a record low 2%, with all the major contracts extending beyond 2021.

The complex is currently the building with the highest occupancy rate in Moscow City. In addition to the comprehensive maintenance of the complex, the CCI operations team carried out 8,200 m² of office fit-out works.

The CCI leasing department achieved its targets in 2019 by positioning itself uniquely to monitor the changes in the commercial real estate industry and develop an accurate marketing strategy. This continuity also resulted in sustainable financial stability. The Naberezhnaya Tower has been the most compelling office choice for leading international and Russian companies in Moscow for more than a decade.

Existing CCI tenants include reputable corporations such as Alibaba, Arconic, Berlin Chemie, CMS Cameron McKenna, Campina, Dell, Eli Lilly, Elanco, Fortum, General Electric, GlaxoSmithKline, IBM, Inditex, Juniper Networks, KPMG, Marie Tecnimont, Medtronic, Merz Pharma, Mitsui & Co, Mubadala, Ozon.ru, Pfizer, Qualcomm, Renaissance Capital, Richemont, Universal Pictures, VTB Group, Unipro and Segezha.



ENKA Invest

ENKA Invest began operating in 1994 as a part of ENKA's real estate investment division, which has been active in Moscow since the early 1990s. It has 4 complexes located in the centre of Moscow with a total leasable area of 76,000 m². The Paveletskaya Plaza, the Tsvetnoy Palazzo, the Sretenka Complex and Chaplygina House are all built, owned, developed and operated by ENKA Invest.

The company employs a staff of 85 in the areas of office and residential leasing, and building and facility management. It also provides construction services for tenants' fit-out works. Its exceptional facilities and services have enabled it to build long-term relationships with its tenants.

ENKA Invest allocates resources for the common areas of the buildings in its portfolio and performs renovation works continuously in line with its sustainability projects.

The occupancy rate for ENKA Invest's portfolio was 84.7% as of the end of 2019. In total, 5,000 m² of space was leased under new contracts. Moreover, the ENKA Invest team carried out 1,860 m² of fit-out works for new tenants of the Sretenka Complex (TNT Music, Wheely and Lundbeck A/S) and 1,289 m² fit-out works for the Ernst & Young second phase project in the Paveletskaya Plaza.

Meanwhile, some international tenants with whom business relations date back to the 1990s extended their leases further. Extension contracts were signed for a total area of 15,400 m².

The ENKA Invest team keeps a close watch on developments in the commercial real estate industry and adjusts its marketing strategy accordingly.

As of the end of 2019, ENKA Invest's tenants included major multinational firms such as Accenture, Cleary Gottlieb Steen & Hamilton, HSBC, IATA, La Prairie, Hays, LG Electronics, Linklaters, National Oilwell Varco, Nestle, Nintendo, Setra Lubricants, Equinor, Plantronics, UBS, Ernst & Young, Wheely, Bulgari and Lundbeck A/S.



ENKA TC

ENKA TC, formerly known as RamENKA, was established in Moscow in 1997 as an equal partnership between ENKA and Migros for the purpose of developing shopping centers and a supermarket chain in the Russian Federation.

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

In spite of the economic crisis in the Russian Federation, the company continued its growth. In 1998, it opened its second hypermarket and shopping center in Maryina Roshcha. ENKA had completed the construction of the 32,500 m² Maryina Roshcha shopping center in a remarkably short time while simultaneously maintaining its highest quality standards.

ENKA TC went on to open 23 new stores between 1999 and 2003, increasing the number of its stores to 25 and the number of its shopping centers to six.

Stores were now being opened in regions outside Moscow - namely, Krasnoyarsk, Kazan and Nizhniy Novgorod. Despite some closures between 2004 and 2007, the total number of stores increased to 53, and the number of shopping centers to ten.

For these investments, the company made use of International Finance Corporation (IFC) and commercial bank

loans in addition to its own resources. A total of USD 170 million in loans was provided by the IFC between 1998 and 2006. All of these loans were repaid in 2008, ahead of their maturity dates.

In addition to retail space in shopping centers, the company started to rent out office space on a large scale with the Vernadskogo complex in 2007.

ENKA became the sole owner of the company in 2007 when it purchased the 50% share held by Migros. It was after this that the company was renamed 'ENKA TC'.

In order to concentrate on real estate operations as its main line of business, ENKA TC transferred the hypermarket operations and the shopping centers to AUCHAN through rental agreements. Upon the completion of this operation, the leasable area of ENKA TC increased from 167,000 m² to 227,000 m².

The shopping malls owned by ENKA TC which operated under the 'Ramstore' brand name were rebranded 'Kapitoliy' in 2009. In January 2010, the supermarket brand name 'Ramstore' was changed to 'Citystore'.

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

As a result of this process, ENKA TC had completely exited the retail sector by the end of 2012. The rental revenues of the company continued to grow, reaching USD 122 million in 2019.

Meanwhile, in 2006 and 2007, two of ENKA TC's most important shopping mall developments won 'Best Shopping Centre' awards from the Commercial Real Estate Committee (CRE) of the Russian Federation. The Kapitoliy Shopping Mall in St. Petersburg was honored with the 'St. Petersburg's Best Shopping Centre' award in 2006, while the Kapitoliy-Vernadskogo Shopping

Mall in Moscow received the "Moscow's Best Large-Scale Shopping Mall" award in 2007.

The Kapitoliy Vernadskogo Shopping Mall was also to be selected from among 60 nominated projects as 'Best Project in the Sphere of Investment and Construction in Moscow in 2012' by the Moscow local administration. Later, it was to be chosen the 'Best Shopping Complex' at the '100 Best Office and Retail Centers in Russia' awards ceremonies held in St. Petersburg in both 2017 and 2018.

The Kapitoliy-Sevastopolsky Shopping Mall in Moscow was named the 'Most Convenient Shopping Centre in the South-West Administrative District of Moscow' by Moscow Municipality in 2009.

Further investments, including the redevelopment of existing assets, were soon to come. During the second quarter of 2011, ENKA TC completed its projects and began work on the redevelopment of the Kuntsevo Shopping Mall originally opened in 1997. Under this project, the existing building, covering 19,400 m², was demolished and a new, modern 245,000 m² complex was constructed.

The complex consists of a shopping mall, office buildings and

a small number of apartment units. The shopping mall opened its doors upon the completion of construction works at the end of 2014, while the construction of the office buildings was completed in the second quarter of 2015. The shopping mall has a net leasable area of 61,000 m² and the office building a net leasable area of 29,094 m². There is an underground parking lot with capacity for 2,028 cars. The total investment cost was USD 484 million.

The Kuntsevo re-development project was presented with several awards:

- The 2012 'Cityscape Future Retail Award in Emerging Markets' at the International Conference for Global Real Estate, which took place in Dubai and at which 36 nominated projects from 13 different countries were showcased.
- The 'Best Shopping Centre' award of the Russian Council of Shopping Centers (RCSC) in April 2015.
- The 'Best Retail Architecture Russia', 'Best Retail Development (5 Stars) Russia' and 'Best Retail Development Europe' awards at the International Property Awards in 2016.
- The 'Best Office Complex' and 'Best Shopping Complex' at the '100 Best Office and Retail Centers in Russia' award ceremony held in St. Petersburg in both 2017 and 2018.



The Kuntsevo Plaza also became one of the Russian Federation's 37 certified green investment projects when it received a green building certificate (Green Standard – GOLD) in April 2013.

Work began in the second quarter of 2013 on the construction of a shopping mall at Sergiev Posad in the Moscow Region. This mall was opened for retail operations at the beginning of September 2014. It has a total area of 36,750 m², a leasable area of 24,883 m², and a car park with capacity for 696 cars. This project involved an investment of USD 59 million.

In the fourth quarter of 2015, construction work began on the construction of the new Kashirskaya Shopping Mall, replacing the existing mall, which had been demolished to make way for it. The new building has a total area of 196,750 m² and a leasable area of 70,000 m². The total investment cost, including construction, design, infrastructure works, approvals, road works etc., amounted to USD 232 million. The new shopping mall began operations in March 2018.

In spite of its short history, the Kashirskaya Plaza has been honored with several important awards:

- 'Best Shopping Centre' among projects at the implementation stage in the 'Large Shopping Centers' category at the RCSC Awards in 2018.
- Winner of the prestigious international European Property Awards in two nominations at one and the same time (Retail Architecture, Moscow, Russia; Retail Development, Moscow, Russia) in 2018.
- 'Best Large Shopping Center' in the Commercial Real Estate Moscow Awards in 2019.
- 'Best Implemented Project in the Field of Construction of Multifunctional Shopping Centers and Complexes' in the awards ceremony organized by the Department of Urban Policy in 2019.
- 'Global Best Project' in the Retail / Mixed Use Development Category in ENR's seventh annual Global Best Projects Competition.

The reconstruction plan for the existing Maryina Roshcha Shopping Mall has been approved by Moscow Municipality and the project development process has begun. The project will be constructed in two phases. The first phase will involve the construction of a multi-storey car park with an approximate gross building construction area of 3,343 m². This will be completed in 2020. In the second phase, the existing buildings will be demolished and the new shopping center and offices will be built. The new building is expected to have a total area of approximately 245,000 m², a total leasable area of approximately 105,000 m² and a total investment cost of USD 335 million.

Still in Moscow, projects are being developed for a new 29,780 m² class A+ office building on Vernadskogo Avenue, within the grounds of the Vernadskogo Kapitoliy Shopping Mall owned by ENKA TC. This building will have a leasable area of approximately 20,600 m². Construction will begin in 2020 at an estimated investment cost of USD 40 million. In addition, work is due to begin in 2020 on developing a project for an extension to the existing shopping mall with an approximate area of about 13,000 m².

Finally, work is under way on the development of a project for a new office building and underground parking project on Leningradsky Pravoberejnaya Street, Moscow, within the grounds of the Leningradsky Kapitoliy shopping mall owned by ENKA TC. This project will have a total area of 64,800 m² and a leasable area of approximately 22,000 m². The investment cost is estimated at USD 80 million.



LLC Moskva Krasnye Holmy

Moskva Krasnye Holmy (MKH) commenced operations in the summer of 1995 and currently it is fully owned by ENKA. It had been established following an investment agreement with a number of Russian partners, including the Municipality of Moscow, for the development of the Russian Cultural Center on a seven-hectare plot of land in central Moscow, based on a 49-year lease. The center, featuring commercial, cultural and sporting facilities as well as office buildings, was to be developed in five stages. To date, offices, a hotel, a conference center, an art gallery and a parking lot have been completed with a total area of 156,000 m². As of the end of 2019, the office buildings had an occupancy rate of 93%. Existing tenants of LLC Moskva Krasnye Holmy include reputable corporations such as SAP, Nissan, Neftegarant, Energoprom, ADV, Air Liquide, Avaya and Givaudan.

The corporate policy of the company puts a strong emphasis on institutionalization and aims to increase productivity and profitability by employing the finest local staff and the best local subcontractors alongside a core Turkish management team. The total number of company employees has reached 97.

The company's turnover in 2019 was about USD 31 million.



LLC «Otel Moskva - Krasnye Holmy», Swissotel Krasnye Holmy

The "Swissotel Krasnye Holmy" is a five-star hotel with 234 rooms located in the Riverside Towers area of Moscow. It has been operated since 2005 by the FRHI group. Recently FRHI Hotels & Resorts, an owner of luxury brands, was acquired by the AccorHotels Group, one of the world's largest global hotel companies.

Swissotel Krasnye Holmy Moscow brings to the heart of the Russian capital unsurpassed service and luxury combined with the most breathtaking views of the city. The hotel is situated very conveniently in Moscow's business district. Surrounded by major office complexes and financial institutions including the Paveletskaya Tower, the Aurora Business Park and the Vivaldi Plaza, it is also very close to Paveletsky railway station, which offers business travelers a significant advantage when transferring to Domodedovo Airport.

Swissotel Krasnye Holmy Moscow has been acclaimed as a Luxury Contemporary Hotel by World Luxury Hotel Awards, and as Europe's Leading Luxury Business Hotel and Russia's Leading Luxury Business Hotel by World Travel Awards.

The bars and restaurants of the hotel host various Moscow and international gastronomic festivals and master classes of world-class bartenders. Its trendy roof bar, City Space Bar & Restaurant, is considered one of the world's top ten bars. This highly popular venue has also received accolades in the World Travel Awards. It is the ideal place to drink a cocktail while enjoying breathtaking 360-degree views of Moscow.

The turnover of the hotel in 2019 was about USD 16 million and it has 224 employees.



LLC Mosenka

In 1991, ENKA took advantage of its good business relations in Russia, as well as the country's steady economic progress, to found LLC Mosenka as its first investment company in Moscow, together with a group of Russian partners. The company aimed to meet the growing demand for office space in the Russian capital and acquaint the country with real estate services delivered to western standards.

Now 100% owned by ENKA, Mosenka continues to develop and rent out office space. It has reconstructed six historic buildings with a total construction area of 46,500 m² and converted them into modern office buildings. The occupancy rate for its office buildings was 85% at the end of 2019.

Tenants of Mosenka include well-known local and international companies such as Lego, Lufthansa, Accor, Becton Dickinson, Caspian Pipeline Consortium, Saipem, Roquette, Claas, Ipsen and Lexmark.

The company employs a staff of 64, and its turnover in 2019 was about USD 10 million.



TRADE

1. ENKA Pazarlama İhracat İthalat A.Ş., İstanbul, Turkey
2. ENTAŞ Nakliyat ve Turizm A.Ş., İstanbul, Turkey
3. AIRENKA Hava Taşımacılığı A.Ş., İstanbul, Turkey
4. ENKA Systems Yazılım A.Ş., İstanbul, Turkey



ENKA Pazarlama İhracat İthalat A.Ş.

ENKA Pazarlama (ENKA Marketing) is a leader in the supply of heavy construction and lifting equipment and machinery and industrial machinery. It serves the whole of Turkey through its five regional branches, one sales office, one liaison office and 69 dealers and authorized service providers.

Established in 1972, ENKA Pazarlama entered the Turkish construction market through the sale and servicing of Hitachi excavators and Kawasaki wheel loaders. From day one, it adopted the strategy of representing only the best known and most highly regarded global brands.

ENKA Pazarlama provides sales and after-sales support to customers through five TSE approved service centres, all of which possess ISO 9001:2015 quality certificates, and with its stated mission of being "reliable solutions partners".

ENKA Pazarlama owns and operates open and covered vehicle and equipment parks in İstanbul, Ankara, İzmir, Adana and Mersin Free Zone. With its advanced technical know-how and customer satisfaction-oriented approach, ENKA Pazarlama is one of the leading companies in its field in Turkey. Aware of its responsibilities to its stakeholders and more broadly to the environment and humanity, during 2019, ENKA Pazarlama undertook a number of initiatives aimed at boosting the sustainability of its operations.

ENKA Pazarlama continues to provide high quality, economical solutions to its customers through the updated 9001:2015 Quality System and by closely following the latest technological developments.



As a distributor of the world's leading manufacturers of construction and industrial machines and equipment, ENKA Pazarlama markets and distributes the following product groups:

Construction Machinery Group:

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

Industrial Products Group:

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

Lifting Equipment Group:

- TCM: Forklift and warehouse equipment
- Tailift & CT Power: Forklift equipment by Toyota Group
- HSC – Sumitomo Heavy Industries Construction: Crawler cranes
- Tadano: Rough terrain and all terrain mobile cranes
- Palfinger: Truck mounted loading and recycling cranes
- XMCG: Soil drillers, telehandlers, skid steer loaders, aerial platforms

ENKA Pazarlama, increased its share in the shrinking Turkish construction machinery market to over 24% in 2019, reflecting the confidence it enjoys in the market and advantages that stem from nearly 50 years of experience. In 2019 ENKA Pazarlama also started to work with additional global giants like Shantui and XCMG.

ENTAS Nakliyat ve Turizm A.Ş.

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

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

ENTAS has made it its mission to understand requirements accurately, to improve the quality of its services constantly, and most importantly to maintain its wide range of products and long-lasting collaborations by ensuring full customer satisfaction. It also aims to contribute to the development of the sector, keeping close watch on global best practices with a view to implementing them in Turkey.

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

The services offered by ENTAS include:

- Worldwide airline ticket sales, hotel reservations, transfers and rent-a-car services
- Private or business trips and holidays
- Luxury packages for individuals and groups
- "Blue Voyage" yacht expeditions and special rail and cruise packages
- City tours with or without a professional tour guide
- Specialist cultural, religious, sports, health, adventure and nature tours and holidays

- Special programmes for education and language schools
- Private plane rental and VIP services
- Organization of conferences, seminars, fairs and symposia
- Dealer conventions and motivational trips
- Corporate events such as personnel dinners, award ceremonies, anniversaries and launches
- Contracts with singers and other performers, and supply of technical equipment, stage design and venue decoration services
- Catering services, visa services and travel insurance

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

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

AirENKA Hava Tařımacılıęı A.ř.

AirENKA Hava Tařımacılıęı A.ř. (AirENKA Air Transport Corp.) was established in 2002 to provide air taxi services on domestic and international routes.

The company was granted an Operation License (No. 2002-HT-04) by Turkey's Directorate General of Civil Aviation starting on 22 April 2002.

Airenka operates a Hawker 900XP aircraft manufactured in 2009 and equipped with the latest on-board technology.

In 2019, the fleet expanded to include a Gulfstream G450 jet aircraft manufactured in 2015. The company aims to double its flight services with two jet aircraft.

The highly experienced flight crew regularly undergo refresher training in the USA to comply with international aviation regulations.

In 2019, the company logged a total of 604 flight hours to 46 different cities.



ENKA Systems Yazılım A.Ş.

ENKA Systems provides trend-setting technological solutions to meet the needs of companies, increasing their profitability and preventing lost time through real-time process control.

Contracts Signed by ENKA Systems in 2019:

Türkiye Şişe ve Cam Fabrikaları A.Ş.
(Turkey Bottle and Glass Factories Corp.) - Turkey

Şişecam, one of Turkey's leading companies, will execute all its domestic and overseas construction projects using the "EDMS - Global Document Management System" over the cloud services of ENKA Systems (SaaS).

Contract Date: December 2019
Solution: EDMS

Salini - Kolin Joint Venture, Halkalı-Kapıkule Railway Line Çerkezköy-Kapıkule Section Construction Project - Italy & Turkey

The Salini Impregilo - Kolin Joint Venture chose to use the "EDMS - Global Document Management System" for the Çerkezköy-Kapıkule Section of the Halkalı-Kapıkule Railway Line Construction Project. The project connects Asia and Europe with railways and is also one of the most important ventures involving financial cooperation between Turkey and the European Union.
Contract Date: December 2019
Solution: EDMS

Capital Group, Moscow - Russian Federation

The Capital Group is one of the largest real estate investment development companies in Russia, with more than 20 investment projects in Moscow. It has decided to use ENKA Systems Software for digitalising business processes on its projects.

Contract Date: November 2019
Solutions: EDMS, EGPS, EGVN, EGHR

Ziver İnşaat Taah. Mad. Tur. Paz. San. Tic. A.Ş. - Turkey

Ziver İnşaat is one of Turkey's leading infrastructure companies. It has been operating in the construction sector since 1970. The company has decided to start using "EGEM - Global Equipment Management System" software to manage all its machinery parks in different locations on a single system.

Contract Date: August 2019
Solution: EGEM

Çaba Misnak Proje Lojistik Vinç ve Mühendislik A.Ş. (Çaba Misnak Project Logistics, Cranes and Engineering Corp.) - Dubai-UAE & Turkey

Çaba Misnak Proje Lojistik Vinç ve Mühendislik A.Ş. provides turnkey solutions to customers in heavy haulage and lifting services in the Arabian Peninsula, Africa, Asia and Europe. The company chose to employ ENKA Systems solutions in its joint ventures in Turkey and abroad.

Contract Date: August 2019
Solutions: EGEM, EGHR, EGVN

Meting - Metgün - Eze - Atis Joint Venture, Construction & Electromechanical Systems Provision, Installation and Commissioning of the Gebze Darıca Metro Project - Turkey

The Meting - Metgün - Eze - Atis Joint Venture is now managing document control operations for the Construction and Provision, Installation and Commissioning of Electromechanical Systems for the Gebze-Darıca urban rail project on the EDMS Global Document Management System. Project stakeholders, including the Ministry of Transport and Infrastructure and the Kocaeli Metropolitan Municipality (the contracting authorities), consultants Arcadis (Netherlands) and TÜMAŞ and project design firm Prota Engineering, can access the most up-to-date documents through EDMS,

making business processes faster and more secure.

Contract Date: January 2019
Solution: EDMS

In addition to new customers, ENKA Systems renewed its maintenance & support agreements with several existing customers in 2019. Companies which renewed their maintenance & support agreements include:

- Özgün-Kolin Joint Venture, İstanbul Airport - Halkalı Metro Line Construction Project (EDMS)
- Gülermak Ağır Sanayi İnşaat ve Taahhüt A.Ş. (Gülermak Heavy Industry Construction and Contracting Corp.), İzmir Light Rail System 4th Stage F.Altaç-Narlıdere Sub-District Construction Project (EDMS)
- PMO Proje Yönetim Danışmanlığı Tic. Ltd. Şti. (PMO Project Management Consulting Ltd.) (EDMS, EGPS, EGVN)
- IDOM Consulting, Engineering and Architecture, Gaziantep Metropolitan Municipality Gar - Düztepe - Hastane Line Design Project (EDMS)

ENKA Systems leads the continuous development of the solutions it provides to ENKA group companies and its other customers. To this end, it continues to add new features to its software, increasing the competitiveness of its products in the domestic and foreign markets.

Improved products highlights for 2019:

- EDMS - Global Document Management System
- EGEM - Global Equipment Management System
- EGHR - Global Human Resources System
- EGPS - Global Procurement System
- EGVN - Global Vendor Network

Fairs and Expos attended in 2019:

- Bauma Munich Fair, the world's largest construction and construction machinery fair
- 4th International Roads, Bridges and Tunnels Fair, Ankara

EDMS	GLOBAL DOCUMENT MANAGEMENT SYSTEM
EGEM	GLOBAL EQUIPMENT MANAGEMENT SYSTEM
EGHR	GLOBAL HUMAN RESOURCES SYSTEM
EGPS	GLOBAL PROCUREMENT SYSTEM
EGVN	GLOBAL VENDOR NETWORK
EGFS	GLOBAL FINANCE SYSTEM
EGIM	GLOBAL INVESTMENT MANAGEMENT SYSTEM
EHSE	GLOBAL HSE MANAGEMENT SYSTEM
EGWM	GLOBAL WELDING MANAGEMENT SYSTEM

ENKA Systems

TECHNOLOGY FOR A BETTER FUTURE
Subsidiary of **ENKA**

SOCIAL ACTIVITIES

1. ENKA Foundation, Istanbul, Turkey
2. ENKA Sports Club, Istanbul, Turkey
3. ENKA Schools - Istanbul, Turkey
4. ENKA Schools - Adapazarı, Turkey
5. Private ENKA Science and Technology High School - Kocaeli, Turkey
6. Private ENKA Vocational and Technical Anatolian High School - Kocaeli, Turkey
7. ENKA Culture & Arts, Istanbul, Turkey



ENKA Foundation

The ENKA Foundation was founded in 1983 with the idea of preserving the strong tradition of foundations in Turkish culture and sustaining the concepts that are the building blocks of civilisation.

The natural mission of the foundation is to educate individuals with scientific methods, raise them as modern, productive, questioning individuals and unlock their potential in an environment where sports, education, culture and the arts are all blended together.

The Sadi Gülçelik Sports Complex was founded in 1983 on the gentle slopes of İstinye, İstanbul. Its fundamental values include ethics, morality, respect, trust, sincerity, openness and innovation.

Besides the ENKA Sports Club, the ENKA Foundation comprises ENKA Schools and ENKA Culture and Arts. ENKA Schools came into being with the opening of ENKA Schools İstanbul in İstinye in 1996. ENKA Schools Adapazarı were launched in the wake of the 1999 earthquake. The Private ENKA Technical and Vocational Anatolian High School opened its doors in Kocaeli in 2008 and the ENKA Kocaeli Science and Technology High School started teaching in 2014. All the units and members of the foundation are committed to disseminating and sharing the wealth of its heritage with society at large.



ENKA Sports Club

The ENKA Sports Club continued to prepare for and participate in national and international competitions in 2019 with 1,882 licensed athletes in a variety of sports and a team of trainers all of whom are experts in their fields.

Our club set out with the motto "The Future Belongs to Youth". To this end, it provides systematic, quality training for our club teams and sports schools in order to equip thousands of children with the mental and physical discipline necessary to excel in what they strive to do. Every year, the ENKA Sports Club recruits talented young people who aim to become national athletes. ENKA Sports Club is built on a solid infrastructure made up of its sports schools, students from the ENKA schools and other talented young people of diverse backgrounds.

Track and Field

In track and field, the ENKA Sports Club has 530 athletes in total, comprising 86 athletes competing in national teams, 402 athletes with active licenses, and 128 athletes in training.

Major International Events in the 2019 Season:

Our athlete Emre Zafer Barnes came second in the 60 metre dash in the European Indoor Championship and won the silver medal.

Our athlete Kaan Kigen Özbilen achieved a **2020 Tokyo Olympics** qualifying time of 2:05:27 in the Rotterdam Marathon. Özbilen also broke his own half

marathon national record by 20 seconds with a time of 59:48 in the RAK Half Marathon, becoming the first Turkish athlete in history to run in under 1 hour. Running his last marathon of the season, Özbilen also set the **European Record** and broke his own national record with a time of 2:04:16 in the Valencia Marathon.

Our athlete Yasemin Can achieved **2020 Tokyo Olympics** qualifying times of 14:53:92 in the 5,000 m and 30:59:20 at 10,000 m. In the European Cross Country Championships, the last major competition of the season, Yasemin Can came in 1st and took the title of European champion for the 4th time in a row.

Our athlete Polat Kemboi Arkan achieved a **2020 Tokyo Olympics** qualifying time of 2:08:14 in the Paris Marathon.

Our athlete Meryem Bekmez achieved a **2020 Tokyo Olympics** qualifying time of 1:29:36 in the 20 km walk in the IAAF Permit Challenge competition in Spain.

In the European U23 Athletics Championships, our athlete Necati Er achieved the best triple jump of the year world-wide in the U23 age group with an extraordinary leap of 17.37 m, setting a new Turkish U23 and senior record and becoming European Champion. With this jump Necati added 32 cm to the national record and achieved a **2020 Tokyo Olympic Games** qualifying length.

Salih Korkmaz came 2nd place in Europe in the 20 km walk.

Tuğba Danişmaz came 2nd in Europe and broke the Turkish U23 record with 13.85 m in the triple jump.

Competing in Belarus, our athlete Salih Korkmaz broke his own national record in the 20 km walk with a time of 1:20:34 and earned the right to compete in the **2020 Tokyo Olympics**.

Our athlete Yasmani Copello Escobar reached the finishing line with a **2020 Tokyo Olympics** qualifying time of 48:47 in the 400 m hurdles in the Paris stage of the Diamond League.

A 4x100m Relay Team, including our athletes Emre Zafer Barnes, Jak Ali Harvey and İzzet Safer ranked **7th** in the World Relay Championships.

Our women's athletics team were **European Champions** in the European Champions Clubs Cup. Our team had previously come second and third three times each. This time our athletes brought the trophy to Turkey for the first time ever.

In the European Junior Championships, our athletes Meryem Bekmez and Evin Demir won the **gold and silver medals** in the 10 km walk.

Our hearing-impaired athlete Yasin Süzen, competing at 400 m, ran out champion at both the World Deaf Indoor Championships and the **10th European Deaf Athletics Championships**.

In the Universities World Championship, Can Özüpek came **4th in the world** in the triple jump, Buse Arıkan and

Kadriye Aydın came 6th in the world in the pole vault and the high jump respectively, and Turgay Bayram and Tuğba Güvenç came **8th in the world** in the 3,000 m steeplechase.

In the World Athletics Championships held in Doha, Salih Korkmaz won **5th place in the world** in the 20 km walk, and Yasmani Copello Escobar came **6th in the world** in the 400 m hurdles. The championships were held in temperatures of 30°C and at a humidity of 73%. Another athlete of ours, Necati Er completed the final triple jump in **11th** place, becoming the first Turkish athlete to compete in the finals of the triple jump.

Inter-Club Turkish Leagues in the 2019 Season

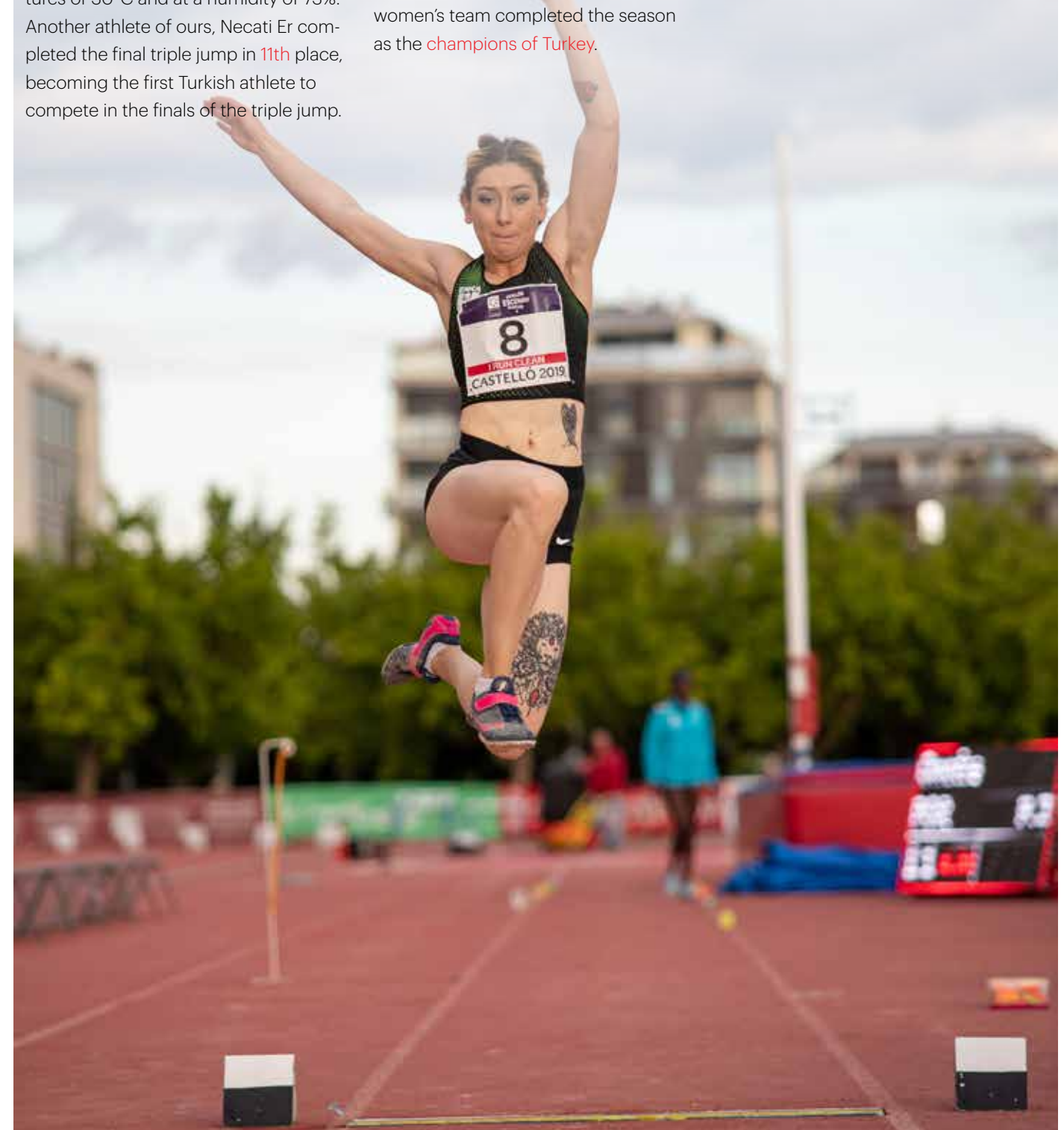
Turkish Interclub U16 National Championships: The ENKA U16 boys' team has been the reigning champion since 2012 and the girls' team since 2013. Our new U16 teams consisting of athletes in the 14-15 age group were **double champions** again in 2019.

Turkish Interclub U18 League: Our men's team took 2nd place and our women's team completed the season as the **champions of Turkey**.

Turkish Interclub Youth League: The U20 men's and women's teams both finished the season in **2nd** place in Turkey.

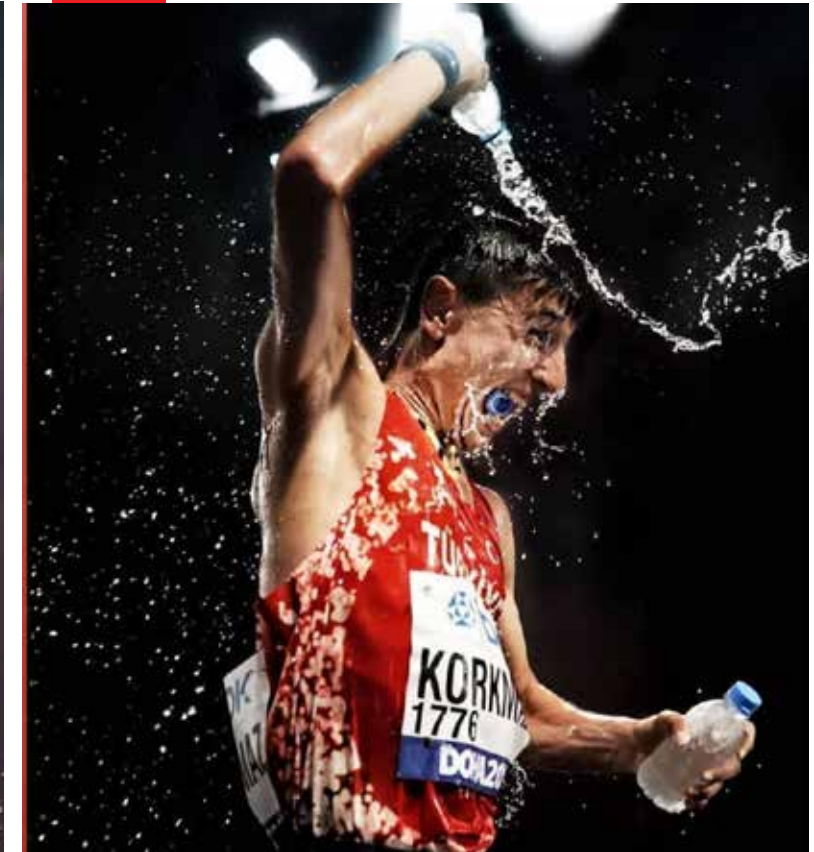
Super League: Our women did not break with tradition this year and once again finished the season as **Champions** in the Turkcell Turkey Super Athletics League. The men's team finished 2nd.

Walking League: Our women's and men's walking teams ended the year as **Turkish Champions**.



Records Broken by our Athletes in 2019

Name-Surname	Event	Result	Competition - Venue	Record
Salih Korkmaz	20 km Walk	1:21.37	Turkey Walking Championship / İzmir	U23NR – NR
	20 km Walk	1:21.32	European U23 Championship / Sweden	U23NR – NR
	20 km Walk	1:20.35	International Walking Championship / Belarus	U23NR – NR
	10 km Walk	40.00	Turkey Walking Championship / İzmir	U23NR – NR
	10,000 m Walk	39:31.96	Turkcell National Championship / Bursa	U23NR – NR
	5,000 m Walk	19:43.24	Spor Toto Clubs Walking League 2nd Stage Final / Ankara	NR
	5,000 m Walk	19:15.67	Spor Toto National Indoor Walking Championship / İstanbul	U23NIR – NIR
Meryem Bekmez	3,000 m Walk	11:34.33	Spor Toto National Indoor Walking Championship / İstanbul	U23NIR – NIR
	20 km Walk	1:29.36	33rd La Coruna Int. Race Walking / Spain	U20NR – NR
	10 km Walk	44:07	33rd La Coruna Int. Race Walking / Spain	U20NR – NR
	5 km Walk	21.54	Spor Toto Walking League 1st Stage / Konya	U20NR
	5,000 m Walk	21:35.87	Spor Clubs Walking League 2nd Stage Final / Ankara	U20NR
Mikdat Sevler	3,000 m Walk	12:35.23	Spor Toto National Indoor Walking Championship / İstanbul	U20NIR – NIR
	2,000 m Walk	8:12.02	Spor Toto National Indoor Walking Championship / İstanbul	U20NIR
	60 m Hurdles	7.90	Elan Indoor Meeting / Bratislava	U23NIR-NIR
	60 m Hurdles	7.85	24th Balkan Indoor Championship / Ataköy - İstanbul	U23NIR-NIR
	60 m Hurdles	7.85	Istanbul Indoor Cup / Ataköy	U23NIR-NIR / Egale
Kaan Kigen Özbilen	110 m Hurdles	13.91	International Athletics Championship / Romanya	U23NR – NR
	110 m Hurdles	13.81	European Championship / Minsk	U23NR – NR
	Half Marathon	59.48	Ras Al Khaiman Half Marathon / United Arab Emirates	NR
	Marathon	2:05.27	Rotterdam Marathon / Netherlands	NR
	Marathon	2:04.16	Valensiya Marathon / Valencia	European, Balkan & NR
Necati Er	Triple Jump	16.99	U20-U23 Turkey Championship / Bursa	U23NR – NR
	Triple Jump	17.05	U23 European Championship / Sweden	U23NR – NR
	Triple Jump	17.37	U23 European Championship / Sweden	U23NR – NR
Tuğba Danışmaz	Triple Jump	13.80	Turkcell Super League 1st Stage / Bursa	U23NR
	Triple Jump	13.85	U23 European Championship	U23NR
Buse Arıkazan	Pole Vault	4.40	Turkcell Super League 1st Stage / Bursa	NR
	Pole Vault	4.36	Indoor Olympic Trials / Ataköy - İstanbul	NIR
Umut Uysal	60 m	6.81	Indoor Olympic Trials / İstanbul	U18NIR
	60 m	6.80	Indoor Olympic Trials / Ataköy - İstanbul	U18NIR
Emre Zafer Barnes	60 m	6.55	Metz Moselle Athlelor / France	NIR
Berke Akçam	Triple Jump	16.62	Turkey Indoor Championship / İstanbul	NIR
Can Özüpek	35 km Walk	2:44.30	Turkey Walking Championship / İzmir	NR
Mert Atlı	60 m Hurdles	7.65	Indoor Olympic Trials / İstanbul	U18NIR
Şafak Karsavran	200 m	21.88	Indoor Olympic Trials / İstanbul	U18NIR
Aleyna Tok	4x400 m Relay	4:03.96	Balkan U20 Indoor Championship / Ataköy - İstanbul	U18NIR
Simay Özçiftçi	Swedish Relay	2:13.94	Belarus-Ukraine-Turkey-Poland 4 Tournament / Ukraine	U18NR
Helin Nur Cengiz Simay Özçiftçi Zeynep Olur Aleyna Tok	Swedish Relay	2:14.05	U18 Clubs League 2nd Final / Kütahya	U18NR
Şafak Karsavran Emirhan Çiftçi Berke Akçam Umut Uysal	4x200 m Relay	1:29.13	Indoor Record Trials / Ataköy - İstanbul	U18NIR



Tennis

The ENKA Sports Club has a total of 567 active tennis players, including 272 players with active licenses and 295 trainees. Fourteen of our players played for national teams at U12, U14, U16, U18 and senior level.

Major International Events in the 2019 Season:

Our athlete Melisa Ercan achieved great success by coming **2nd in Europe** in the 14th European Youth Tennis Championship in the Czech Republic on 22-28 July.

Our athletes representing the Private Esenkent Okyanus College Tennis Team, Bora Şengül, Mert Çelik, Beyda Baykal, Zeynep Sönmez, Zeynep Erman and Özlem Uslu, were **world champions** at the 10th World Schools Tennis Championship.

Davis Cup, Fed Cup

Our athletes Cem İlkel, Altuğ Çelikkbilek, Sarp Ağabigün and Yankı Erel were in the national tennis team which participated in the Davis Cup, which can be considered the World Cup of men's tennis, in Denmark between September 09-15. The national team played Denmark in the second round of Group 1 in the Europe / Africa Region, and went through by a score of 3-2.

The Fed Cup national team, which includes our athletes Çağla Büyükakçay, İpek Soylu and İpek Öz, managed to stay in the competition by taking **5th place** in the Group 1 games in the Europe / Africa region.

International Tournaments in the 2019 Season:

ATP Challenger Tournaments

Altuğ Çelikkbilek was a quarter-finalist twice in singles, and a quarter-finalist three times and a semi-finalist once in doubles.

Cem İlkel played one semi-final and one quarter-final in singles and two quarter finals in doubles.

Tuna Ziya Altuna played the semi-final once and the quarter-final once in dou-

bles, while İlhan Sarp was a semi-finalist once in singles.

ITF Tournaments of USD 50,000 and above

Çağla Büyükakçay played one final in singles. She was also a semi-finalist twice and a quarter-finalist on three occasions. She was a quarter-finalist once in doubles.

İpek Öz was a quarter-finalist twice in doubles.

ITF Women's and Men's Tournaments of USD 25,000 and above

In ITF women's tournaments of USD 25,000 and above, Başak Eraydın, Çağla Büyükakçay, İpek Öz, İpek Soylu, Melis Sezer and Zeynep Sönmez won 3 championships and reached 2 finals, 2 semi-finals, 6 quarter-finals, and 2 semi-finals in singles. In doubles, they won two championships and played in 1 final, 2 semi-finals and 7 quarter finals.

In ITF USD 25,000 Men's Futures tournaments, Altuğ Çelikkbilek reached a quarter-final in singles while Altuğ Çelikkbilek and Tuna Ziya Altuna in total reached the final once and the semi-final three times in doubles.

USD 15,000 ITF Women's and Men's Futures Tournaments

In USD 15,000 ITF women's tournaments, İpek Soylu, İpek Öz, Melis Sezer, Zeynep Sönmez and Özlem Uslu won 3 championships and reached 2 finals, 6 semi-finals and 8 quarter-finals in singles; in the doubles they won 9 championships in addition to being finalists once, semi-finalists three times and quarter-finalists 14 times.

In USD 15,000 ITF men's tournaments, Altuğ Çelikkbilek, Tuna Ziya Altuna, Sarp Ağabigün, Bora Şengül, Umut Akkoyun, Cengiz Aksu and Berk İlkel won 2 championships and played 1 final, 7 semi-finals and 4 quarter-finals in singles; in doubles, they played 4 finals, 11 semi-finals and 21 quarter-finals.

ITF Junior Tournaments

ITF Juniors J1 tournaments: Melis Ayda Uyar played 1 quarter final in doubles.

ITF Juniors J2 tournaments: : Selin Lidya Sepken and Melis Ayda Uyar played 1 quarter final in singles; in doubles, they won 1 championship and played one semi-final and three quarter-finals.

ITF Juniors J3 tournaments: Selin Lidya Sepken, Beyda Baykal, Bora Şengül, Mevlüt Can Zorlu, Ekin Erçetin, Elif Sanem Karadag, Fahir Berk İlkel, İroda Makhamatjonova, Melis Ayda Uyar, Mert Çelik and Özlem Uslu played 1 final, 2 semi-finals and 6 quarter finals in singles, and won 2 championships in doubles besides being finalists twice, semi-finalists 7 times and quarter-finalists 9 times.

ITF Juniors J4 tournaments: Our athletes Beyda Baykal, Can Zorlu, Ekin Erçetin, Ela Deniz Alpgiray, Fahir Berk İlkel, Fatih Sarı, Melis Ayda Uyar, Melisa Ercan, Melissa Yakup Pour, Özlem Uslu and Selin Lidya Sepken won 2 championships and played 5 semi-finals and 5 quarter-finals in singles; in doubles, they won 3 championships and played 4 finals, 3 semi-finals, and 6 quarter-finals.

ITF Juniors J5 tournaments: Beyda Baykal, Bora Şengül, Erden Er, Fatih Sarı, Melis Ayda Uyar, Melissa Yakup Pour, Mevlüt Can Zorlu, Özlem Uslu and Senem Öcal won 2 championships and played in 2 finals, 1 semi-final and 1 quarter-final in singles; they also won 4 championships and were semi-finalists 5 times and quarter finalists 4 times in doubles.

Turkish Individual Championships in the 2019 Season

Spor Toto Turkey Tennis League:

The Turkish Tennis League was held at our club between 23-28 December 2019. A total of 27 teams took part - 14 men's teams and 13 women's teams.

The teams who had qualified as a result of matches held in June competed against each other in the final group through a total of 4 matches: 2 singles and 2 doubles. At the end of the week, our men's and women's A-teams defeated TED Sports Club in the final matches and completed 2019 as **double champions**.



Tennis (continued)

The A-team players were as follows:

Men: Cem İlkel, Altuğ Çelikbilek, Sarp Ağabigün, Tuna Altuna, Yankı Erel, Berk İlkel, Umut Akkoyun and Mert Alkaya.

Women: Çağla Büyükakçay, İpek Soylu, Basak Eraydın, İpek Öz, Melis Sezer, Zeynep Sönmez, Ayla Aksu and Özlem Uslu.

Turkish Championships (Men and Women): In the men's Turkish championships, Cengiz Aksu was the **champion** in singles, Sarp Ağabigün was a finalist in singles and **champion** in doubles, Umut Akkoyun was a quarter-finalist in singles, Mert Alkaya was a semi-finalist in both singles and doubles, Berk İlkel was **champion** in doubles and Can Zorlu was a semi-finalist in doubles.

Among the women, İpek Öz was **champion** in both singles and doubles, Ayla Aksu was a finalist in singles and doubles, Melissa Yakup Pour was a quarter-finalist in singles and doubles, Melis Ayda Uyar was a quarter-finalist in singles and a finalist in doubles, and Melis Sezer was a semi-finalist in singles and **champion** in doubles.

U18 Turkish Championships: Bora Şengül was finalist in singles and Fatih Sarı was **champion** in doubles. Melis Ayda Uyar was **champion** in singles and a finalist in doubles. Melissa Yakup Pour was a finalist in both singles and doubles, and Beyda Baykal was **champion** in doubles.

U16 Turkish Championships: Erden Er was singles and doubles **champion** and Fatih Sarı was a finalist.

Özlem Uslu was **champion** in singles and a finalist in doubles, Selin Lidya Sepken was a finalist in singles and **champion** in doubles, Beyda Baykal was **champion** in doubles and Melis Ayda Uyar was a finalist in doubles.

U14 Turkish Championships: Kerem Özlale was **champion** in singles and finalist in doubles, while Ela Sekmen was a finalist in singles.

International ranking in 2019

As of 31 December 2019, the following ENKA Sports Club players were ranked among the top 1,000 in the WTA rankings: Çağla Büyükakçay - 179th, İpek Soylu - 276th, Başak Eraydın - 431st, İpek Öz - 527th, Zeynep Sönmez - 729th, and Ayla Aksu - 953rd.

In the ATP rankings, Cem İlkel was ranked 283rd, Altuğ Çelikbilek 326th, Tuna Altuna 436th (double), Sarp Ağabigün 919th, Cengiz Aksu 978th and Yankı Erel 991st.

As of 31 December 2019, the following ENKA Sports Club players were ranked in the top 500 in the ITF Junior rankings: Selin Lidya Sepken - 240th, Ekin Erçetin - 290th, Melis Ayda Uyar - 344th, Özlem Uslu - 386th, Fahri Berk İlkel - 410th and Bora Şengül 430th.



Swimming

In swimming, ENKA Sports Club has 508 athletes in total, with 345 active licenced athletes and 163 in training. Of these, 37 swam for the national teams.

International Events in the 2019 Season:

Our athlete Viktoria Zeynep Güneş was semi-finalist in the 200 m individual medley with a time of 2:12.42 at the World Swimming Championship - a qualifying time for the **2020 Tokyo Olympics A quota**.

Beril Böcekler set the Turkish national record at the European Youth Swimming Championship with a time of 4:10.41 in the 400 m freestyle, coming 4th in Europe. In the 800 m freestyle, she broke another national record with a time of 8:34.56 and came second. She also came **2nd in Europe** in the 1,500 m freestyle, setting another national record with 16:21.39 - a qualifying time for the **2020 Tokyo Olympics A quota**.

Beril was also the first swimmer to come 1st while breaking national records in the 400 m, 800 m and 1,500 m freestyle events at the European Youth Summer Olympics Festival (EYOF). With her time in the 800 m freestyle, she achieved a qualifying time for the **Olympics A quota** for a second time.

In the World Junior Swimming Championship, she took **4th place in the world** with a time of 16:22.27 in the 1,500 m freestyle and came **7th in the world** with a time of 8:41.23 in the 800 m freestyle.



Turkish Records Broken by our Swimmers in 2019

Name-Surname	Event	Result	Pool	Competition - Venue	Record
Beril Böcekler	200 m Free	2:00.62	50 m	European Youth Olympic Festival / Baku	15-16/17-18 and 19+ Age NR
	200 m Free	2:02.20	50 m		15-16 Age NR
	400 m Free	4:15.85	50 m	Meeting Golden Tour Camille Muffat / France	15-16/17-18 and 19+ Age NR
	400 m Free	4:09.71	50 m	European Youth Olympic Festival / Baku	15-16/17-18 and 19+ Age NR
	400 m Free	4:07.40	25 m	European Short Course Swimming Championships / Glasgow	15-16/17-18 and 19+ Age NR
	400 m Free	4:06.38	25 m	Arena Junior & Open Age Short Course National Clubs Championships / Beylikdüzü	15-16/17-18 and 19+ Age NR
	400 m Free	4:15.75	50 m	Turkcell Youth-Junior & Open Age Long Course National Team Selection / Edirne	15-16/17-18 and 19+ Age NR
	400 m Free	4:17.36	50 m	Multinations Juniors / Austria	Multinationals Stars R.
	400 m Free	4:10.41	50 m	European Youth Championships / Kazan	15-16/17-18 and 19+ Age NR
	800 m Free	8:45.11	50 m	Turkcell Youth-Junior & Open Age Long Course National Team Selection / Edirne	15-16/17-18 and 19+ Age NR
	800 m Free	8:50.56	50 m	Multinations Juniors / Austria	Multinationals Stars R.
	800 m Free	8:34.56	50 m	European Youth Championships / Kazan	15-16/17-18 and 19+ Age NR
	800 m Free	8:32.65	50 m	European Youth Olympic Festival / Baku	15-16/17-18 and 19+ Age NR
	800 m Free	8:22.12	25 m	Danish Open 2019 / Denmark	15-16/17-18 and 19+ Age NR
	1,500 m Free	16:06.76	25 m		15-16/17-18 and 19+ Age NR
	1,500 m Free	16:48.97	50 m	Turkcell Youth-Junior & Open Age Long Course National Team Selection / Edirne	15-16/17-18 and 19+ Age NR
Ekatarina Avramova	1,500 m Free	16:21.39	50 m	European Youth Championships / Kazan	15-16/17-18 and 19+ Age NR
	4x200 m Free	8:22.14	50 m	European Youth Championships / Kazan	15-16/17-18 and 19+ Age NR
	4x200 m Free	8:14.15	50 m	7. World Youth Championship / Budapest	15-16/17-18 and 19+ Age NR
	200 m Back	2:06.38	25 m	European Short Course Swimming Championships / Glasgow	19+ Age NR
	200 m Back	2:06.15	25 m		19+ Age NR
Viktorya Zeynep Güneş	100 m Back	58.35	25 m		19+ Age NR
	100 m Back	57.96	25 m	Arena Junior & Open Age Short Course National Clubs Championships / Beylikdüzü	19+ Age NR
	200 m Back	2:05.36	25 m		19+ Age NR
	400 m Mix	4:33.39	50 m	Indianapolis ISL	19+ Age NR
Merve Tuncel	200 m Fly	2:11.38	25 m	European Short Course Swimming Championships / Glasgow	14 Age NR
	200 m Fly	2:11.14	25 m	Arena Junior & Open Age Short Course National Clubs Championships / Beylikdüzü	14 Age NR
	200 m Fly	2:10.69	25 m		14 Age NR
	1,500 m Free	16:21.65	25 m		14 Age NR
	1,500 m Free	16:36.20	50 m	Turkcell Youth-Junior & Open Age Long Course National Team Selection / Edirne	14 Age NR
	400 m Free	4:12.74	50 m		14 Age NR
Defne Taçyıldız	400 m Mix	4:42.29	25 m	Arena Junior & Open Age Short Course National Clubs Championships / Beylikdüzü	15-16 Age NR
	200 m Fly	2:11.58	50 m		15-16/17-18 Age NR
Sudem Denizli	200 m Back	2:10.37	25 m		13-14 Age NR
Berkay Ömer Öğretir	200 m Breast	2:12.98	50 m	Edirne Cup / Edirne	19+ Age NR
	200 m Breast	2:11.09	50 m	Turkcell Youth-Junior & Open Age Long Course National Team Selection / Edirne	19+ Age NR
	100 m Breast	59.54	50 m		19+ Age NR
	100 m Breast	1:00.00	50 m		19+ Age NR
	4x100 m Mix	3:36.85	50 m	World Swimming Championships / South Korea	19+ Age NR
İskender Başlakov	4x50 m Mix	1:32.82	25 m	European Short Course Swimming Championships / Glasgow	19+ Age NR
	4x100 m Free	3:18.01	50 m	Fina World Swimming Championships / South Korea	19+ Age NR
Viktorya Zeynep Güneş Ekaterina Avramova	4x100 m Free	3:43.03	50 m	World Swimming Championships / South Korea	19+ Age NR
	4x100 m Mix	4:05.72	50 m		19+ Age NR
Viktorya Zeynep Güneş Ekaterina Avramova Nida Eliz Üstündağ İlknur Nihan Çakıcı	4x100 m Mix	3:59.78	25 m	Arena Junior & Open Age Short Course National Clubs Championships / Beylikdüzü	19+ Age NR
Merve Tuncel Defne Taçyıldız Ece Bahar Demirkıran Beril Böcekler	4x200 m Free	8:08.75	25 m	Arena Junior & Open Age Short Course National Clubs Championships / Beylikdüzü	15-16/17-18 Age NR

Swimming (continued)

In the European Swimming Championships held in Glasgow between 27-30 December, Ekaterina Avramov broke her own Turkish national senior record in the 200 m backstroke with a time of 2:06.15 and came **6th in Europe**.

Our athlete Berkay Ömer Öğretir swam the 100 m breaststroke in 59:54 seconds to achieve a **Tokyo Olympics A quota** qualifying time.

National Events in the 2019 Season:

In the Turkey Arena Inter-Club Long Course Junior and Open Age Swimming Championships and U18 Individual Competition (50 m) held at our club between 3-6 August 2019, our women's senior team were **champions**, our men's senior team and women's youth team came 2nd and our men's youth team came 3rd.

In the Turkey Arena Inter-Club Short Course Junior and Open Age Swimming Championships and U18 Individual Competitions held at Beylikdüzü Swimming Pool between 18-22 December 2019, our women's senior and youth teams came 2nd, and our men's senior and youth teams came 3rd.



Water Polo

In water polo, the ENKA Sport Club has a total of 170 players, of whom 79 have active licences and 91 are trainees. In the 2019 season, 19 of our players played for the national teams.

International Events in the 2019 Season:

Our water polo team were **champions** of Turkey in the 2018-2019 season and represented our country in the Champions League (LEN).

Turkish Inter-Club Leagues and Federation Cups in the 2019 Season:

U12 National Championships: Our U12 team finished 2nd in Turkey.

Turkish Interclub U13 League: Our U13 team finished 2nd in Turkey.

Turkish Interclub U15 League: Our U15 team finished 2nd in Turkey.

Turkish Interclub U17 League: The U17 team **won the league** without conceding a game.

Turkish Interclub U19 League: The U19 team **won the league** without conceding a game.

Super League: Our A team **won** the Spor Toto Şarık TARA Water Polo Super League without conceding a game.

Federation Cup: Our water polo A team were the runners-up in the Federation Cup.



Wrestling

In wrestling, we have 32 athletes with active licenses, 28 of whom are competing in national teams.

International Events in the 2019 Season:

Bediha Gün, who wrestled at 55 kg in the World Wrestling Championship, came **5th in the world**.

Yasemin Adar, who wrestled at 76 kg in the European Wrestling Championship, won her 4th consecutive **European Championship**. Three of our other athletes came **3rd in Europe**: Evin Demirhan at 50 kg, Bediha Gün at 55 kg and Elif Jale Yeşilirmak at 59 kg.

In the U23 European Championship, Ayşegül Özbege came **2nd in Europe** at 76 kg and Elif Yanık came **3rd in Europe** at 57 kg.

Kadriye Aksoy, who wrestled at 68 kg in the European Junior Championship, came **2nd in Europe**.

Evin Demirhan came **3rd** in the 50 kg category in the European Games held in Minsk on June 25th – 30th.

National Events in the 2019 Season:

In the Turkey Wrestling Championship, our team won the **Turkish Championship** for the 2nd consecutive season.

In the Turkey U23 Wrestling Championship, our women lifted the **championship trophy** for the 2nd year in a row.

In the Turkey Youth Wrestling Championships, our girls won the **Turkish Championship** for the 2nd time.



Scholarships

Scholarships were awarded to 269 talented and hard-working athletes in need of financial support during the 2019-2020 academic year.

Summer and Winter Sports Schools

As in previous years, the ENKA Sports Club held successful summer and winter sports schools in 2019. A total of 1,595 students were introduced to swimming, tennis, volleyball, basketball, athletics and football by the club's experienced and professional staff during the 35th Summer Sports School, and 1,908 during the 2018-2019 Winter Sports School programme. The summer sports school was organised in two separate terms, one on a full-day basis and one on a half-day basis. The winter sports school programme was offered in four terms

Social Member Activities

Our 5,383 adult and junior members make use of a fitness centre, outdoor and indoor tennis courts, a 50 m outdoor pool which can be covered in winter, indoor swimming pools of 25 m and 25x33 m, various sports grounds and pitches, an indoor sports hall, an international synthetic track and field facility, and a health centre.

Our club facilities have been restructured to provide a higher quality service at reasonable prices, primarily for our athletes but also for our members.





ENKA Schools - Istanbul

Founded in 1996, and well established within the Turkish educational system, ENKA Istanbul Schools educate a total of 1,244 students at pre-school, primary school, middle school and high school levels.

The school is accredited by the Turkish Ministry of National Education (MEB) and is subject to its principles and regulations. Upon graduation, all students receive Turkish national certificates. In addition, ENKA Schools is internationally accredited by the Council of International Schools (CIS) and the New England Association of Schools and Colleges (NEASC). ENKA Schools is authorized by the International Baccalaureate Organization (IB) to offer the Primary Years Program (PYP) and the Diploma Program (DP). Following the IB's Authorization Visit in late 2018, ENKA was also authorized to offer the Middle Years Program (MYP), making it a full K12 IB continuum school.

In 2019, the school launched a program to offer Grade 11 and 12 students differentiated pathways of study to allow them to pursue the full IB Diploma as well as the national curriculum or to opt for the national curriculum only. These pathway options allow students to follow the courses that are most relevant to their post-secondary school academic

career plans. Those students opting for the national curriculum pathway are supported with Advanced Placement (AP) classes.

The school is committed to applying its most unwavering principles in the education which it provides: the value of hard work, the importance of intellectual pursuits, the necessity of respectful debate, the development of resilience and self-determination, and the ability to convert visionary thinking into reality.

The teaching staff at ENKA is made up of carefully selected, highly qualified, experienced educators from Turkey and other countries. The school benefits from the stability provided by the many members of staff who have been with it for long years as well as from the dynamism and diverse blend of cultures provided by newly-arriving teachers. The recruitment of quality staff from around the world helps to drive continual improvements in the school's programs. As a community of life-long learners, the school thrives on the ideas and energy arising from incoming ideas and new collaborations.

In 2019, the school employed a total of 250 academic and administrative staff. The teaching staff of 187 included 59 international appointees from 14 countries and five continents. The overall

student-teacher ratio is 7:1. The average ENKA teacher has fifteen years of experience. Moreover, 55% of teachers hold a master's degree and 5% a PhD. The experts on the staff include 14 IB Examiners, six IB Curriculum Developers, six IB Workshop Leaders, two IB Consultants, three Apple Distinguished Educators, three Microsoft Innovative Educators and nine curriculum textbook authors.

ENKA Schools boasts world-class facilities. The schools occupy an area of more than 33,680 m² within the ENKA Sadi Gülçelik Sports Complex, and the school buildings provide a total of 23,750 m² of useable space. The school facilities are housed in two main buildings. The primary school, middle school and high school buildings consist of four blocks. The pre-school is housed in a separate, specially designed building and has its own separate play area.

The range of facilities exhibits the special importance ENKA places on contemporary education, sports and the arts. In addition to modern, purpose-built classrooms, the school's academic facilities include three full science laboratories, an auditorium, three libraries with 42,000 volumes in all, computer laboratories, two design rooms, and a multimedia room.

ENKA Schools - Istanbul



The facilities are improved every year. In 2018, the entire A-wing was renovated. Improvements in 2019 included: a new workshop dedicated to the history of science and technology; a new computer laboratory; a new chess classroom; a new mini auditorium for the Primary School, and new collaboration hubs for teachers and students. In addition, the B-wing administration offices, the C-wing playground and the school's façade all underwent renovation.

ENKA Istanbul Schools provides students with a rich environment for technology-focused learning. The wireless campus includes computer and design laboratories with CNC laser cutting machinery and robotics and coding resources. The school has smart projectors in the classrooms, 3D printers and other state-of-the-art tools and equipment.

To maintain high academic standards and keep its teachers abreast of the latest pedagogical research, the school offers a robust program of ongoing professional development. ENKA staff also provide educational leadership in Turkey and abroad by speaking at international conferences. ENKA Istanbul Schools serve as a certified national training center for Turkish schools wishing to learn how to implement the IB curriculum and the Great Explorations in Math and Science (GEMS) program of the University of California at Berkeley.

All year round, the school hosts academic events, cultural activities and community occasions, many of which feature international guests and other experts in various sectors and fields. Among the events held in 2019 were: the ENIMUN Model United Nations Conference, the Psychology Symposium, the Literature Symposium, debating contests, Coding Week, the Parent/Child Chess Tournament, the Love to Read Week, the Living Languages Week, STEAM Days, the Outdoor Learning Day, the Caricature Day, Careers Day, a university fair, Open

House, high school and middle school drama performances, Music Night, the 15th Annual Dance Festival, ENKA FunDay, the 21st Annual Spring Teachers' Conference, ENKA Sports Festival, the ENKA Track & Field Tournament and the Arts Festival.

Clubs, community service activities, extra-curricular activities and school teams all play as important a role as academic pursuits in the program of education. Activities like these emphasize the development of leadership and communication skills, promote a sense of responsibility, and stimulate self-confidence and a taste for discovery. They provide opportunities for students to develop their individual aptitudes and interests and help them prepare for their futures. They also help ensure that ENKA students become responsible citizens sensitive towards populations in need.

All in all, there are 92 clubs, 34 after-school activities and 41 school teams including the Duke of Edinburgh International Award, Young Guru Academy, Model United Nations and Chess teams, the European Youth Parliament, the debating society, Scientific and Technical Research Council of Turkey (TÜBİTAK) teams, the student literary magazine (Oceanus) and the Lego Robotics, English Drama, Film Production, Dance, Yoga, Ceramics and Swimming clubs. ENKA students represent ENKA Schools throughout Turkey and abroad via many of these clubs and activities.

Students have achieved both national and international rankings and records in chess, golf, archery, basketball, volleyball, football, tennis, swimming, skiing, gymnastics, judo, sailing, fencing, modern pentathlon, rock climbing, water polo and equestrian sports. Some of these international achievements are listed below:

2019 Academic Distinctions

- Four National Chess Team Members
- 1st Place, 3rd Place - European Schools Chess Championship

- 4th Place - World Schools Chess Championship
- 1st Place - Sariyer District Chess Championship Primary School Category
- 1st Place - Turkish Chess Federation Age 15 Category
- 2nd Place - Turkish Chess Federation Age 16 Category
- 2nd Place - Sariyer District Chess Championship Middle School Category
- 2nd Place - Sariyer District Chess Championship High School Category
- Sharing Team Award, Outstanding Teamwork Award, First Lego League Junior Fair
- Honor Award for the Middle East and Africa, Instituto de los Mexicanos en el Exterior art competition
- 5th Place - Teknofest Istanbul Flying Car Design Challenge

2019 Athletic Distinctions

- Gold Medal, Penguin Cup International Swimming Meet (Slovenia), 4x100 m Medley Relay
- Silver Medals, Penguin Cup International Swimming Meet (Slovenia), 200 m Medley and 100 m Butterfly
- 2nd Place - Turkish National High School Swimming Championship, Girls' High School Swimming Team
- 1st Place - Istanbul Regional High School Swimming Championship, Boys' High School Swimming Team
- 3rd Place - Turkish Golf Championship U14 category
- 1st Place - Turkish Equestrian Championship U10 category
- 1st Place - Istanbul Equestrian Championship Youth category
- 1st Place - Turkish Water Polo Championship Youth category
- 1st Place, 2nd Place, 3rd Place - Turkish Modern Pentathlon Youth B Category
- 1st Place, 2nd Place, 3rd Place, 4th Place - Istanbul Modern Pentathlon Youth B Category
- 1st Place - BAU Bosphorus Sailing Cup, High School Category
- 3rd Place, 7th Place - Turkish Fencing Championship Primary School Category

- 2nd Place - Istanbul Fencing Championship Middle School Category
- 3rd Place, 4th Place - Istanbul Fencing Championship High School Category
- 1st Place, 3rd Place - International Judo Championship U9 Category
- 3rd Place - Istanbul Table Tennis Championship High School Category
- 1st Place - Sariyer District Volleyball Championship Youth Category (Girls)

Entrance to University in Turkey and Abroad

Typically, 100% of ENKA Schools graduates go on to university. Approximately 75% select universities abroad. In 2019, ENKA brought in a Dean of Students to lead the school's Overseas College Counseling Office (OCCO), which assists students in planning for studies at higher education institutions outside Turkey. Graduates planning to attend Turkish universities are supported by the school's Turkish Universities and Career Counselling Department. As part of the introduction-to-university program, field trips are organized to universities and representatives of universities visit the school. Careers Day is organized annually in order to familiarize students with the professions in which they are interested. Various aptitude tests are offered to increase students' awareness of their own interests and abilities, and to support them in their choice of university courses and possible careers. As of 2019, ENKA became a Scholastic Aptitude Test (SAT) examination center, one of only ten in Istanbul.

Istanbul ENKA Schools produced its first cohort of high school graduates in 2008. Graduates are currently studying at top universities in Turkey including the Middle East Technical University, Boğaziçi (Bosporus) University, Özyeğin University, Istanbul Bilgi University, Koç University, Istanbul Technical University and Sabancı University.

Each year, ENKA graduates are admitted to leading international universities such as Harvard, Princeton, Stanford, Columbia, Brown, Northwestern, Duke, John Hopkins, Oxford, Exeter, Edinburgh, Imperial College, King's College, Manchester, Warwick, Toronto, McGill and British Columbia. ENKA graduates are also active in the ENKA Schools Alumni Association, which was established in 2010.



ENKA Schools Adapazarı

ENKA Adapazarı Schools provide education to 679 students. With a total staff of 95 full-time and 11 part-time teachers, they aim to develop creative, inquisitive, internationally-minded individuals who respect differences, express themselves in different languages and use critical thinking and communication skills in all disciplines. At the same time, the Schools seek to provide equal opportunities in education.

Adapazarı ENKA Schools also aim to be a school community committed to life-long learning, to be aware of social problems and to generate solutions for them.

The main accomplishments of the Schools in 2019 are listed below:

- The Schools, which are authorized to teach the International Baccalaureat (IB), the Primary Years Program (PYP) and the Middle Years Programme, continued to work to improve the quality of the education provided.
- Under a joint project of the Ministry of Health and the Ministry of National Education, the schools received the White Flag award, which is given to clean and healthy schools.
- The Adapazarı ENKA Auditorium hosted Genco Erkal's 'Dostlar Tiyatrosu' (Theatre of Friends) in November 2019 for a performance of the play 'Yaşamaya Dair' (On Living) featuring Tülay Günel.
- Six of our teachers presented their best practices at the Autumn Teachers Symposium of Üsküdar American Schools.
- Three of our teachers presented their best practices at the Innovation in Education Summit.

- One of our teachers presented experiences with education technologies at the Education Technologies Platform.
- The Schools' parents association planted a forest on the school campus in memory of Şarık Tara.
- The Schools hosted the 2019 Sustainability Gathering with the participation of the Istanbul and Kocaeli Schools.
- The 'Barış İçin Müzik' (Music for Peace) Orchestra gave a concert to our school community as part of the national 23rd April Children's Day celebrations.
- The primary school girls and boys chess teams won the Sakarya championships and represented the city in regional competitions.
- The primary school and middle school chorus represented the Schools at the SANSEV Seventh Istanbul Polyphonic Chorus Festival.
- Twelve of our teachers attended IB/MYP regional workshops.
- Middle school and high school students from ENKA Adapazarı Schools took first, second and third places in the Sakarya fencing tournament.
- Two of our teachers became Apple Distinguished Educators (ADE) and attended study courses abroad.
- The primary school boys and girls chess teams came first in the Sakarya chess championships.
- The primary school boys and girls teams came second in the Sakarya tennis championships.



- Our PSPI Club students came second in Turkey in the creativity category.
- Seven of the Schools' students took part in the 15th Science Olympics, which were held in Moscow this year, and one of them won a gold medal.
- One of the Schools' seventh grade students took second place in a regional essay-writing competition organized by the State Hydraulic Works (DSİ).
- Nineteen of the Schools' students visited the Conseil Européen pour la Recherche Nucléaire (CERN).
- One of the Schools' students went to school in Canada for a month in the framework of the ISE World Exchange Program.
- The Schools hosted the 24th Philosophy Olympics.
- The middle school boys team came first and the girls team third in the Sakarya swimming championships.
- The boys swimming team came sixth in the national championships.
- An eighth grade student came fourth in Turkey in the 50 m and 200 m backstroke event.
- The vice principal of the middle school attended PTC (Principals Teaching Center) courses in Miami, USA.
- The U12 girls tennis team came second and the boys team were champions of Sakarya.
- In chess, the U12 girls and boys teams both won the Sakarya championships.
- Five of our students earned the right to continue their education in the USA and Argentina for a year under the NCA and YES programs.
- The ENKA-Tech Robotics Team participated in the FRC Istanbul regional contest and won the "best autonomous" award.
- An eleventh grade student succeeded in the United World College examinations and won the chance to study at Dilijan College, Armenia.
- In the Sakarya inter-schools darts tournament, the Schools' girls team came third and the boys team second.
- An eleventh grade student won first place in the "Design Your Future" design competition held at Istanbul Kültür (Culture) University.
- Two high school students were awarded mentions in the Fourth Konya Science Center social sciences article competition.
- The boys tennis team took third place in the Marmara Regional Championships.



ENKA Schools

Private ENKA Science and Technology High School

Kocaeli

The Private ENKA Science and Technology High School was established in 2014. It currently teaches 119 students. Its most important goal is to educate qualified individuals capable of steering Turkey towards its deserved place in the world in future. It has a five-year program of education that starts with a one year English language preparatory class. German is taught as a second foreign language.

The main objectives of the Science and Technology High School are:

1. to provide project-based education;
2. to give students an academic grounding for further study in leading departments of top universities;
3. to provide quality foreign language education;
4. to provide students with the technology education required in today's society;
5. to raise students well in the social sense, and
6. to prepare them to study abroad.

The school has ten classrooms. It is located in the same building as the Private ENKA Vocational and Technical High School (ENKA Technical School). The building has a total covered area of 15,000 m² and is situated amid greenery on a 30,750 m² plot in the Kocaeli Machinery Specialized Organized Industrial Zone. The modern campus and well-equipped laboratories are coupled with a qualified teaching staff. Students share the dining hall, sports hall, tennis court, football pitch and other campus areas with students of the ENKA Technical School.

All students receive full scholarships. All services including education, transport and meals are provided free of charge. Preparation classes for the university entrance examination are also offered without any fees.

In addition to the standard science high school curriculum, students who are thinking of studying medicine are offered genetics courses in the genetics laboratory from tenth grade onwards, while those who are inclined to study engineering are taught mechatronics and computer programming languages in the workshops.

A number of students are sent to a language school in the United Kingdom every year to enhance their foreign language skills thanks to the sponsorship of the Directorate of the Machinery Specialized Organized Industrial Zone.

The school has a very rich library, including digital sources such as the Encyclopaedia Britannica. Students are able to follow a large number of periodicals. In addition to applied sciences laboratories equipped with the latest technology for physics, chemistry and biology, the school has a LEGO robotics studio, a model aircraft/drone workshop, a science center, a visual arts studio and a music studio where the school orchestra and bands rehearse.



School students were very successful, alongside students from the ENKA Technical School in the Scientific and Technical Research Council of Turkey (TÜBİTAK) research project competitions organized for high school students in conjunction with various universities and companies. Five of the 22 projects they submitted were selected for inclusion in the regional exhibition.

Teams from the school participated in the Science Olympics organized by TÜBİTAK in the mathematics, physics, biology and chemistry categories. As many as 23 students of the school passed the first round examination, in which only 250 students from the whole of Turkey were selected. One school student took ninth place out of 570 students in the national Philosophy Olympics.

One of the six medals won by the Turkish national team at the International Junior Science Olympiad held in Qatar with the participation of 72 countries was won by Mehmet Can Baştemir, a student of the ENKA Science and Technology High School. Students from the school also took first place in Turkey in the Kangaroo Math Competition. Subsequently, Mert Umut claimed a gold medal in the World Math Olympiad. Students from the school also took first place in the Purple Comet Math Competition and won two gold, three silver and one bronze medals in the Mediterranean University Math Competition.

Students working on robotics as part of their programming and technical classes placed highly in several of the thematic robotics competitions organized by various universities. They received the “autonomy award” at the FRC Istanbul Regional with a robot which they built in the school workshop. They also won a quality award in the Mersin Off Season competition. In the VEX Robotics competitions held at Nişantaşı University, they were presented with a certificate of excellence.

In line with the slogan “We are also up for Arts and Sports”, the Girls Tennis Team honored the school by representing the school at national level after coming first in Kocaeli province. The school magazine ‘ENKA’nın Sesi’ (The Voice of ENKA), which is prepared entirely by students, continues to be published twice a year. The play put on at

the end of the school year by the students in the theatre club, supported by teaching staff, received an enthusiastic welcome. In the short film competition held in memory of Seyfi Teoman, the school’s entry ‘Juli@’ received the second best film award. Students also took part in exhibitions of painting and sculpture, and formed bands and took part in national musical competitions.

In order to support its students in making their career choices, the school organizes a careers introduction event with the participation of professional associations, universities and representatives of organized industrial zones. This event gives students the opportunity to find out about a wide range of occupations in detail.

With the support of the school’s teachers, student clubs engage in a wide range of social activities such as Model United Nations events, English drama activities and social responsibility projects. As part of the “Sustainable School Campus” initiative, students from the Science and Technology High School have been organizing various sustainability projects in conjunction with ENKA Technical School and the other ENKA schools. The club established for this purpose has successfully managed projects such as the Dalyan Sea Turtles Support Project (together with the Sea Turtles Research, Rescue and Rehabilitation Center - DEKAMER), the Çerkeşli Middle School Sponsorship Project, the Blood and Stem Cell Donation Campaign, the Long Live Art Project, and the Construction of Shelters for Stray Animals Project.

The school gave its first graduates in 2019 and they achieved tremendous success in the university entrance examinations. Ömer Faruk Durugöl came first in Turkey by answering all 120 questions correctly in the National Defense University entrance exam. Meanwhile, five of the school’s students featured among the top 1,000 in Turkey’s national university entrance examination, the Higher Education Institutions Examination (YKS). 13 of our students qualified to study medicine, six were accepted by engineering faculties and one started studying to become a pilot.



ENKA Schools

Private ENKA Vocational and Technical Anatolian High School Kocaeli

The ENKA Anatolian Vocational and Technical High School (ENKA Technical School) is the first private vocational school in Turkey in which all students study on full scholarships. It was established in a temporary building in 2008 and moved to its main campus in 2010. The school is currently educating 409 students with 75 teachers in three major disciplines: industrial automation, machine technologies and chemical technologies.

ENKA Technical School was established to provide contemporary training in professions that are in demand in the market place using machinery, tools and equipment that incorporate the latest technologies. At the same time, the school is committed to meeting the social and cultural needs of its students, imparting to them a sense of responsibility, professional ethics, moral values and self-awareness, and bringing them up as individuals capable of meeting the needs of industry and vocational and technical education institutions. The school also has the aim of providing educational courses to workers in industry, young people without professions and graduates of general high schools in order to support Turkish industry and contribute to the solution of a social problem.

Aware of our responsibility as a pioneer in our field, we are determined to provide education in a manner worthy of the "ENKA" brand. Our vision is to constitute a good example for the institutions which will follow after us, and to be influential in the field of technical and

vocational education in Turkey and on the international plane.

All students receive full scholarships. All services including education, transport and meals are provided free of charge. Preparation classes for the university entrance examination are also offered without any fees.

The school has a highly qualified teaching staff and implements its own original training program. The school building has a covered area of 15,000 m² and is situated amid greenery on a 30,750 m² plot donated to ENKA by the Istanbul Machinery Manufacturers Industry Association. The building contains 27 classrooms, five laboratories, a total of 13 workshops for machine technologies, industrial automation and chemical technologies, a dining hall and a gym. The school spaces, equipment and training program were developed in cooperation with institutions in other countries, particularly Germany. In addition to applied sciences laboratories equipped with the latest technology for physics, chemistry and biology, the school has a LEGO robotics studio, a model aircraft/drone workshop, a science center, a visual arts studio and a music studio where the school orchestra and bands rehearse.

Whether working with state-of-the-art CNC machines and high-level chemistry laboratory devices or in mechatronics workshops compatible with industry 4.0, students receive a superior technical education that benefits from a project-based approach. The extensive

workshop machine park and the 3D printer facilities available in the computer laboratory enable them to implement their projects with ease. They design and produce their own 3D printers, 3-axis and 5-axis CNC machinery and mechatronics test sets for use in the workshops. Technical visits to factories provide the students with opportunities to link up with industry, acquire a production culture and observe manufacturing activity on the spot.

The school's mutual relations with vocational schools in other countries have been strengthened by the sister school project. Every year a certain number of students are sent on vocational internships abroad, while ENKA Technical School welcomes students from the sister schools. In addition, a number of students are sent to a language school in the United Kingdom every year to enhance their foreign language skills thanks to the sponsorship of the Directorate of the Machinery Specialized Organized Industrial Zone.

The school possesses an ISO 9001:2015 management quality certificate and is certified as a 'Clean School Healthy School' by the Ministry of Health. It is currently active in European Union Erasmus Plus projects. Under the Erasmus program, students from ENKA Technical School are collaborating with students from Poland, Belgium, Germany, Italy and Hungary on a solar-powered boat project.

In June 2019, the school produced 108 graduates. Two of these were among

the top 1,000 in Turkey's national university entrance examination, the Higher Education Institutions Examination (YKS). All the graduates won places in top universities on sought-after courses ranging from medicine, pharmacy and dentistry to engineering, law and business administration. As many as 43 graduates went on to study engineering, six medicine and six dentistry. Our graduates do not leave the ENKA culture behind when they move on: under the umbrella of the graduates' association which they have established, they cooperate in areas such as the provision of internship opportunities, the circulation of job opportunities and the implementation of social responsibility projects.

The students are constantly adding to their achievements both in education and in their professional fields. They received the "autonomy award" at the FRC Istanbul Regional with a robot which they built in the school workshop. They also won a quality award in the Mersin Off Season competition. In the VEX Robotics competitions held at Nişantaşı University, they were presented with a certificate of excellence. Students also placed highly in the thematic robotics competitions organized by

various universities. Twelve teams of our students participated in the robotics competitions organized by the Ministry of National Education, providing them all with the opportunity to improve their analytical thinking, problem-solving and communications skills, their knowledge of engineering, their ability to take decisions rapidly and their programming capacities. In Turkey, many universities would not even attempt to build an internal combustion engine, but Enka Technical School students built their own working internal combustion engine in the school workshops upon a suggestion made by Mr. Sinan Tara when he visited the school.

In line with the slogan "We are also up for Arts and Sports", Enka Technical School students came first in the European Amateur Chess Championship in 2019 in Rhodes and also in the blitz competition, third in the Turkish championships and first in the Kocaeli provincial youth tournament. The school magazine 'ENKA'nın Sesi' (The Voice of ENKA), which is prepared entirely by students, continues to be published twice a year. The play put on at the end of the school year by the students in the theatre club, supported by teaching staff, received

an enthusiastic welcome. In the short film competition held in memory of Seyfi Teoman, the school's entry 'Juli@' received the second best film award. Students also took part in exhibitions of painting and sculpture, and formed bands and took part in national musical competitions.

With the support of the school's teachers, student clubs engage in a wide range of social activities such as Model United Nations events, English drama activities and social responsibility projects. As part of the "Sustainable School Campus" initiative, students from the ENKA Technical School have been organizing various sustainability projects in conjunction with the other ENKA schools. The club established for this purpose has successfully managed projects such as the Dalyan Sea Turtles Support Project (together with the Sea Turtles Research, Rescue and Rehabilitation Center - DEKAMER), the Çerkeşli Middle School Sponsorship Project, the Blood and Stem Cell Donation Campaign, the Long Live Art Project, and the Construction of Shelters for Stray Animals Project.



ENKA Culture & Art

ENKA Culture and Arts has been staging exclusive programs of musical and theatrical performances for 31 years. The events are held at the ENKA Auditorium, which seats 600 people, in the spring and winter months, and at the 1,000-seater ENKA Eşref Denizhan Open Air Theatre in the summer. They are highly acclaimed by audiences and spectators alike.

With its cutting-edge technical equipment, modern stage facilities and professional personnel, ENKA Culture and Arts has been able to host a large number of local and international groups and artists. ENKA Culture and Arts also cooperates with local and international arts institutions to increase the variety of shows on offer to concert and theatre-goers in Istanbul. Its activities reach a wide audience, including connoisseurs of the arts, employees and members of the ENKA Group, the ENKA Foundation and ENKA Sports Club as well as students from ENKA Schools and their parents, members of various non-governmental organizations and associations, and scholarship students.

In its 31st year, ENKA Culture and Arts put on a comprehensive program which reached a total audience of 15,000 people during the course of the year. Concerts featured artists in a wide range of genres ranging from jazz to classical and pop to world music. The rich program also included modern and classical ballet and dance and theatre performances.



REPORTS

1. Corporate Governance
2. Independent Auditor's Report (*)

(*) The consolidated financial statements in accordance with Turkish Financial Reporting Standards are available on site: https://www.enka.com/allfiles/pdf/ENKA_TURKCE_RAPORU_31122019.pdf

CORPORATE GOVERNANCE

SECTION I- STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

The Corporate Governance Committee of the company is elected by the resolution of the Board of Directors dated 28.03.2019 and Board Members Fatih Osman Tar (Chairman) and Erdoğan Turgut (Member) as well as Gizem Özsoy (Member) which has the Capital Market Activities Advanced Level License and the Corporate Governance Rating Specialists License are selected. According to the same resolution it is decided that scope of activities of Nominating and Compensation Committee will be carried out by the Corporate Governance Committee. Principles and responsibilities of the committees are approved by the Board of Directors on 28.05.2012 and have been announced to the public.

On 11.06.2014, the duties and working principles of the committees were revised to ensure compliance with the legislation and were declared on company's official website. There are no compulsory principals, which are stated on the annex to the Capital Markets Board's Corporate Governance Communiqué No. II-17.1 and which are not applied. For the non-compulsory ones, principles 1.5.2, 3.3.8, 4.2.8, 4.3.9, 4.4.7, 4.5.5, 4.6.1 and 4.6.5 are not being applied by our company and the reasons for not applying them are explained in the relevant sections of the Corporate Governance Compliance Report. There is no conflict of interest in our Company due to not fully complying with these non-compulsory principles.

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

SECTION II- SHAREHOLDERS

2.1. INVESTOR RELATIONS UNIT

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

The Investor Relations Department reports to İlhan Gücüyener, the Member of the Executive Committee of the company and reports on activities.

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

2.2. AMENDMENTS TO THE ARTICLES OF ASSOCIATION, SHARE CAPITAL AND SHAREHOLDING STRUCTURE

Amendments to the Articles of Association

No amendments were made to the Articles of Association in 2019.

Share Capital

The Ceiling of the Registered Share Capital of the Company is TL 6,000,000,000 (Say: Six Billion Turkish Liras) which is divided into total 6,000,000,000 Shares, each having a nominal value of TL1 (Say: One Turkish Lira). The total emitted Share Capital of the Company amounts to TL 5,000,000,000 (Say: Five Billion Turkish Liras) and is fully paid up. The emitted Share Capital of the Company is divided into total 5,000,000,000 Shares, each having a nominal value of TL1 (Say: One Turkish Lira).

Shareholding Structure

The list of the shareholders of ENKA İnşaat ve Sanayi A.Ş. having 5% and above shareholding as of December 31, 2019 is as follows:

SHAREHOLDER	%
TARA HOLDİNG A.Ş.	49.72
VİLDAN GÜLÇELİK	7.99
SEVDA GÜLÇELİK	6.43
ENKA SPOR EĞİTİM VE SOSYAL YARDIM VAKFI	5.87
FREE FLOAT AND OTHERS	29.99
TOTAL	100.00

The details of the changes in the Capital and the Shareholding Structure within the year has been given under the Capital section of the Independent Audit Report

2.3. DIVIDEND RIGHT

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

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

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

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

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

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

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

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

At the Ordinary General Assembly for year 2018 held on March 28, 2019, regarding the distribution of the year 2018 profit, it has been resolved to distribute, in addition to the TL 200,000,000 dividend advance distributed to the shareholders in 2018, TL 750,000,000 dividend starting from April 17, 2019, by taking into account the legal status of the shareholders representing the TL 5,000,000,000 equity, as being 15.00% gross and 13,6713% net dividend and was distributed thereof.

Additionally, basing on the power vested in the Board of Directors by the Ordinary General Assembly for year 2018 held on March 28, 2019, the Board of Directors resolved to distribute starting from November 13th, 2019, a total of TL 700,000,000 from the amount that remains after deduction of the relevant reserves as required, pursuant to the provisions of the Turkish Code of Commerce and the Articles of Association, to be set apart from the net profit of the current period as indicated on the financial statements comprising the interim period from 01.01.2019 to 30.09.2019, as Dividend Advances at a rate of 14.00% gross and 11.90% net per share, to the holders of share certificates representing the share capital amounting to TL 5,000,000,000 and the dividend was distributed thereof.

2.4. DONATION AND AIDS

In 2019, within the framework of the existing Donation and Aids Policy; ENKA İnşaat ve Sanayi A.Ş. on its own has donated TL 17,253,589 while its subsidiaries have donated TL 4,594,521.

SECTION III- STAKEHOLDERS

Employee Training

Within the scope of ENKA Academy, a total of 12,441 person-hours of training was carried out in 2019 with approximately 544

Personnel Training Hours by Category of Gender at ENKA Headquarters	Woman	Man
Total Hours of Training	3,455	8,986
Training Hours Per Employee	13.98	13.65

Personnel Training Hours by Category of Employee at ENKA Headquarters	Blue Collar	White Collar
Total Hours of Training	1,527	10,914

Employee Rights and Employee Satisfaction

- All ENKA employees have the pension rights and rights to maternity/paternity leave specified in the laws.
- All ENKA employees have the right to a 50% discount at ENKA Sports, which is one of Turkey's leading sports clubs.
- All ENKA employees have the right to a 20% discount for events organised by ENKA Culture & Arts, which hosts a variety of well-respected artistic performances.
- One day of volunteer leave right in a month is provided to employees who want to take part in volunteering projects.
- Every year, sailing programmes are organised especially for employees with and without sailing experience, at basic and advanced levels.
- Health services in clinics established at the head office and projects are offered free of charge.
- Suitable menus are being prepared for vegetarians and for employees needing special diets.

Social Responsibility Projects

- ENKA became a member of the Private Sector Volunteers Association (ÖSGD), which aims to increase the awareness of member companies and their employees about social problems, to develop the competencies of employees and to contribute to the work/ private life balance.
- On July 26th, 2019, ENKA Volunteers worked on sorting, cleaning, ironing and packing the second-hand clothes, used shoes, books and toys to make them usable again for people in need at the Material Assessment Center of the Octopus Volunteers Social Solidarity and Sports Activities Association ("Ahtapot Gönüllüleri Derneği").
- ENKA supported the National Afforestation Day event organised by Ardahan Municipality and contributed to the transformation of this dry area into a green land that local community may benefit by planting 400 spruce trees in the area between the Kura River and the Walls of Ardahan Castle.
- On May 22nd, 2019, ENKA Volunteers distributed food together with Çorbada Tuzun Olsun Association which works to create awareness about homeless people living in streets and reintegrate them into the society. In this project, ENKA Volunteers not only distributed food, but also they had the opportunity to communicate with them in order reintegrate disadvantaged groups who were pushed out from the society.
- On July 20th, 2019, ENKA Volunteers from ENKA İnşaat, ENKA Schools and ENKA Systems companies carried out an environmental cleaning project in Kinalıada in cooperation with the Octopus Volunteers Association within the framework of ENKA Sustainability Policy. ENKA Volunteers completed an effective environmental cleaning project by collecting approximately 150 kg of garbage and contributed to the creation of a clean environment and increasing environmental awareness in Heybeliada

SECTION IV- THE BOARD OF DIRECTORS

4.1. STRUCTURE AND FORMATION OF THE BOARD OF DIRECTORS

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

Regarding the independent members, 2 nominees were submitted to Corporate Governance Committee, which undertook authority of Nominating Committee on 02.01.2019 and were approved on the same day by the Board of Directors.

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

In the context of my nomination being "Independent Member of the Board of Directors" at ENKA İnşaat ve Sanayi A.Ş.'s ("ENKA") Ordinary General Assembly Meeting of 2018 which will held in 2019;

- *No relationship was formed in employment, in capital or in important trading activities, neither by me nor by my spouse, nor by my blood or affinity relatives up to the 3rd degree within last five years did not have any direct or indirect relationship with ENKA, 3rd parties in relation with ENKA or legal entities who have relation with shareholders of ENKA having a share of 5% or more,*
- *Within the last five years, I have not been a partner (5% or above), employed as an executive having a significant duty and responsibility, or as a member of the board of directors in a company, which is primarily serving as auditing (tax audit, legal audit and including any internal audit), consulting and rating of ENKA, which undertakes material business activities under an agreement, in the period where the services or goods have been purchased or sold,*
- *As being an independent member of the board of directors, I have the required professional training, knowledge and experience for undertaking the duties of the position,*
- *I am not working full time in a governmental or public institution,*
- *I am a resident in Turkey in accordance with the Income Tax Law no 193 dated 31.12.1960,*
- *I have strong standards of ethics, professional reputation and experience for adding positive contribution in activities of ENKA, for securing my independency about subjects in relation with the conflicts of shareholders and for making independent decisions with taking into account of stakeholders' rights,*
- *I will be able to spend necessary time for fulfilling the requirements of the position and monitoring processes of the activities of the company,*
- *I have not been on the board of ENKA for more than six years within the last ten years,*
- *I am not an independent board member in more than three of the companies which are controlled by ENKA or its controlling shareholders and in more than five companies listed on the stock exchange,*
- *I am not registered as a board member elected for the legal entity,*

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

In accordance with the Articles of Association of the company, the Board of Directors is responsible for the management of ENKA İnşaat ve Sanayi A.Ş. and its representation. Validity of all documents to be given by ENKA İnşaat ve Sanayi A.Ş. and all the agreements to be concluded require the names of two persons authorized to represent the company under the official heading and per the signature circular of ENKA İnşaat ve Sanayi A.Ş.. The Board of Directors assembles at the beginning of each fiscal year and divides up the tasks as well as the management and representation authorizations between the board members. With Ordinary General Assembly resolution dated March 28, 2019, the Board of Directors has been resolved to a tenure of one year with a task division as below:

Board of Directors		
Name, Surname	Profession	Position
M.Sinan Tara	Civil Engineer M.Sc	Chairman of the Board
Haluk Gerçek	Industrial Engineer	Vice Chairman of the Board
Erdoğan Turgut	Civil Engineer M.Sc	Member of the Board (Non-Executive Member)
Mehmet Mete Başol	Economist	Member of the Board (Non-Executive & Independent Member)
Fatih Osman Tar	Business and administration professionals	Member of the Board (Non-Executive & Independent Member)

Member of the Executive Committee:

Member of the Executive Committee		
Name, Surname	Profession	Position
A.Mehmet Tara	Civil Engineer	President and Chairman of the Executive Committee
Mustafa Gökhan Sağnaklar	Civil Engineer	Vice Chairman of the Executive Committee
Bekir Burak Özdoğan	Civil Engineer	Member of the Executive Committee
Özger İnal	Civil Engineer	Member of the Executive Committee
Zafer Gür	Civil Engineer	Member of the Executive Committee
Salim Oğuz Kırkgöz	Civil Engineer	Member of the Executive Committee
Hasan Fehmi Bayramoğlu	Mechanical Engineer	Member of the Executive Committee
Cem Çeliker	Lawyer	Member of the Executive Committee
İlhan Gücüyener	Certified Public Accountant	Member of the Executive Committee
Hakan Kozan	Civil Engineer	Member of the Executive Committee

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

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

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

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

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

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

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

Haluk Gerçek, born in 1956 at Istanbul, graduated in 1979 from the Middle East Technical University, Department of Industrial

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

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

ERDOĞAN TURGUT (Non-Executive Member)

Erdoğan Turgut, born in 1953, graduated in 1977 from the Aegean University, Department of Civil Engineering, and completed thereafter in 1979 his Master of Science (M.Sc.) Degree Program in Soil Mechanics at the London University Kings College, so that he is fluent in English. After having worked as Deputy Project Manager in the company Koray Al Mutamidoon İnşaat A.Ş. in Saudi Arabia between 1981 and 1986 during the construction of the Intercontinental Hotel, Erdoğan Turgut acted between 1986 and 1991 as General Manager in the company Koray – Turser A.Ş. when the latter constructed the 5 Stars Sheraton Hotel & Karum Shopping Center in Ankara, and between 1991 and 1993 as Board Member of the Kavala Group of Companies, and as the partner in the company PMS A.Ş. between 1993 and 1995. Between 1995 and 2010 he acted as Foreign Relations Manager, Deputy Chairman of the Executive Board and Group Coordinator in and of the company Koray Yapı Endüstrisi ve Ticaret A.Ş. Erdoğan Turgut, being a Non-Executive Board Member within the scope of the Corporate Governance Principles of the Capital Markets Board, is not an Independent Member of the Board of ENKA İnşaat ve Sanayi A.Ş. and acted between 2012 - 2019 as a Non-Executive Board Member.

MEHMET METE BAŞOL (Non-Executive Independent Member)

M. Mete Başol, born in 1957, graduated from Arizona State University, Department of Economics and started his banking career in 1984 at Interbank at the Mid-term Loans department by making economic evaluation of various investment projects as well as preparing sector reports. He has moved to Turkish Merchant Bank which was established as an investment bank jointly by Bankers Trust Co. New York and T. Is Bankası, as the Treasury, Fund Management and Foreign Relations Manager. In 1992 he has also assumed the responsibility of the group of capital markets as Assistant General Manager. In 1995, he was elected as a Member of the Board of Directors and the Credit Committee following the purchase of the entire bank by the Bankers Trust. The name of the bank was changed to Bankers Trust A.Ş. and between 1997 - 2001 he has undertaken the Chairman of the Board of Directors and General Manager task of the bank. Between 2001 and 2003, he became the Managing Director of the joint Board of Directors of the public banks (TC Ziraat Bankası, T. Halk Bankası, T. Emlak Bankası) which was established by the law. After this assignment he established Tridea Consulting with two partners and gave financial and administrative consultancy services to SME's. He continued his consultancy services under his own company after 2009. He was a Member of the Board of Directors at Galatasaray Sportif A.Ş. (2011-2012), at T. İş Bankası A.Ş. (2011-2014), at Dedeman Holding A.Ş. (2008-2014) and at Dedeman Turizm Otelcilik Yatırım A.Ş. (2012-2014). Currently, he is a Member of the Board of Directors at Enerji Yatırım Holding A.Ş. (2015), Enerya Gaz Dağıtım A.Ş. (2015), Enerya Gaz Ticaret A.Ş. (2015) and Nurol Investment Bank Inc. (2014). He was an Independent Board Member at Coca-Cola İçecek A.Ş. (2012-2018) and Anadolu Efes Brewery and Malt Sanayii A.Ş (2012-2018). Currently, he is an Independent Board Member at Hacı Ömer Sabancı Holding A.Ş (2018-). M. Mete Başol meets the criteria applicable to Independent Board Members within the scope of the Corporate Governance Principles of the Capital Markets Board.

FATİH OSMAN TAR (Non-Executive Independent Member)

Born in 1953, Fatih O. Tar graduated from Robert College and then Boğaziçi University, Department of Business Administration in 1975. His professional life started in 1975 at Enka Pazarlama İhracat İthalat A.Ş., Foreign Trade Co. and then he worked as Sales Manager at Binex JV Construction Materials Company between 1977 and 1980, Procurement Manager at Enka Holding between 1979 and 1981, Assistant General Manager for Marketing and Sales at Güney Sanayi Tekstil İşletmeleri between 1981 and 1983, as General Manager at Enka Dış Ticaret between 1983 and 2003, as Board Member at Pınar between 1985 and 1987, as Board Member at Enka Teknik between 2002 and 2010, as Chairman of Azen Oil Company (Netherlands) between 2003 and 2008, as Chairman and CEO of Binagadi Oil Company (Azerbaijan) between 2003 - 2008, as Deputy General Manager of Oyak Holding between 2010 and 2013, as Group Chairman and Managing Director of Eregli Demir Çelik, Iskenderun Demir Çelik & Group of Companies between 2010 and 2013, as Board Member at Yücel Group between 2013 - 2015 and the President and CEO of Yücel Group since 2015. Fatih Osman Tar meets the criteria applicable to Independent Board Members within the scope of the Corporate Governance Principles of the Capital Markets.

4.2. OPERATIONAL PRINCIPLES OF THE BOARD OF DIRECTORS

The Board of Directors which was approved at the Ordinary General Assembly dated 28.03.2019 made 14 meetings until the end of report period and the average of attendance rate is 84%. Prior to each meeting, the secretariat of Board Directors personally informs board members about the meeting agenda. Since the IPO of ENKA İnşaat ve Sanayi A.Ş., no divergent views have been suggested by board members. There are no privileged voting rights for any member of the Board of Directors.

The Board of Directors were authorized at the Ordinary General Assembly for execution of written transactions listed in articles No. 395 and 396 of the Turkish Commercial Code and to transactions were done with this authority.

In 2019, there were no administrative and judicial sanctions imposed on the Company's governing body and members due to practices contrary to the provisions of the legislation.

The Board of Directors of the Company had discussed about the Affiliated Company Report and the declaration is as follows:

"On such date on which the relevant legal steps as mentioned in the report have been taken, always a proper counteract has been undertaken for/towards each of such legal steps in accordance with such terms and conditions and circumstances as being to our knowledge. In this aspect, there is neither any measure to be taken or to be avoided to be taken nor any loss to be suffered by the company."

4.3. NUMBER, STRUCTURE AND INDEPENENCE OF THE COMMITTEES ESTABLISHED WITHIN THE BOARD OF DIRECTORS

Three committees officiate in affiliation with the Board of Directors of ENKA İnşaat ve Sanayi A.Ş.. The committees assemble as often as it is necessary. Board of Directors' resolution dated 28.03.2019 about these committees is as follows:

For the Audit Committee to elect for a tenure of one year:

Fatih Osman Tar (Chairman) and Mehmet Mete Baştol (Member)

For the Corporate Governance Committee to elect for a tenure of one year:

FFatih Osman Tar (Chairman), Erdoğan Turgut (Member) and Gizem Özsoy (Member)

For the Early Identification of Risks Committee and to elect for a tenure of one year:

Mehmet Mete Baştol (Chairman) and Erdoğan Turgut (Member)

Also, it has been resolved that according to the structure of the Board, the issues falling within the scope of activities of the Nominating Committee and the Remuneration Committee to be carried out by the Corporate Governance Committee and for the working principles of the committees and task fields to be identified by the committee members and to be submitted to the Board of Directors. Purposes of committees as established thereof, have been stated below:

Purpose of the Audit Committee:

It is to ensure the duly supervision of the independent audit of the accounting system and financial data of the company as well as of the functioning and efficiency of the internal control system.

Activities of the Audit Committee:

The Audit Committee convened 5 times during the year. Committee;

- Review of the options for the independent auditor for the fiscal year 2019 and submitted KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. to the Board of Directors' for approval..
- Reviewed the interim and annual financial reports of the Company and submitted the reports to the Board of Directors for the approval of the Board of Directors after detecting that they reflect the truth.
- It examined the reports submitted to them as a result of the audits conducted by the Internal Control Unit with the Coporate Quality, Finance, Human Resources and HSE departments within the scope of internal audit.

Purpose of the Corporate Governance Committee:

It is to propose suggestions regarding the corporate governance of the Company; to ensure the increase in quality of the corporate governance applications; to pursuit efficiently the legislation of the Capital Markets Board regarding the corporate governance principles and any other corporate governance principles generally accepted on the international capital markets as well as to advise the Board of Directors on the implementation of any applicable ones thereof; to make the necessary workings for the nomination, assessment and training of the proper candidates for the Board of Directors of the Company, and for the deter-

mination of the principles of remuneration of the Members of the Board of Directors and top managers of the Company and to propose suggestions to the Board in this aspect.

Purpose of the Early Identification of Risks Committee:

It is to early identify any potential risks that might jeopardize the existence, development and continuation of the Company, and to take and implement the necessary measures and preventive actions for the elimination of such detected potential risks as well as to perform any workings related to risk management and to review at least once a year any applied risks management systems.

Due to the formation of the Board of Directors as being in total 5 people, some of the members of the Board of Directors are assigned in more than one committee.

In 2019 Audit Committee made 5 meetings, Corporate Governance Committee made 2 and the Early Identification of Risks Committee made 6 meetings within the months stated below.

Purposes of the Executive Ethics and Compliance Committee:

The Executive Ethics and Compliance Committee reporting to the Executive Board is formed to ensure the Corporate Values to be supported by the Ethics and Compliance Program. This Committee, furthermore, provides support to the Company in the application of an effective Ethics and Compliance Program, in the determination of the basic principles of such Program as well as in the continuously promotion of creation of a Corporate Culture that attaches importance to ethical business conduct and compliance with laws.

Purposes of the OHS (Occupational Health and Safety) Board:

The OHS Board, consisting of the Employer Representative, OHS Specialists, Workplace Physician/Nurse, Human Resources Specialist, Administrative Affairs Officer, Employee Representatives and any related experts as to be assigned pursuant to the relevant agenda items, and holding its meetings in 3 months intervals, is formed for the purpose of properly identification and assessment of any potential risks related to occupational health and safety at Head Office and accurately determination and assessment of any measures to be taken there against, and reporting the same to the Executive Board.

Besides the OHS Board, in all our projects, also HSE Boards are formed under the guidance of the relevant Project Managements and the Project Health, Safety and Environment (HSE) Departments. These Boards hold regularly on weekly and monthly basis the socalled "Zero Accident Team Meetings" and review the HSE performance of the Project and decide on any main actions required to be taken.

	January	February	March	April	May	June	July	August	September	October	November	December
Audit Committee			✓✓		✓			✓			✓	
Corporate Governance Committee	✓						✓					
Early Identification of Risks Committee	✓		✓		✓		✓		✓		✓	

4.4 RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

The Internal Control Unit within the structure of the company, which periodically inspects the projects and the group companies in advance and proposes the necessary solutions for any deviations from the objectives, as well as all of the potential risk factors to the management. The internal control systems and its structure is organized in a way that can eliminate all risks to be encountered by the company, especially the ones which could adversely affect the activities and proactively works for the solution without encountering any problems even in the crisis period. Increasing strength of the company's financial position is an indication of this system working effectively.

Purposes of the Risk Management Working Group:

The Risk Management Working Group is formed in accordance with the Resolution of the Company's Executive Ethics and Compliance Committee dated 28.11.2017 in order to ensure the properly identification of any corporate risks of ENKA, the accurately determination of the applicable risk mitigation methods and the precisely assessment and review of such risks as identified.

Amongst the basic tasks of the Risk Management Working Group is the application of an effective Risk Management Program throughout the Company, the identification of the principles and methods underlying such Risk Management Program, and the assurance of continuous development of Risk Management as a Corporate Culture extending to and through the projects, units and individuals.

The main risks faced by the Company and the policies related to the management of these risks are given in detail under 33rd note of the Independent Audit Report in the following headings.

- Capital risk management
- Interest risk
- Foreign currency risk
- Credit risk
- Liquidity risk

4.5. MISSION, VISION AND OBJECTIVES OF THE COMPANY

Our Mission:

To design, build and deliver safe, high-quality and cost-effective construction projects on schedule for our customers while providing quality employment and career growth opportunities for ENKA Employees.

Our Vision:

To be one of the best and innovative engineering & construction companies serving globally.

Our Performance Objectives:

- To be open to innovations, using advanced technologies and always seeking the better,
- To be prudent and sensitive about work security and environment protection,
- To train our young employees in accordance with our culture as creative, hardworking and honest employees and to ensure that our employees work as individuals who have self-confidence, are able to communicate and use discretionary power and take responsibility, and
- To seek our competitive power and profit in perfecting our management and technical skills

Pursuit of the Objectives and Achievement of Goals:

The objectives that reflect of our sensitivity about completing the works before the end of the planned time frame and delivering to the client are pursued very diligently at the highest and most detailed level. The members of the Executive Board pursue the objectives and the degree of their achievement in relation to the projects carried out in those countries where they are responsible and periodically resolve in the Executive Board to find out the leading motives of the deviations, whether the deviations affect the result of the project and if it is necessary to create new targets and to take the necessary measures about the personnel who have responsibility in such delay.

4.6. FINANCIAL BENEFITS

For stand-alone ENKA İnşaat ve Sanayi A.Ş.; total wages paid for the members of the Board of Directors is TL 6,059,806 the social security payments is TL 108,220 and the accrued retirement pay provisions as of December 31, 2019 are TL 477,266. The total amount of the fees and similar benefits provided to the top managers such as the general manager, general coordinator and vice general managers is TL 38,688,786 the social security payments is TL 1,725,787 and the accrued retirement pay provisions as of period end are TL 3,581,303. There are no payments made to the members of the Board of Directors and top managers in the way of shares, derivative products originating from shares, share buying options or payments not made in cash such as house or car whose proprietorship bestowed and/or allocated for their use. ENKA İnşaat ve Sanayi A.Ş. is not in any sort of debt relation whatsoever with any of the members of the board or any top managers. The Remuneration Policy Applicable to the Board Members and Administratively Responsible Managers was submitted to the shareholders at the General Assembly dated March 27, 2014 which was published on our internet site is as follows;

1. Objective and Scope

The purpose of the policy described hereunder is to determine, in compliance with and under consideration of such regulations, obligations and principles as specified in the Capital Markets Legislation and the Capital Markets Board's corporate governance principles, any rules, requirements, principles and modus of implementation applicable to the remuneration of the Board Members and Administratively Responsible Managers of ENKA İnşaat ve Sanayi A.Ş. as approved by the Board of Directors thereof. Any rights, benefits and remunerations to which the Board Members of the Company are entitled to, and any modus of and requirements applicable to the payment thereof are defined in the Articles of Association of the Company, and such rights, benefits and remunerations are concluded and fixed each year by the General Assembly thereof in its annual meeting under a separate item of agenda and the same are published thereafter in the website of the company. The remuneration policy hereunder aims the sustainability and enhancement of the performances of the Board Members and Administratively Responsible Managers of the Company.

2. Principles Applicable to Remuneration

Remunerations Payable to the Members of the Board of Directors

Independent Members and Non-executive Board Members: The Independent Members and Non-executive Board Members of the Board of Directors are entitled to a monthly attendance fee as honorarium in such amount as to be determined each year by the General Assembly. The amount of such monthly attendance fee is not fixed on the basis of the performance of the Company so that the independency thereof is not impacted of the Independent Members thereby.

Executive Board Members: The Executive Board Members are paid a monthly attendance fee in the same amount as payable to the Independent Members as aforesaid, besides such below mentioned bonuses as payable to the same on the basis of their performances and contributions to the company as well as their level of reaching the targets as set.

Remunerations Payable to Administratively Responsible Managers

Remunerations payable to Administratively Responsible Managers include performance determined bonuses besides the fixed pays to be determined and calculated in accordance with the scope of duties and responsibilities thereof under consideration of the requirements and the experiences designated for each position. Executive Committee Members are entitled to a monthly attendance fee as honorarium as well as bonuses and fixed pays.

3. Performance and Remuneration Methods

Fixed Pays:

In the determination of the attendance fees payable to the Members of the Board of Directors as well as of the fixed pays to the Administratively Responsible Managers as aforesaid, the preservation of the company's internal balances and the compliance thereof with strategic targets and the ethical values of the company are always considered. The amount of the fixed pays is determined and calculated for each position in accordance with the scope of duties and responsibilities of the relevant payee under consideration of various factors such as economic conditions in the market, the size of the company, any long-term targets and the level of realization thereof as well as the position and the level of experience of the relevant payee. In the determination and calculation of the remunerations payable to the Board Members and Administratively Responsible Managers of the Company, no short-term performance-based payment plans such as Company's profit or income shall be applicable.

Performance Pays (Bonus Payments):

Also in the determination and calculation of the performance based bonus payments, various factors such as bonus policies applicable in the market to any staff in similar or equivalent position, the level of reaching and realization of the company targets and the individual performances are taken into account, and they are determined and calculated so that the equity of the company is not impacted thereby. Within the scope of this policy, no Board Member or Administratively Responsible Managers of the Company is lent any money or granted any loan or any personal credit by virtue of any third parties or provided any securities or guarantees. Any remunerations and benefits paid to Board Members and Administratively Responsible Managers of our company are disclosed to public in the Annual Report thereof.

SECTION V – FINANCIAL POSITION

As of 31.12.2019, it is concluded that the Company's debt structure is suitable for the continuation of activities in a healthy manner with a debt- to-equity ratio of 0.25.

As of 31.12.2019, the backlog amount and basic ratios are given below and detailed financial information is given in the Independent Auditor's Report.

Backlog as 31.12.2019 (Million US Dollars)

Country	Amount	%
Special Projects	599	21.3%
Russia	550	19.5%
Serbia	528	18.7%
Kazakhstan	474	16.8%
Iraq	344	12.2%
Turkey	217	7.7%
The Netherlands	23	0.8%
USA	21	0.7%
United Kingdom	15	0.5%
Others	45	1.6%
TOTAL	2,816	100.0

BASIC RATIOS (Thousand US Dollars)

	31.12.2019			31.12.2018		
<u>Current Ratio:</u>						
Current Assets	2,922,953	=	300.8%	2,521,452	=	276.1%
Current Liabilities	971,702			913,251		
<u>Cash Ratio:</u>						
Cash & Cash Equivalents + Financial Investments	3,959,677	=	407.5%	3,251,693	=	356.1%
Current Liabilities	971,702			913,251		
<u>Leverage Ratio:</u>						
Total Liabilities	1,680,813	=	20.2%	1,615,063	=	20.7%
Total Assets	8,317,899			7,796,281		
<u>Total Equity to Total Assets Ratio:</u>						
Total Equity	6,637,086	=	79.8%	6,181,218	=	79.3%
Total Assets	8,317,899			7,796,281		
<u>Current Assets to Total Assets Ratio:</u>						
Current Assets	2,922,953	=	35.1%	2,521,452	=	32.3%
Total Assets	8,317,899			7,796,281		
<u>Non-current Assets to Total Assets Ratio:</u>						
Non-current Assets	5,394,946	=	64.9%	5,274,829	=	67.7%
Total Assets	8,317,899			7,796,281		
<u>Return on Assets (ROA) Ratio:</u>						
Net Income	685,707	=	8.2%	327,536	=	4.2%
Total Assets	8,317,899			7,796,281		
<u>Net Income to Revenue Ratio:</u>						
Net Income	685,707	=	36.2%	327,536	=	11.4%
Revenue	1,892,576			2,881,443		
<u>Total Liabilities to Total Equity:</u>						
Total Liabilities	1,680,813	=	25.3%	1,615,063	=	26.1%
Total Equity	6,637,086			6,181,218		

	Corporate Governance Compliance Report	Company Compliance Status					Explanation
		Yes	Partial	No	Exempted	N/A	
1.1.	FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
	1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2.	RIGHT TO OBTAIN AND REVIEW INFORMATION						
	1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3.	GENERAL ASSEMBLY						
	1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
	1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	
	1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
	1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
	1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.		X				Although there is no restriction on the participation of stakeholders and media in the General Assembly meetings, stakeholders participated in the meeting held in 2019 but the media did not have any request for participation.
1.4.	VOTING RIGHTS						
	1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
	1.4.2 - The company does not have shares that carry privileged voting rights.	X					
	1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	X					
1.5.	MINORITY RIGHTS						
	1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
	1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			In our company, minority rights are defined in regulated rates in the Turkish Commercial Code (TTK) and there are no plans to change this.
1.6.	DIVIDEND RIGHT						
	1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
	1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
	1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	Our company regularly distributes profit.
	1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7.	TRANSFER OF SHARES						
	1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1.	CORPORATE WEBSITE						
	2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
	2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
	2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					

	Corporate Governance Compliance Report	Company Compliance Status					Explanation
		Yes	Partial	No	Exempted	N/A	
2.2.	ANNUAL REPORT						
	2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
	2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1.	CORPORATION'S POLICY ON STAKEHOLDERS						
	3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
	3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
	3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
	3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2.	SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
	3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
	3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3.	HUMAN RESOURCES POLICY						
	3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
	3.3.2 - Recruitment criteria are documented.	X					
	3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
	3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
	3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.		X				The Human Resources have been working as a representative of ENKA, for coordination and relation between the employer and employees of the company. However, there is no trade union in our company.
	3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
	3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
	3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.			X			Although there is no association or trade union in the company, there is no restrictive practice.
	3.3.9 - A safe working environment for employees is maintained.	X					
3.4.	RELATIONS WITH CUSTOMERS AND SUPPLIERS						
	3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
	3.4.2 - Customers are notified of any delays in handling their requests.	X					
	3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
	3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5.	ETHICAL RULES AND SOCIAL RESPONSIBILITY						
	3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
	3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					

	Corporate Governance Compliance Report	Company Compliance Status					Explanation
		Yes	Partial	No	Exempted	N/A	
4.1.	ROLE OF THE BOARD OF DIRECTORS						
	4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
	4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2.	ACTIVITIES OF THE BOARD OF DIRECTORS						
	4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X					
	4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
	4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
	4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
	4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
	4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
	4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.			X			The company has not subscribed to Directors liability insurance.
4.3.	STRUCTURE OF THE BOARD OF DIRECTORS						
	4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			Although the aim is to have one female member at the Board of Directors, the proposal of the Board Members submitted to the General Assembly has been formed in line with the above-mentioned targets.
	4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4.	BOARD MEETING PROCEDURES						
	4.4.1 - Each board member attended the majority of the board meetings in person.	X					
	4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
	4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	In 2019 meetings, The board members that could not attend the meeting, did not submit their opinion in written format.
	4.4.4 - Each member of the board has one vote.	X					
	4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
	4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
	4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.			X			The Board Members are able to spend necessary time for fulfilling the requirements of the position and monitoring processes of the activities of the company.

	Corporate Governance Compliance Report	Company Compliance Status					Explanation
		Yes	Partial	No	Exempted	N/A	
4.5.	BOARD COMMITTEES						
	4.5.5 - Board members serve in only one of the Board's committees.			X			Due to the formation of the Board of Directors as being in total 5 people, some of the members of the Board of Directors are assigned in more than one committee. All committee members ensure adequate participation in the activities of the committee in which they are members.
	4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
	4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	
	4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6.	FINANCIAL RIGHTS						
	4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			Performance evaluation is made within the Board of Directors but not in written format.
	4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
	4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			The disclosure is not done individually, but the total amount and the remuneration policy has been provided under the financial benefits section of the Annual Report.

Corporate Governance Information Form

1.	SHAREHOLDERS	
1.1.	Facilitating the Exercise of Shareholders Rights	
	The number of investor meetings (conference, seminar/etc.) organised by the company during the year	38
1.2.	Right to Obtain and Examine Information	
	The number of special audit request(s)	0
	The number of special audit requests that were accepted at the General Shareholders' Meeting	0
1.3.	General Assembly	
	Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/en/Bildirim/745662
	Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	General Assembly Notices and related materials are disclosed in English at the same time.
	The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no transaction in the context.
	The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There is no related party transactions in the context.
	The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	There is no common and continuous transactions in the context.
	The name of the section on the corporate website that demonstrates the donation policy of the company	https://www.enka.com/investor-relations/company-policies/
	The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/en/Bildirim/198439
	The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 24
	Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Company employees
1.4.	Voting Rights	
	Whether the shares of the company have differential voting rights	Hayır (No)
	In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	-
	The percentage of ownership of the largest shareholder	% 49,72

1.5.	Minority Rights	
	Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association.	Hayır (No)
	If yes, specify the relevant provision of the articles of association.	-
1.6.	Dividend Right	
	The name of the section on the corporate website that describes the dividend distribution policy.	https://www.enka.com/investor-relations/company-policies/
	Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	Dividend distribution was made.
	PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends.	Dividend distribution was made.

General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
28/3/2019	0	%90	%0	%90	Investor Relations / General Assembly / General Assembly Meetings	-	15		https://www.kap.org.tr/en/Bildirim/745662 https://www.kap.org.tr/en/Bildirim/750564

2.	DISCLOSURE AND TRANSPARENCY	
2.1.	Corporate Website	
	Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	About Us / Company Profile, Investor Relations, Sustainability
	If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Investor Relations / Corporate Articles and Documents / Shareholding Structure
	List of languages for which the website is available	Turkish - English - Russian
2.2.	Annual Report	
	The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
	a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Corporate Governance / 4.1 Structure and Formation of The Board of Directors
	b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Corporate Governance / 4.3 Number, Structure And Independence of The Committees Established Within The Board of Directors
	c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Corporate Governance / 4.2 Operational Principles of The Board of Directors
	ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Independent Auditors' Report / Basis of Presentation of The Consolidated Financial Statements
	d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Independent Auditors' Report / Commitments
	e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	-
	f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There is no cross ownership subsidiary.
	g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Corporate Governance / Section 3 Stakeholders

3.	STAKEHOLDERS	
3.1.	Corporation’s Policy on Stakeholders	
	he name of the section on the corporate website that demonstrates the employee remedy or severance policy	https://www.enka.com/investor-relations/company-policies/
	The number of definitive convictions the company was subject to in relation to breach of employee rights	645
	The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Director of Quality, HSE & Integrity
	The contact detail of the company alert mechanism	+90 (212) 376 10 10
3.2.	Supporting the Participation of the Stakeholders in the Corporation’s Management	
	Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	-
	Corporate bodies where employees are actually represented	-
3.3.	Human Resources Policy	
	The role of the board on developing and ensuring that the company has a succession plan for the key management positions	-
	The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Corporate Groups / Human resources
	Whether the company provides an employee stock ownership programme	Pay edindirme planı bulunmuyor (There isn't an employee stock ownership programme)
	The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Corporate Groups / Human resources
	The number of definitive convictions the company is subject to in relation to health and safety measures	7
3.5.	Ethical Rules and Social Responsibility	
	The name of the section on the corporate website that demonstrates the code of ethics	Sustainability / Ethics & Compliance
	The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Sustainability / Publications / Developing Communities
	Any measures combating any kind of corruption including embezzlement and bribery	Sustainability / Ethics & Compliance / Fighting bribery and corruption

4.	BOARD OF DIRECTORS-I	
4.2.	Activity of the Board of Directors	
	Date of the last board evaluation conducted	It is held once a year before the General Assembly.
	Whether the board evaluation was externally facilitated	Hayır (No)
	Whether all board members released from their duties at the GSM	Evet (Yes)
	Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Mehmet Sinan TARA -Chairman of the Board, Haluk GERÇEK - Vice Chairman of the Board, Erdoğan TURGUT - Member of the Board, Mehmet Mete BAŞOL - Member of the Board, Fatih Osman TAR - Member of the Board
	Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	21
	Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Corporate Governance / Risk Management and Internal Control Mechanism
	Name of the Chairman	Mehmet Sinan Tara
	Name of the CEO	Agah Mehmet Tara
	If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	Not the same person
	Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	-
	The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	-
	The number and ratio of female directors within the Board of Directors	0

Composition of Board of Directors							
Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independence Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Mehmet Sinan Tara	İcrada görevli (Executive)	Bağımsız üye değil (Not independent director)	31/03/1988	-	-	-	-
Haluk Gerçek	İcrada görevli (Executive)	Bağımsız üye değil (Not independent director)	30/03/1994	-	-	-	-
Erdoğan Turgut	İcrada Görevli Değil (Non-executive)	Bağımsız üye değil (Not independent director)	11/04/2013	-	-	-	-
Fatih Osman Tar	İcrada Görevli Değil (Non-executive)	Bağımsız üye (Independent director)	28/03/2018	-	Değerlendirildi (Considered)	Hayır (No)	Evet (Yes)
Mehmet Mete Başol	İcrada Görevli Değil (Non-executive)	Bağımsız üye (Independent director)	28/03/2018	-	Değerlendirildi (Considered)	Hayır (No)	Evet (Yes)

4.	BOARD OF DIRECTORS-II	
4.4.	Meeting Procedures of the Board of Directors	
	Number of physical board meetings in the reporting period (meetings in person)	14
	Director average attendance rate at board meetings	%84
	Whether the board uses an electronic portal to support its work or not	Hayır (No)
	Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	Depending on the agenda.
	The name of the section on the corporate website that demonstrates information about the board charter	Investor relations / Corporate articles / Articles of Association -Article 17
	Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no upper limit.
4.5.	Board Committees	
	Page numbers or section names of the annual report where information about the board committees are presented	Corporate Governance / 4.3 Number, Structure And Indepence of The Committees Established Within The Board of Directors
	Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/en/Bildirim/366204

Composition of Board Committees-I				
Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Denetim Komitesi (Audit Committee)	-	Fatih Osman Tar	Evet (Yes)	Yönetim kurulu üyesi (Board member)
Denetim Komitesi (Audit Committee)	-	Mehmet Mete Başol	Hayır (No)	Yönetim kurulu üyesi (Board member)
Riskin Erken Saptanması Komitesi (Committee of Early Detection of Risk)	-	Mehmet Mete Başol	Evet (Yes)	Yönetim kurulu üyesi (Board member)
Riskin Erken Saptanması Komitesi (Committee of Early Detection of Risk)	-	Erdoğan Turgut	Hayır (No)	Yönetim kurulu üyesi (Board member)
Kurumsal Yönetim Komitesi (Corporate Governance Committee)	-	Fatih Osman Tar	Evet (Yes)	Yönetim kurulu üyesi (Board member)
Kurumsal Yönetim Komitesi (Corporate Governance Committee)	-	Erdoğan Turgut	Hayır (No)	Yönetim kurulu üyesi (Board member)
Kurumsal Yönetim Komitesi (Corporate Governance Committee)	-	Gizem Özsoy	Hayır (No)	Yönetim kurulu üyesi değil (Not board member)

4.	BOARD OF DIRECTORS-III	
4.5.	Board Committees-III	
	Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance / 4.3 Number, Structure And Indepence of The Committees Established Within The Board of Directors
	Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance / 4.3 Number, Structure And Indepence of The Committees Established Within The Board of Directors
	Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance / 4.3 Number, Structure And Indepence of The Committees Established Within The Board of Directors
	Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance / 4.3 Number, Structure And Indepence of The Committees Established Within The Board of Directors
	Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance / 4.3 Number, Structure And Indepence of The Committees Established Within The Board of Directors
4.6.	Financial Rights	
	Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Corporate Governance / Mission, Vision and Objectives Of The Company
	Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Invesment Relations / Company Policies
	Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	-

Composition of Board Committees-II					
Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Denetim Komitesi (Audit Committee)		%100	%100	5	5
Riskin Erken Saptanması Komitesi (Committee of Early Detection of Risk)		%100	%50	6	6
Kurumsal Yönetim Komitesi (Corporate Governance Committee)		%66,6	%33,3	2	2

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

**CONSOLIDATED FINANCIAL
STATEMENTS AS AT AND FOR THE
YEAR ENDED
31 DECEMBER 2019 WITH
INDEPENDENT AUDITORS' REPORT**

13 March 2020

This report includes 6 pages of independent auditors' report and 82 pages of consolidated financial statements together with their explanatory notes.



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TABLE OF CONTENTS	PAGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET).....	1-2
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	3
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME.....	4
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	5
CONSOLIDATED STATEMENT OF CASH FLOWS.....	6
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	7-82
NOTE 1 ORGANIZATIONS AND OPERATIONS OF THE GROUP.....	7-9
NOTE 2 BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS....	9-34
NOTE 3 DIVIDENDS.....	35
NOTE 4 INTEREST IN JOINT OPERATIONS.....	36
NOTE 5 SEGMENTAL INFORMATION.....	37-39
NOTE 6 CASH AND CASH EQUIVALENTS.....	40
NOTE 7 FINANCIAL INVESTMENTS.....	40-41
NOTE 8 FINANCIAL LIABILITIES.....	42-44
NOTE 9 TRADE RECEIVABLES AND PAYABLES.....	45-46
NOTE 10 OTHER RECEIVABLES AND PAYABLES.....	46
NOTE 11 INVENTORIES.....	47
NOTE 12 CONSTRUCTION CONTRACTS.....	47
NOTE 13 INVESTMENT PROPERTIES.....	48-49
NOTE 14 PROPERTY, PLANT AND EQUIPMENT.....	50-52
NOTE 15 OTHER INTANGIBLE ASSETS.....	53
NOTE 16 PREPAID EXPENSES AND DEFERRED INCOME.....	54
NOTE 17 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES.....	55
NOTE 18 COMMITMENTS.....	56-57
NOTE 19 PROVISIONS FOR EMPLOYEE BENEFITS.....	58
NOTE 20 OTHER ASSETS AND LIABILITIES.....	59
NOTE 21 SHARE CAPITAL AND RESERVES.....	60-62
NOTE 22 REVENUE AND COST OF REVENUE.....	62
NOTE 23 MARKETING, SALES, DISTRIBUTION AND ADMINISTRATIVE EXPENSES.....	63
NOTE 24 EXPENSES BY NATURE.....	64
NOTE 25 OTHER OPERATING INCOME / EXPENSES.....	64-65
NOTE 26 INVESTMENT INCOME / EXPENSES.....	65-66
NOTE 27 FINANCIAL INCOME.....	66
NOTE 28 FINANCIAL EXPENSES.....	66
NOTE 29 ASSETS HELD FOR SALE.....	66
NOTE 30 TAXATION ON INCOME.....	67-70
NOTE 31 EARNINGS PER SHARE	71
NOTE 32 RELATED PARTY BALANCES AND TRANSACTIONS	71-72
NOTE 33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES	72-80
NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUE EXPLANATIONS AND ACCOUNTING POLICY FOR HEDGING FINANCIAL RISK	81-82
NOTE 35 EVENTS AFTER THE REPORTING PERIOD	82

Independent Auditors' Report

To the Shareholder's of Enka İnşaat ve Sanayi Anonim Şirketi

Opinion

We have audited the consolidated financial statements of Enka İnşaat ve Sanayi Anonim Şirketi ("the Company") and its subsidiaries and joint operations (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of profit or loss, the consolidated statements of other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Turkey and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Refer to Note 2.5 to the consolidated financial statements for summary of significant accounting policies and significant accounting assessments, estimates and assumptions for revenue recognition.

Key Audit Matter	How the matter was addressed in our audit
<p>Revenue from construction contracts constitutes 59% of the Group's total revenue.</p> <p>The recognition of the amount and timing of the revenue generated from construction contracts in the period in which they are incurred calculated and accounted for by using the input method under IFRS 15 Revenue from Contracts with Customer. By using the input method revenue is recognized by comparing the costs incurred by the Group for the fulfillment of performance obligations in a construction project to the expected total costs for the fulfillment of the performance obligation in the consolidated financial statements.</p> <p>The measurement of contract revenue and estimation of the contract costs are based on a variety of uncertainties that depend on the outcome of future events and demand of revision to the projects which requires significant management's estimates and judgements.</p> <p>Revenue recognition from construction contracts was determined as key audit matter, due to the significant management estimates and the level of judgement applied by management.</p>	<p>Our audit procedures for testing revenue recognition included below:</p> <ul style="list-style-type: none"> - We evaluated and tested the operating effectiveness of controls over the relevant processes regarding the accuracy and timing of revenue recognized in the financial statements. - We assessed the terms and conditions of the significant contracts in order to evaluate the management's estimate whether revenue is recognized within the appropriate financial period. - The costs incurred by the Group in ongoing construction projects have been tested by using sampling method. - The contract revenue associated with the construction contract have been recalculated by using the stage of completion method. - We assessed the management's ability to deliver contracts within budgeted margins by analysing the historical accuracy of forecasting margins and the relationship of cost versus billing status on contracts. - We assessed the adequacy of the disclosures of revenue in the notes to consolidated financial statements.

Impairment of property, plant and equipment

Refer to Note 2.5 to the consolidated financial statements for summary of significant accounting policies and significant accounting assessments, estimates and assumptions for impairment of property, plant and equipment.

Key Audit Matter	How the matter was addressed in our audit
<p>As of 31 December 2019, property, plant and equipment constitute 17% of the Group's total assets.</p> <p>The Group recognises its property, plant and equipment at cost after deducting accumulated depreciation and accumulated impairment losses except for its lands and buildings. The Group evaluates whether there is an indication of impairment in the property, plant and equipment in each period. If there is an indication of impairment, the recoverable amount of the assets with the indication of impairment is estimated within the scope of "IAS 36 Impairment of Assets" by the Group.</p> <p>Impairment of property, plant and equipment is determined as key audit matter, due to significant management estimates and assumptions used in measurement of recoverable amount.</p>	<p>Our audit procedures for testing impairment of property, plant and equipment included below :</p> <ul style="list-style-type: none"> - We assessed and observed the impairment analysis of property, plant and equipment performed by the management. - We evaluated the appropriateness of the method used by the Group in measuring the recoverable amount of the assets. - We assessed and tested the inputs and estimates used in the impairment analysis of property, plant and equipment performed by the management to determine fair value less cost to sell. - We assessed the adequacy of the disclosures for impairment of property, plant and equipment in the notes to consolidated financial statements.

Fair value measurement of investment property

Refer to Note 2.5 to the consolidated financial statements for summary of significant accounting policies and significant accounting assessments, estimates and assumptions for investment properties.

Key Audit Matter	How the matter was addressed in our audit
<p>As of 31 December 2019, the investment properties represent 25% of the Group's total assets.</p> <p>The Group recognizes the investment properties at fair value. The Group uses independent valuation firms to determine the fair values of investment properties.</p> <p>Valuation of investment property is determined as key audit matter, due to significant management estimates and judgement used in valuation methods to determine fair value of investment properties.</p>	<p>Our audit procedures for testing fair value measurement of investment property included below:</p> <ul style="list-style-type: none"> - We evaluated the capabilities and competence of the external valuers appointed by the Group for valuation of investment property. - We examined the appropriateness of the key assumptions such as long term growth rates used in the calculations, discount rates used to determine present value of future cash flows. - We examined the appropriateness of key inputs used in valuation reports such as rental income, duration, management fee, yields and occupancy rate. - We assessed the adequacy of the disclosures of investment properties in the notes to consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Erdal Tıkmak, SMMM
Partner
13 March 2020
İstanbul, Turkey

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS AT 31 DECEMBER 2019

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

ASSETS	Notes	31 December 2019	31 December 2018
Current Assets		2,922,953	2,521,452
Cash and cash equivalents	6	1,017,048	626,712
Financial investments	7	1,165,611	899,517
Trade receivables	9	257,502	505,938
Other receivables			
Other receivables from related parties	10,32	9	20
Other receivables from third parties	10	965	1,033
Costs and estimated earnings in excess of billings			
on uncompleted contracts	12	69,193	45,203
Prepaid expenses	16	68,140	45,890
Inventories	11	272,111	307,082
Other current assets	20	49,029	66,681
		<u>2,899,608</u>	<u>2,498,076</u>
Assets held for sale	29	23,345	23,376
Non-Current Assets		5,394,946	5,274,829
Financial investments	7	1,777,018	1,725,464
Trade receivables	9	17,404	44,103
Investment properties	13	2,079,016	1,891,078
Property, plant and equipment	14	1,440,096	1,554,394
Intangible assets			
Other intangible assets	15	64,316	44,062
Prepaid expenses	16	9,774	6,426
Deferred tax assets	30	7,040	5,415
Other non-current assets	20	282	3,887
TOTAL ASSETS		<u>8,317,899</u>	<u>7,796,281</u>

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS AT 31 DECEMBER 2019

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

	Notes	31 December 2019	31 December 2018
LIABILITIES			
Current Liabilities		971,702	913,251
Short-term borrowings	8	33,208	54,540
Current portion of long-term borrowings	8	19,123	18,914
Trade payables	9	176,371	344,400
Payables to employees	19	22,138	19,751
Other payables			
Payables to related parties	10,32	26	29
Payables to third parties	10	18,655	20,776
Billings in excess of costs and estimated earnings on uncompleted contracts	12	199,346	167,209
Deferred income	16	354,688	139,368
Taxation on income	30	30,306	53,126
Provisions			
Provisions for employee benefits	19	11,751	14,780
Other provisions	17	39,206	51,630
Other current liabilities	20	66,884	28,728
Non-Current Liabilities		709,111	701,812
Long-term borrowings	8	156,192	178,355
Other payables	10	24,164	25,009
Deferred income	16	796	1,079
Provisions for employee benefits	19	13,477	13,309
Deferred tax liabilities	30	514,482	484,060
EQUITY		6,637,086	6,181,218
Equity Attributable to Equity Holders of the Parent		6,567,519	6,102,790
Share capital	21	2,639,338	2,639,338
Treasury shares	21	(80,004)	(55,725)
Revaluation surplus	21	116,276	169,342
Currency translation difference		(1,203,018)	(1,311,178)
Other reserves		(1,104)	(1,644)
Legal reserves and accumulated profit		5,096,031	4,662,657
Non-Controlling Interests		69,567	78,428
TOTAL LIABILITIES AND EQUITY		8,317,899	7,796,281

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

	Notes	1 January - 31 December 2019	1 January - 31 December 2018
CONTINUING OPERATIONS			
Revenue	5,22	1,892,576	2,881,443
Cost of revenues (-)	5,22	(1,456,509)	(2,152,766)
GROSS PROFIT		436,067	728,677
Administrative expenses (-)	5,23	(108,082)	(90,261)
Marketing, selling and distribution expenses (-)	5,23	(23,828)	(22,926)
Other operating income	5,25	56,356	77,131
Other operating expenses (-)	5,25	(35,372)	(31,210)
PROFIT FROM OPERATIONS		325,141	661,411
Income from investing activities	5,26	592,704	203,160
Expenses from investing activities (-)	5,26	(131,408)	(403,993)
OPERATING PROFIT		786,437	460,578
BEFORE FINANCE EXPENSES			
Financial income	5,27	35,098	54,265
Financial expenses (-)	5,28	(28,175)	(51,983)
PROFIT BEFORE TAX			
FROM CONTINUING OPERATIONS		793,360	462,860
Current tax expense (-)	5,30	(89,968)	(99,692)
Deferred tax expense (-)	5,30	(21,220)	(29,168)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		682,172	334,000
NET PROFIT FOR THE YEAR		682,172	334,000
Attributable to:			
Non-controlling interests		(3,535)	6,464
Equity holders of the parent		685,707	327,536
		682,172	334,000
Earning per share from continuing operations			
- ordinary share certificate (full USD)	31	0.14	0.07
Weighted average number of shares			
(Weighted average number of shares of 1 Full TL each)		4,924,600,000	4,924,600,000

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

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

	Notes	1 January - 31 December 2019	1 January - 31 December 2018
NET PROFIT FOR THE YEAR		682,172	334,000
Other Comprehensive Income:			
<i>Items that will not be reclassified subsequently to profit or loss</i>		<i>(51,824)</i>	<i>(5,221)</i>
Gains / (losses) on revaluation of property, plant and equipment	21	(56,886)	1,213
Remeasurement of defined benefit plans	19	(161)	453
Changes in currency translation difference	21	633	(1,068)
Income tax relating items that will not be reclassified subsequently to profit or loss	30	4,590	(5,819)
Income tax relating to gains / (losses) on revaluation of property, plant and equipment	21,30	4,558	(5,728)
Income tax relating to remeasurement of defined benefit plans	30	32	(91)
<i>Items that may be reclassified subsequently to profit or loss</i>		<i>110,138</i>	<i>(222,048)</i>
Changes in currency translation difference		109,595	(220,124)
Gains (Losses) on financial assets measured at fair value through other comprehensive income		543	(1,924)
OTHER COMPREHENSIVE INCOME / (LOSS)		58,314	(227,269)
TOTAL COMPREHENSIVE INCOME		740,486	106,731
Attributable to:			
Non-controlling interests		(2,097)	2,580
Equity holders of the parent		742,583	104,151
		740,486	106,731

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

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

	Notes	Share capital	Treasury shares	Revaluation surplus	Currency translation difference	Other reserves	Legal reserves and accumulated profit	Total	Non-controlling interests	Total equity
Balance at 1 January 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		-	-	(5,583)	(216,238)	(1,924)	360	(223,385)	(3,884)	(227,269)
Profit for the year		-	-	-	-	-	327,536	327,536	6,464	334,000
Total comprehensive income		-	-	(5,583)	(216,238)	(1,924)	327,896	104,151	2,580	106,731
Purchase of treasury shares	21	-	(29,859)	-	-	-	-	(29,859)	-	(29,859)
Transfer of depreciation difference (net of deferred tax) of revaluation effect		-	-	(1,337)	-	-	1,337	-	-	-
Share capital increase	21	82,535	-	-	-	-	(82,535)	-	-	-
Dividends paid		-	-	-	-	-	(178,995)	(178,995)	(472)	(179,467)
Balance at 31 December 2018		2,639,338	(55,725)	169,342	(1,311,178)	(1,644)	4,662,657	6,102,790	78,428	6,181,218
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		-	-	(51,695)	108,160	540	(129)	56,876	1,438	58,314
Profit for the year		-	-	-	-	-	685,707	685,707	(3,535)	682,172
Total comprehensive income		-	-	(51,695)	108,160	540	685,578	742,583	(2,097)	740,486
Purchase of treasury shares	21	-	(24,279)	-	-	-	-	(24,279)	-	(24,279)
Transfer of depreciation difference (net of deferred tax) of revaluation effect		-	-	(1,371)	-	-	1,371	-	-	-
Share capital increase		-	-	-	-	-	(253,575)	(253,575)	(6,764)	(260,339)
Dividends paid		-	-	-	-	-	-	-	-	-
Balance at 31 December 2019		2,639,338	(80,004)	116,276	(1,203,018)	(1,104)	5,096,031	6,567,519	69,567	6,637,086

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

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

		1 January - 31 December 2019	1 January - 31 December 2018
	Notes		
Cash flows from operating activities			
Profit for the year		682,172	334,000
Adjustments to reconcile net income			
to net cash used in operating activities:			
- Adjustments related to depreciation and amortisation	5,14,15	111,246	95,114
- Adjustments related to provision for employment		2,178	1,533
- Adjustments related to allowance for doubtful receivables		3,519	1,694
- Adjustments related to provision for litigations		5,621	5,107
- Adjustments to related to deferred income from electricity sale		(16,650)	(136,494)
- Income / (loss) from fair value of forward transactions	27.28	1,125	(8,519)
- Adjustments to related to interest expense	28	4,552	6,043
- Adjustments to related to interest income	26.27	(127,768)	(126,848)
- Adjustments to related to dividend income	26	(16,057)	(11,717)
- Adjustments to related to provision for inventory impairment, net		5,462	(1,593)
- Adjustments to related to gain on sale or disposal of property, plant and equipment, net	26	(5,975)	(1,257)
- Adjustments to related to fair value increase in investment properties	26	(9,351)	(18,734)
- Adjustments to related to valuation of investment securities		(310,269)	314,763
- Interest accrual		60	316
- Tax expense	30	111,188	128,860
		<u>441,053</u>	<u>582,268</u>
Movements in working capital			
Change in trade and other receivables		271,832	(199,470)
Change cost and estimated earnings in excess of billings on uncompleted contracts		(23,990)	(33,034)
Change in inventory		29,508	(81,715)
Change in other current assets			
and other non current assets		(4,241)	59,035
Change in trade and other payables		(168,029)	131,833
Change in billings in excess of cost and estimated earnings on uncompleted contracts		32,137	(100,420)
Change provision for liabilities and other liabilities		<u>247,606</u>	<u>26,248</u>
		<u>384,823</u>	<u>(197,523)</u>
Income taxes paid	30	(112,788)	(106,754)
Employee termination benefits paid	19	(829)	(2,067)
Net cash generated from operating activities		<u>712,259</u>	<u>275,924</u>
Cash flows from investing activities			
Cash receipts from sales of equity or debt instruments of other entities		(7,379)	(242,394)
Proceeds on sale of property, plant and equipment		51,515	22,729
Purchases of property, plant and equipment, intangible assets and investment properties	5,13,14,15	(151,211)	(137,294)
Interest received		118,488	115,642
Dividend received	26	<u>16,057</u>	<u>11,717</u>
Net cash used in investing activities		<u>27,470</u>	<u>(229,600)</u>
Cash flows from financing activities			
Addition to short-term borrowings	8	8,989	(18,264)
Addition to long-term borrowings	8	10,360	25,000
Repayments of borrowings	8	(66,864)	(15,214)
Purchase of treasury shares		(24,278)	(29,859)
Interest paid		(5,656)	(5,982)
Interest received		9,220	10,891
Dividend paid to non-controlling interests		(6,764)	(472)
Dividend paid		<u>(253,575)</u>	<u>(178,995)</u>
Net cash from (used in) financing activities		<u>(328,568)</u>	<u>(212,895)</u>
Translation reserve		(20,825)	11,565
Net increase / (decrease) in cash and cash equivalents		<u>390,336</u>	<u>(155,006)</u>
Cash and cash equivalents at beginning of the year	6	<u>625,712</u>	<u>780,718</u>
Cash and cash equivalents at end of the year	6	<u>1,016,048</u>	<u>625,712</u>

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

1. ORGANIZATIONS AND OPERATIONS OF THE GROUP

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

As of 28 June 2002, Enka İnşaat merged legally with its publicly traded shareholder company, Enka Holding Yatırım Anonim Şirketi (Enka Holding), which were under the common control of Tara Holding Anonim Şirketi and Tara and Gülçelik families. As of 31 December 2019, 11.83% of the shares of Enka İnşaat is traded publicly in İstanbul Stock Exchange (ISE).

As of 31 December 2019, the average numbers of white and blue-collar personnel are respectively 4.534 and 13.438 (31 December 2018 – 4.558 and 12.043).

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

The Group operates in geographical areas below:

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

1. ORGANIZATIONS AND OPERATIONS OF THE GROUP (cont’d)

As of 31 December 2019, Enka İnşaat has the following subsidiaries whose business and country of incorporation are provided below:

Name of Subsidiary	Nature of business activities	Country of incorporation	Year of establishment
Enka Pazarlama İhracat İthalat Anonim Şirketi (Enka Pazarlama)	Engaged in marketing and after-sales service of construction machineries, trucks, industrial products and spare parts.	Turkey	1972
Çimtaş Çelik İmalat Montaj ve Tesisat Anonim Şirketi (Çimtaş)	Engaged in manufacturing of structural steel works, installation and establishing of the technical equipment.	Turkey	1973
Titaş Toprak İnşaat ve Taahhüt Anonim Şirketi (Titaş)	Engaged in all kinds of excavation activities, excavation backfilling works and quarrying-crushing operation of highway projects.	Turkey	1974
Kasktaş Kayar Kalıp Altyapı Sondaj Kazık ve Tecrit Anonim Şirketi (Kasktaş)	Engaged in pile dwelling work, any kind of base and superstructure construction, slip form and construction of drilling and ground surveys.	Turkey	1975
Entaş Nakliyat ve Turizm Anonim Şirketi (Entaş)	The firm operates in organization of domestic and international conventions and seminars and also engaged in tour reservations and ticket sales.	Turkey	1976
Enet Proje Araştırma ve Müşavirlik A.Ş. (Enet)	Performs architectural design services.	Turkey	1980
Enka Teknik Genel Müteahhitlik Bakım İşletme Sevk ve İdare Anonim Şirketi (Enka Teknik)	Operates in the business of material handling and storage systems, auxiliary facilities, water treatment and environmental engineering, infrastructure and construction, control systems and instrumentation engineering.	Turkey	1981
Entrade GmbH (Entrade)	Manages foreign investments of the Company.	Germany	1984
Limited Liability Company Enmar (Enmar)	Engaged in ready-mixed concrete production and various construction works.	Russia	1994
Airenka Hava Taşımacılığı A.Ş.(Air Enka)	Engaged in all kinds of air transportation.	Turkey	2001
Enka Holding B.V.	Manages foreign investments of the Company.	Netherlands	2001
Enka Müteahhitlik Hizmetleri A.Ş. (Enka Müteahhitlik)	Engaged in construction activities.	Turkey	2002
Adapazarı Elektrik Üretim Limited Şirketi (Adapazarı Elektrik) (*)	Performs production and selling of electricity.	Turkey	2004
İzmir Elektrik Üretim Limited Şirketi (İzmir Elektrik) (*)	Performs production and selling of electricity.	Turkey	2004
Enka Santral İşletme ve Bakım Hizmetleri Anonim Şirketi	Performs repair and maintenance of the power plants.	Turkey	2004
Gebze Elektrik Üretim Limited Şirketi (Gebze Elektrik) (*)	Performs production and selling of electricity.	Turkey	2004
Enka Limited Liability Company (Enka LLC)	Manages the Company’s construction, engineering and design jobs.	Ukraine	2006
Enka Enerji Ticaret A.Ş.	Will perform sale of electricity.	Turkey	2006
Enka & Co LLC	Engaged in construction activities.	Oman	2010

(*) İzmir Elektrik, Adapazarı Elektrik and Gebze Elektrik here and after are also referred to as “the Power Companies”.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

1. ORGANIZATIONS AND OPERATIONS OF THE GROUP (cont’d)

The construction contracts are undertaken by Enka İnşaat alone or together with its affiliated companies or, in partnerships with other contractors through joint operations. As of 31 December 2019, Enka İnşaat has the following joint operations:

Bechtel-Enka Joint Venture (Kazakhstan) – Senimdy Kurylys
Bechtel-Enka Joint Venture (Romania)
Bechtel-Enka Joint Venture (Kosovo)
Bechtel-Enka Joint Venture (Albania)
Bechtel-Enka Joint Venture (Oman)
Bechtel-Enka Joint Venture (Georgia)
Bechtel-Enka Joint Venture (Serbia)
Other (Europe, Africa, America, Asia)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

Basis for preparation of the financial statements and significant accounting policies

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The consolidated financial statements are presented in U.S. Dollars (“USD”) and all values are rounded to the nearest thousand (‘000) except when otherwise indicated.

Enka İnşaat and its subsidiaries which are incorporated in Turkey, maintain their books of accounts in accordance with the Turkish Commercial Code and Tax Law and 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 Company prepares its statutory consolidated financial statements in Turkish Lira (“TL”) in accordance with Turkish Financial Reporting Standards (“TFRS”) 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 consolidated financial statements are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

There are no differences between the consolidated financial statements prepared in accordance with TFRS 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”.

The consolidated financial statements have been prepared on the historical cost convention, except for financial assets at fair value through profit or loss, investment properties, land and buildings which are measured at fair values.

Approval of the financial statements:

The consolidated financial statements are approved by the Company’s Board of Directors on 4 March 2020. The General Assembly of the Company has the right to amend and relevant regulatory bodies have the right to request the amendment of these consolidated financial statements.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2.1 Basis of presentation (cont’d)

Functional and presentation currency

As significant amount of construction operations of Enka İnşaat which form main part of the operations of the Group are carried out in U.S. Dollar or indexed to U.S. Dollar, this currency has been determined as the functional and the presentation currency of the Group in line with IAS 21. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies (i.e. any currency other than the functional currency) are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of the Power companies’ operating in Turkey, was changed from U.S. Dollar to TL due to the changes in operations or activity in the economic environment as of 31 December 2019.

The functional currencies of foreign subsidiaries operating in Russia (Moscow Krasnye Holmy (MKH), Limited Liability Company Mosenka (Mosenka) and Limited Liability Company Enka TC (Enka TC) are Ruble. The functional currency of jointly managed subsidiaries established in Romania, Kosovo and Albania and Enka Pazarlama are the Euro. The functional currency of some subsidiaries incorporated in Turkey is TL. These companies reporting to Enka İnşaat in the currency of their respective currencies.

The assets and liabilities of the subsidiaries, joint operations and branches whose functional currency is other than U.S. Dollars are translated into U.S. Dollars at the rate of exchange ruling at the balance sheet date and their consolidated statement of profit or loss are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as currency translation difference.

Within Turkey, official exchange rates of the Turkish Lira (TL) are determined by the Central Bank of Turkey (CBT) and are generally considered to be a reasonable approximation of market rates.

The year-end and average rates for 2019 and 2018 for one U.S. Dollar can be summarized as below:

	2019	2018
U.S. Dollars/TL – as of balance sheet date	5.9402	5.2609
U.S. Dollars/TL – yearly average	5.6712	4.8301
U.S. Dollars/RUB – as of balance sheet date	61.9057	69.4706
U.S. Dollars/RUB – yearly average	64.7361	62.7078

Inflation accounting

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their consolidated financial statements in accordance with the financial reporting standards accepted by the CMB (“CMB Financial Reporting Standards”). Accordingly, Turkish Accounting Standards 29, “Financial Reporting in Hyperinflationary Economies”, issued by the POA, has not been applied in the consolidated financial statements for the accounting year commencing 1 January 2005. Accordingly, the non-monetary assets and liabilities and equity items included in the balance sheet of the Company for the year ended 31 December 2019 and 2018 have been calculated by indexing the entries until 31 December 2004 until 31 December 2004 and the entries after these dates are carried at nominal values.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2.1 Basis of presentation (cont’d)

Comparative information and reclassification of prior year consolidated financial statements

The Group prepares comparative consolidated financial statements, to enable readers to determine financial position and performance trends. For the purposes of effective comparison, comparative consolidated financial statements can be reclassified when deemed necessary by the Group, where descriptions on significant differences are disclosed. In the current year, there is no such reclassification.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company, its joint operations and its subsidiaries as at 31 December each year. The financial statements of the joint operations and the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Subsidiaries are all entities over which the Group has power to govern the financial and operating policies so as to benefit from its activities. Subsidiaries in which the Group owns directly or indirectly more than 50% of the voting rights, or has power to govern the financial and operating policies under a statute or agreement are consolidated. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. All significant intra-group transactions and balances between Enka İnşaat and its consolidated subsidiaries and joint operations are eliminated.

Non-controlling interests represent the portion of consolidated statement of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of profit or loss and within equity in the consolidated balance sheet, separately from parent shareholders’ equity.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2.1 Basis of presentation (cont’d)

Basis of consolidation (cont’d)

The subsidiaries included in consolidation and their shareholding percentages at 31 December 2019 and 2018 are as follows:

Company name	Segment	Functional Currency	Direct / Indirect ownership	
			31 December 2019	31 December 2018
İzmir Elektrik	Energy	TL	100.00%	100.00%
Adapazarı Elektrik	Energy	TL	100.00%	100.00%
Gebze Elektrik	Energy	TL	100.00%	100.00%
Enka TC LLC	Trade	RUB	100.00%	100.00%
Mosenka	Rental	RUB	100.00%	100.00%
MKH	Rental	RUB	100.00%	100.00%
OMKH	Rental	RUB	100.00%	100.00%
Enka Santral Hizmetleri A.Ş.	Energy	TL	100.00%	100.00%
Enka Enerji Ticaret A.Ş.	Energy	TL	100.00%	100.00%
Enka Holding B.V.	Construction	EUR	100.00%	100.00%
Enka Holding Investment S.A.	Construction	USD	100.00%	100.00%
Enka Power Systems B.V.	Construction	USD	100.00%	100.00%
Enka Construction & Development B.V.	Construction	EUR	100.00%	100.00%
Far East Development B.V.	Construction	USD	100.00%	100.00%
Enka Geothermal B.V. (formerly Middle East Construction B.V.)	Construction	EUR	100.00%	100.00%
Enmar	Construction	USD	100.00%	100.00%
Entrade	Construction	EUR	100.00%	100.00%
Capital City Investment B.V.	Construction	USD	100.00%	100.00%
City Center Investment B.V.	Rental	USD	100.00%	100.00%
Enka LLC	Construction	USD	100.00%	100.00%
Retmos Investment Ltd.	Construction	USD	100.00%	100.00%
Emos LLC	Trade	RUB	100.00%	100.00%
Enmar Construction B.V.	Trade	EUR	100.00%	100.00%
Cmos B.V.	Trade	EUR	100.00%	100.00%
OOO Victoria	Construction	USD	100.00%	100.00%
Enka & Co LLC	Construction	USD	100.00%	100.00%
Enka Mühahhitlik	Construction	TL	100.00%	100.00%
Edco Investment B.V.	Rental	USD	100.00%	100.00%
Enru Development B.V.	Rental	EUR	100.00%	100.00%
Enkamos Region B.V.	Construction	EUR	100.00%	100.00%
Airenka	Trade	USD	100.00%	100.00%
Poyraz Shipping B.V.	Construction	USD	100.00%	100.00%
Bogazici Shipping B.V.	Construction	USD	100.00%	100.00%
Doga Shipping B.V.	Construction	USD	100.00%	100.00%
İmbat Shipping B.V.	Construction	USD	100.00%	100.00%
TNY Shipping B.V.	Construction	USD	100.00%	100.00%
Alacante Shipping B.V.	Construction	USD	100.00%	100.00%
BRK Overseas Shipping B.V.	Construction	USD	100.00%	100.00%
MML Merchant Shipping B.V.	Construction	USD	100.00%	100.00%
Esta Construction B.V.	Construction	USD	100.00%	100.00%
Enka UK Construction Ltd.	Construction	USD	100.00%	100.00%

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2.1 Basis of presentation (cont’d)

Basis of consolidation (cont’d)

Company name (continuing)	Segment	Functional Currency	Direct / Indirect ownership	
			31 December 2019	31 December 2018
Enet	Construction	TL	100.00%	100.00%
Üstyurt Kurylys	Construction	USD	100.00%	100.00%
Enka Systems Yazılım A.Ş.	Trade	USD	100.00%	75.00%
Enka Pazarlama	Trade	EUR	99.99%	99.99%
Enka Trading B.V.	Trade	EUR	99.99%	99.99%
Metra Akdeniz Dış Ticaret A.Ş.	Trade	EUR	99.99%	99.99%
Encommerce B.V.	Trade	EUR	99.99%	-
Entaş	Trade	TL	99.98%	99.98%
Kasktaş	Construction	USD	99.90%	99.90%
Kasktaş Arabia Ltd.	Construction	USD	99.90%	99.90%
Titaş	Construction	USD	99.50%	99.50%
Çimtaş Gemi İnşa Sanayi ve Ticaret A.Ş.	Construction	USD	97.88%	97.88%
Çimtaş Hassas İşleme Sanayi ve Ltd.Şti	Construction	USD	97.35%	97.35%
Çimtaş Çelik	Construction	USD	97.35%	97.35%
Cimtas Mechanical Contracting B.V.	Construction	USD	97.35%	97.35%
Cimtas (Ningbo) Steel Processing Company Ltd.	Construction	USD	97.35%	97.35%
Cimtas Investment B.V.	Construction	EUR	97.35%	97.35%
Gemlik Deniz Taşımacılık Ltd.Şti.	Construction	USD	97.35%	97.35%
Enka Renewables LLC	Energy	USD	90.00%	-
Enka Teknik	Construction	USD	80.00%	80.00%
Çimtaş Boru İmalatları ve Ticaret Ltd. Şti.	Construction	EUR	50.00%	50.00%

The Group has interests in joint operations which are jointly controlled entities. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group recognizes its interest in the joint operations using proportionate consolidation. The breakdown of the controlling interests of the joint operations as of 31 December 2019 and 2018 is as follows:

	Functional Currency	31 December 2019	31 December 2018
Bechtel-Enka Joint Venture (Kazakhstan) – Senimdy Kurylys	USD	50.00%	50.00%
Bechtel-Enka Joint Venture (Romania)	EUR	50.00%	50.00%
Bechtel-Enka Joint Venture (Albania)	EUR	50.00%	50.00%
Bechtel-Enka Joint Venture (Kosovo)	EUR	50.00%	50.00%
Bechtel-Enka Joint Venture (Oman)	USD	50.00%	50.00%
Bechtel-Enka Joint Venture (Georgia)	USD	50.00%	50.00%
Bechtel-Enka Joint Venture (Serbia)	USD	50.00%	-

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d) 2.2 Changes in the accounting policies

With the exception of following the accounting policies applied in the consolidated financial statements as at and 31 December 2019 are the same as those applied in the last annual financial statements as at and for the year ended 31 December 2018.

IFRS 16 Leases

The Group initially applied IFRS 16 Leases from 1 January 2019. The group, as a lessee, use the underlying asset the right representing the right to use and the lease representing the lease payments that is obliged to pay took their debts into their financial statements. Accounting for the lessor, which is similar the previous accounting policies.

The Group 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 is not 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 definition of a lease. In case of transfer of a right to control the use of an asset defined a contract in accordance with TFRS 16 for a specified period of time, this contract is a rental contract or includes a rental transaction.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group 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 for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

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 significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

i. Leases classified as operating leases under IAS 17

Previously, the Group classified property leases as operating leases under IAS 17.

On transition, for these leases, 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:

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all other leases.

The Group has tested its right-of-use assets for impairment on the date of transition to IFRS 16 and has concluded that there is no indication that the right-of-use assets are impaired.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d) 2.2 Changes in the accounting policies (cont’d)

B. As a lessee (cont’d)

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;

- did not recognise right-of-use assets and liabilities for leases of low value assets;

- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and used hindsight when determining the lease term.

- if the contract includes extension or termination options, new evaluations of the management have been used by determining lease term.

ii. Leases classified as finance leases under IAS 17

Leases were classified as finance leases under IAS 17. For these 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.

C. As a lessor

The Group leases out its investment property, including own property and right-of-use assets. The Group has classified these leases as operating leases. The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease.

D. Impact on financial statements

On transition to IFRS 16, the Group recognised right-of-use assets and lease liabilities, respectively as “Intangible assets” and “Borrowings”.

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 5.1% for USD.

2.3 Changes in Accounting Estimates and Errors

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

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2.4 Standards and interpretations issued but not yet effective

Standards issued but not yet effective and not early adopted

A number of new standards 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 (Version 2018)

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 IAS 1 and IAS 8 - Definition of Material

In October 2018, 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. 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 of 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; with earlier application permitted. The Group does not expect that application of these amendments to IFRS 3 will have significant impact on its consolidated financial statements.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Interest Rate Benchmark Reform, which amended IFRS 9, IAS 39 and IFRS 7 issued in September 2019, added Section 6.8 and amended paragraph 7.2.26. About this issue, IASB identified two groups of accounting issues that could affect financial reporting. These are:

- pre-replacement issues - issues affecting financial reporting in the period before the reform; and
- replacement issues - issues that might affect financial reporting when an existing interest rate benchmark is either reformed or replaced.

IASB considered the pre-replacement issues to be more urgent and decided to address the following hedge accounting requirements as a priority in the first phase of the project:

- a) The highly probable requirement,
- b) Prospective assessments,
- c) IAS 39 retrospective assessment and
- d) Separately identifiable risk components.

All other hedge accounting requirements remain unchanged. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The Group shall apply these amendments for annual periods beginning on or after 1 January 2020 with earlier application permitted.

2.5 Summary of significant accounting policies

Revenue

In accordance with IFRS 15, a five-stage approach is followed in recognizing revenue for all contracts with customers.

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as the entity satisfies a performance obligation

The Group evaluates the goods or services it undertakes in each contract with the customers and determines each commitment to transfer the said goods or services as a separate performance obligation. It is determined in the beginning of the contract whether the performance obligation will be carried out over a period of time or it will be performed at a certain time for each performance obligation. Group recognizes the revenue over a period of time by measuring the progress attributed to complete fulfillment of performance obligation in question on the occasion that the Group transfers the control of a good or a service and therefore it fulfills the performance obligation related to these sales over time.

The accounting for the revenue of the Group's different activities is explained below:

Construction contract activities

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

Revenue arising from cost plus fee contracts is recognized on the basis of costs incurred plus a percentage of the contract fee earned during the year.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2.5 Summary of significant accounting policies (cont’d)

Revenue (cont’d)

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs. Selling, general and administrative expenses are charged to the consolidated statement of profit or loss as incurred. Provisions for estimated losses on uncompleted contracts are made in full, in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined. Profit incentives are included in revenues when their realization is reasonably assured.

Costs and estimated earnings in excess of billings on uncompleted contracts represent revenues recognized in excess of amounts billed. Billings in excess of costs and estimated earnings on uncompleted contracts represent billings in excess of revenues recognized.

Energy activities

The Power Companies have signed an “Electric Sales Agreement” (ESA) with Türkiye Elektrik Ticaret ve Taahhüt A.Ş. (TETAŞ) for the establishment, management and sale of electricity that will be produced for a period of 20 years in accordance with the Build-Own-Operate Law numbered 4283 and Build-Own-Operate regulation. As the period includes project development and construction phases, the contract dates of power plants are 16 years after the beginning of the operation. The sales price and quantity in terms of Kwh during the 16 years period are determined in the ESA. Average energy sales price is determined by dividing yearly sales revenues calculated over yearly sales amounts and unit prices by the 16 year-sales quantities. At the end of each year, the average price is recalculated over the realized amounts. Therefore, revenues from the sale of electricity under long-term contracts are recognized on the average charge per Kwh over the life of the contract. Both the ‘investment’ and the ‘fuel cost’ item revenues in the scope of the contract are levelised accordingly. Revenues in excess of the average are recorded as deferred revenue in the consolidated balance sheet and are recognized over the life of the project. ESA contracts expired in 2019.

Commercial activities

Earnings from sales as a result of commercial activities; All significant risks related to the Group, and the transfer of gains to the buyer on an administrative involvement associated with the property and on the goods sold lack of effective control, reliable measurement of income, economic benefits associated with the transactionthe flow to the business is likely and the costs arising from or will be reliably measurement conditions are recorded as income. Net sales are estimated from the sales amount of the goods and realized It is shown by deducting returns, discounts, commissions, turnover premiums and sales-related taxes.

Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases. Rental income collected in advance is treated as deferred income and is amortised on a monthly basis during the lease period.

Rendering of services

Revenue is recognized by reference to the stage of completion.

Interest income

Interest income is recognized in the consolidated statement of profit or loss on an accrual basis taking into account the effective yield on the asset.

Dividends

Revenue is recognized when the Group’s right to receive the payment is established.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2.5 Summary of significant accounting policies (cont’d)

Inventories

Inventories are valued at the lower of cost or net realizable value. Costs incurred in bringing each product to its present location and condition, are included in the cost. Raw materials, spare parts, merchandise and construction materials - purchase cost on moving weighted average basis.

The Group also provides an allowance for the slow moving and obsolete items.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

With the exception of land and buildings, items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Land is not depreciated. The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Land and buildings are carried at revalued amounts. Any revaluation increase arising on the revaluation of such land and buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Repairs and maintenance are charged to the consolidated statements of profit or loss during the financial period in which they are incurred. The costs of major renovations are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group.

Depreciation is provided on all property, plant and equipment using the straight-line method at rates which approximate estimated useful lives of the related assets as follows:

	Useful life
Land improvements	5-50 years
Buildings	50 years
Power plant equipment	35 years
Pipelines	16 years
Electrical interconnection lines	16 years
Machinery and equipment	4-10 years
Motor vehicles	3-10 years
Furniture and fixtures	5-10 years
Barracks, scaffolding and formworks	5 years
Aircrafts	10-15 years
Others	5-10 years

Power plant equipment is recorded at its original cost of construction. Significant additions or improvements are capitalized when they extend the life, improve the efficiency or increase the earnings capacity of the asset. Expenditures for maintenance, repairs and minor renewals to maintain facilities in operating condition are expensed as incurred.

The asset’s residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2.5 Summary of significant accounting policies (cont’d)

Intangible assets (except goodwill)

Intangible assets mainly includes software rights, they are initially recognized at acquisition cost that are amortized over 3 to 10 years on straight-line basis.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Investment properties

Land and buildings that are held in the production of supply of goods or services of for administrative purposes or for long term rental yields or for capital appreciation or both rather than for the sale in the ordinary course of business are classified as “investment property”. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the year in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Business combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2.5 Summary of significant accounting policies (cont’d)

Business combinations

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the consolidated statement of profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. If the contingent consideration classified as an asset or liability is a financial instrument and is in the scope of IFRS 9 *Financial Instruments* standard, the contingent consideration is measured at fair value and the gain or loss arising from the change is recognized in profit or loss or other comprehensive income. Those not included in IFRS 9 are accounted for in accordance with IAS 37 *Provisions or other appropriate IFRS*.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquire prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2.5 Summary of significant accounting policies (cont’d)

Assets held for sale

The Group measures a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell, and depreciation on such assets are ceased.

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and: represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations. The Group measured assets and liabilities related to the disposal group at the lower of their previous carrying amount and fair value less costs to sell.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2.5 Summary of significant accounting policies (cont’d)

Impairment of non-financial assets (cont’d)

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the consolidated statement of profit or loss in the period in which they are incurred.

Financial Instruments

Recognition and measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- it is its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group may irrevocably make preference about presentation of subsequent changes in its fair value in other comprehensive income on initial recognition of non-trading equity investment. This is made separately for each investment.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2.5 Summary of significant accounting policies (cont’d)

Financial Instruments (cont’d)

Financial Instruments: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Financial assets that are managed on the basis of fair value and whose performance is assessed accordingly are measured at fair value through profit or loss.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2.5 Summary of significant accounting policies (cont’d)

Financial Instruments (cont’d)

Financial assets – subsequent measurement and gains and losses

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The Group’s cash and cash equivalents are classified under the category of ‘Loans and Receivables’.

Financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities.

a) Financial liabilities at fair value through profit and loss

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2.5 Summary of significant accounting policies (cont’d)

Financial Instruments (cont’d)

Financial liabilities (cont’d)

b) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derivative financial instruments and hedging

Derivative financial instruments are initially recognized at fair value and are subsequently remeasured at their fair value. Derivative financial instruments of the Group predominantly constitute forward foreign currency purchase and sale contracts.

The fair value of forward foreign exchange contracts measured at fair value and associated with the consolidated profit or loss is calculated by reference to the market interest rates valid for the rest of the contract for the relevant currency for the relevant period, by comparison with exchange rate. Derivatives are recorded as assets or liabilities in the balance sheet, respectively, depending on whether the fair value is positive or negative differences arising from the fair value of derivative financial instruments except for the cash flow hedge explained below are reflected in the profit and loss statement in the consolidated statements of income.

Cash flow hedge

The Group performs cross currency transactions with participation option to hedge the cash flow risk of variable and fixed rate financial instruments and liabilities in different currencies. The effective portion of the fair value change of the hedging instrument in the cash flow hedge accounting is recognized in “other comprehensive income”, while the ineffective portion is recognized in the in profit or loss. In the periods in which the cash flows of the hedged item affect the profit or loss, the profit or loss of the hedging instrument is also removed from equity and reflected to the income statement. In addition, the time value change in the options included in the structured cross-currency swaps is recognized in other comprehensive income as the hedging cost.

According to IFRS 9, the hedging relationship ends when the required criteria are no longer met after rebalancing. The termination of the hedging relationship is not accepted if the required criteria are met. In the event that the hedging target changes, the hedging instrument expires or is sold, terminated or used, the hedging accounting ends when the economic relationship between the hedging instrument and the hedged item is eliminated or the credit risk affects the fair value changes arising from the economic relationship.

When the Group discontinued hedge accounting for cash flow variability, the amount accumulated in the cash flow hedge fund is recognized as follows;

- The profit or loss recognized in other comprehensive income and presented in the hedging reserve under equity remains there until the cash flows of the hedged item realised.

- When the cash flows from the hedged item is expected not to be realised, the gain or loss accumulated under equity is recognized immediately in profit or loss.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2.5 Summary of significant accounting policies (cont’d)

Financial Instruments (cont’d)

Accounting at the date of transaction

All financial assets are recognized and derecognized on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Derecognition

Financial assets

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

The Group continues to recognize the financial asset in the statement of financial position if it retains substantially all the risks and benefits arising from the ownership of a financial asset.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Impairment of financial assets

Financial assets and contract assets

The Group recognizes loss allowances for the expected credit losses of the following items:

- financial assets measured at amortized cost;
- contract assets (as defined in IFRS 15).

Under IFRS 9, loss allowances are measured on either of the following bases:

Financial assets measured at amortized cost;

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument;and

Bank balances for which credit risk has not increased significantly since initial recognition;

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date.

The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2.5 Summary of significant accounting policies (cont’d)

Financial Instruments (cont’d)

Impairment of financial assets (cont’d)

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of “investment grade”.

The maximum time to be measured by the ECLs is the maximum contractual period that the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

For trade receivables, other receivables, other assets and contract assets the Group applies the simplified approach to providing for expected credit losses (IFRS 9 requires the use of the lifetime expected loss provision for all trade receivables). The expected credit losses were calculated based on actual credit loss experience over the past years.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is recognized in OCI, instead of reducing the carrying amount of the asset.

Trade receivables

The following analysis provides further detail about the calculation of ECLs related to trade receivables and contract assets on the adoption of IFRS 9. The Company considers the model and some of the assumptions used in calculating these ECLs as key sources of estimation uncertainty.

The Group has calculated the ECLs according to the experience of credit losses in the last three years. The Group performed the calculation of ECL for receivables at the reporting date. Exposures within each group were segmented based on common credit risk characteristics such as credit risk grade, delinquency status, geographic region, age of relationship.

Effect of changes in foreign exchange rates

Transactions in currencies other than functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign currency indexed monetary assets and liabilities are recorded at the rates of exchange prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in the consolidated statement of profit or loss in the period in which they arise.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2.5 Summary of significant accounting policies (cont’d)

Earnings per share

Basic earnings per share (EPS) disclosed in the consolidated statement of profit or loss are determined by dividing net profit by the weighted average number of shares that have been outstanding during the related year concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (Bonus Shares) to existing shareholders without a consideration for amounts resolved to be transferred to share capital from retained earnings. For the purpose of the EPS calculation, such bonus share distributions are regarded as stock dividends. If the number of ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic EPS for all periods presented is adjusted retrospectively. If these changes occur after the balance sheet date but before the financial statements are authorized for issue, the EPS calculations for those and any prior period financial statements presented is based on the new number of shares.

Provisions, contingent liabilities, contingent assets

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities and assets

If contingent liabilities does not carry a high probability of resource allocation (cash outflow), they are not recognized in the consolidated financial statements but disclosed in the footnotes. However, contingent assets are not recognized in consolidated financial statements but disclosed in the footnotes when an inflow of economic benefits is probable.

Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2.5 Summary of significant accounting policies (cont’d)

Leases (cont’d)

Policy applicable from 1 January 2019 (cont’d)

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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 Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2.5 Summary of significant accounting policies (cont’d)

Leases (cont’d)

Policy applicable from 1 January 2019 (cont’d)

ii. As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other revenue’.

Policy applicable before 1 January 2019

i. As a lessee

Finance leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against consolidated statement of profit or loss. Leased assets are depreciated over the useful life of the asset. However, if there is no reasonably certainty that the Group will obtain ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease

Leases of assets under which substantially all the risks and rewards of ownership are effectively retained by the lessor, are classified as operating leases, except long-term leasehold land classified as investment property. Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognized as a reduction of rental expense over the lease term on a straight-line basis.

ii. As a lessor

Operating lease

Lease income from operating leases is recognized in consolidated statement of profit or loss on a straight-line basis over the lease term. Costs, including depreciation, incurred in earning the lease income are recognized as an expense. Initial direct costs incurred by the Group in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2.5 Summary of significant accounting policies (cont’d)

Related parties

Related parties are individuals or entities that are related to the entity that is preparing its financial statements (reporting entity).

a) An individual or a close family member is considered related party of the reporting entity when the following criteria are met: If a certain individual,

- i) Has control or joint control over the reporting entity,
- ii) Has significant influence over the reporting entity,
- iii) Is a key management personnel of the reporting entity or a parent company of the reporting entity.

b) An entity is considered related party of the reporting entity when the following criteria are met:

- i) If the entity and the reporting entity is within the same group (meaning every parent company, subsidiary and other subsidiaries are considered related parties of others.
- ii) If the reporting entity is a subsidiary or a joint venture of another entity (or of another entity that the entity is within the same group).
- iii) If both of the entities are a joint venture of a third party.
- iv) If one of the entities are a joint venture of a third party while the other entity is a subsidiary of this third party.
- v) If entity has plans of post employment benefits for employees of reporting entity or a related party of a reporting entity. If the reporting entity has its own plans, sponsor employers are also considered as related parties.
- vi) If the entity is controlled or jointly controlled by an individual defined in the article (a).
- vii) If an individual defined in the clause (i) of article (a) has significant influence over the reporting entity or is a key management personnel of this certain entity (or a parent company of the entity)

Related party transaction is the transfer of resources, services or liabilities regardless of whether a price is charged or not.

Income tax

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the balance sheet date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit or loss.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2.5 Summary of significant accounting policies (cont’d)

Income tax (cont’d)

Deferred income tax is provided, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that, in the management’s judgment, it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet dates.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and deferred taxes relate to the same taxable entity and the same taxation authority. Deferred tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit or loss.

Employee termination benefits

The Group has both defined benefit and defined contribution plans as described below:

Defined benefit plans

In accordance with existing social legislation in Turkey, the Company and its subsidiaries in Turkey are required to make lump-sum termination indemnities to each employee who has completed one year of service and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

These benefits are unfunded. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. All actuarial gains and losses are recognized in the consolidated statement of other comprehensive income.

Personnel working in branches operating in foreign countries and joint-operations do not have any employee termination benefit as there is no legal obligation in these countries.

Defined contribution plans

The Company and its subsidiaries in Turkey pay contributions to publicly administered Social Security Fund on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Foreign subsidiaries and joint operations contribute to the related government body for the pension scheme of its employees in the country they are domiciled. Mandatory contributions to the governmental pension scheme are expensed when incurred.

Statement of cash flows

Cash flows are classified according to operating, investment and finance activities in the consolidated statement of cash flows.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, excluding short term deposits with an original maturity of more than three months and deposits blocked in bank accounts as collateral.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

2.5 Summary of significant accounting policies (cont’d)

Events after the reporting period

Events after the reporting period, also known as ‘subsequent events’ include any favorable or unfavorable event that took place between the balance sheet date and the publication date of the balance sheet, despite any possible event that might arise after the publicization of any information regarding profits or other financial figures.

The Group adjusts its consolidated financial statements if such adjusting subsequent events arise.

2.6 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that are reflected in the measurement of income and expense in the consolidated statement of profit or loss and in the carrying value of assets and liabilities in the consolidated balance sheet, and in the disclosure of information in the notes to the consolidated financial statements. Managements do exercise judgment and make use of information available at the date of the preparation of the consolidated financial statements in making these estimates. The actual future results from operations in respect of the areas where these judgments and estimates have been made may in reality be different than those estimates.

The key assumptions concerning the future and other key resources of estimation at the consolidated balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the significant judgments (apart from those involving estimations) with the most significant effect on amounts recognized in the consolidated financial statements are as follows:

- Determination of total estimated project costs, profitability and calculation of loss accruals under the scope of IFRS 15 “Revenue from Contracts with Customer” (Note 12).
- Fair value of investment properties under the scope of IAS 40 “Investment Property” and land and buildings under the scope of IAS 16 “Property, Plant and Equipment” (Note 13 and 14).
- Estimation of impairment losses on financial assets and trade receivables (Note 7 and 9).
- Significant management judgement is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and the level of future taxable profits together with future tax planning strategies (Note 30).
- The Group management has made significant assumptions for determining the economic lives and impairment of tangible and intangible assets with the guidance of experienced technical staff. Recoverable amounts are determined within the scope of IAS 36 for identification of impairment (Note 14 and 15).
- In accordance with the accounting policies referred to in Note 2.5, provisions are based on the assumption that the Group has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount to be paid can be reliably estimated. The Group is subject to various legal processes, requests and regulatory negotiations whose results are uncertain. The Group assesses the likelihood of adverse consequences as well as other factors, and the possibility of reasonably estimating losses. Unforeseeable events and changes in these factors may require an increase or decrease in the provisions that the Group accounts for (whether it is considered unlikely or has not recorded a provision due to inability of a reliable estimation).

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

3. DIVIDENDS

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 net in total TL 950,000 (2018 - TL 901,000); further it has been resolved to distribute TL 34,184 (2018 - TL 32,348) as cash dividend to founder shares. Total TL 200,000 from TL 950,000 has been distributed as an advance dividend on 12 December 2018, and the remaning amount total TL 750,000 is distributed on 17 April 2019 at a rate of 15% gross and 13,67% net per share.

In 2019 and 2018, the Group distributed dividends as detailed below:

	2019		2018	
	Dividend (TL Thousands)	Dividends per share	Dividend (TL Thousands)	Dividends per share
Ordinary share owners (1 Full TL nominal value) (*)	741,000	0.14 Full TL	549,240	0.12 Full TL
Founder share owners	34,184	34,18 TL	32,348	32.34 TL
Ordinary share owners (1 Full TL nominal value) (*) (**)	690,130		198,000	
	<u>1,465,314 TL</u>		<u>779,588 TL</u>	

(*)The amount of dividends distributed to the shares bought back by the Company has been deducted.

(**) Based on the power vested in the Board of Directors of Enka İnşaat by the General Assembly in its ordinary Meeting held on 28 March 2019; regarding to the distribution of the period between 1 January – 30 September 2019 profit, it is resolved to distribute, as of the date of 13 November 2019 a total TL 700,000 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 14.00% gross and 11.90% net per share.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

4. INTEREST IN JOINT OPERATIONS

The Group's share in the assets and liabilities and the profit/loss of the of the joint operations using the proportionate consolidation method on a line by line basis is as follows:

	31 December 2019	31 December 2018
ASSETS		
Current Assets		
Cash and cash equivalents	219,661	98,209
Trade receivables	42,963	102,603
Other receivables	522	294
Inventories	1,609	3,999
Costs and estimated earnings in excess of billings on uncompleted contracts	5,578	6,754
Other current assets	10,043	11,984
Group's share in current assets of joint operations	280,376	223,843
Non-Current Assets		
Property, plant and equipment	76,570	67,826
Accumulated depreciation	(44,477)	(41,085)
Group's share in joint operations in property, plant and equipment	32,093	26,741
LIABILITIES		
Current Liabilities		
Trade payables	23,105	29,724
Billings in excess of costs and estimated earnings on uncompleted contracts	165,244	138,965
Provisions	11,107	5,803
Provisions for employee benefits	3,678	5,943
Other current liabilities	86,091	3,744
Group's share in current liabilities of joint operations	289,225	184,179

The Group's share in the consolidated statement of profit or loss of the joint operations using the proportionate consolidation method on a line by line basis is as follows:

	1 January - 31 December 2019	1 January - 31 December 2018
Revenue	371,192	490,613
Cost of revenue	(299,605)	(362,195)
Other operating expenses	(19)	(42)
Financial income	2,097	323
Financial expenses	(380)	(4,512)
Taxation charge	(6,321)	(2,857)
Net profit	66,964	121,330

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

5. SEGMENTAL INFORMATION

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

a) Business segments:

	1 January - 31 December 2019					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	1,121,233	345,777	107,546	318,020	-	1,892,576
Inter-segment revenues	26,184	541	10,962	6,236	(43,923)	-
Cost of revenues (-)	(921,163)	(114,330)	(86,825)	(334,191)	-	(1,456,509)
Inter-segment cost of revenues (-)	(26,184)	-	(10,962)	(6,236)	43,382	-
Gross profit	200,070	231,988	20,721	(16,171)	(541)	436,067
Administrative expenses (-)	(75,767)	(17,788)	(7,709)	(7,444)	626	(108,082)
Marketing, selling and distribution expenses (-)	(12,658)	(5,552)	(5,618)	-	-	(23,828)
Other operating income	13,319	2,342	782	39,913	-	56,356
Other operating expenses (-)	(31,519)	(1,607)	(718)	(1,528)	-	(35,372)
Profit from operations	93,445	209,383	7,458	14,770	85	325,141
Investment income	484,780	107,924	-	-	-	592,704
Investment expenses (-)	(62,446)	(64,466)	-	(4,496)	-	(131,408)
Profit from operations	515,779	252,841	7,458	10,274	85	786,437
Before financial income/(expenses)	515,779	252,841	7,458	10,274	85	786,437
Financial income	17,161	4,710	974	12,813	(560)	35,098
Financial expenses (-)	(16,888)	(5,451)	(2,681)	(3,801)	646	(28,175)
Profit before tax	516,052	252,100	5,751	19,286	171	793,360
Current tax expense (-)	(31,902)	(37,277)	(3,420)	(17,369)	-	(89,968)
Deferred tax expense (-)	(15,357)	(13,809)	1,116	6,830	-	(21,220)
Profit for the year from continuing operations	468,793	201,014	3,447	8,747	171	682,172
	31 December 2019					
	Construction contracts	Rental	Trade	Energy		Consolidated
Segment assets	4,840,127	2,158,995	199,471	1,119,306		8,317,899
Total assets	4,840,127	2,158,995	199,471	1,119,306		8,317,899
Segment liabilities	936,573	405,857	77,549	260,834		1,680,813
Total liabilities	936,573	405,857	77,549	260,834		1,680,813
	1 January - 31 December 2019					
	Construction contracts	Rental	Trade	Energy		Consolidated
Other segment information						
Capital expenditures						
Property, plant and equipment & investment property	65,312	34,882	20,768	16,095		137,057
Intangible assets	9,366	134	1	4,653		14,154
Total capital expenditures	74,678	35,016	20,769	20,748		151,211
Depreciation expenses	46,478	3,591	2,036	52,993		105,098
Amortization expenses	5,907	131	23	87		6,148

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

5. SEGMENTAL INFORMATION (cont'd)
a) Business segments (cont'd)

	1 January - 31 December 2018					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	939,156	328,438	157,331	1,456,518	-	2,881,443
Inter-segment revenues	71,354	533	7,889	17,049	(96,825)	-
Cost of revenues (-)	(727,457)	(112,024)	(126,316)	(1,186,969)	-	(2,152,766)
Inter-segment cost of revenues (-)	(71,354)	-	(7,889)	(17,049)	96,292	-
Gross profit	211,699	216,947	31,015	269,549	(533)	728,677
Administrative expenses (-)	(60,561)	(14,510)	(7,486)	(8,337)	633	(90,261)
Marketing, selling and distribution expenses (-)	(10,286)	(4,974)	(7,666)	-	-	(22,926)
Other operating income	57,121	5,704	2,890	11,416	-	77,131
Other operating expenses (-)	(26,150)	(1,359)	(3,433)	(268)	-	(31,210)
Profit from operations	171,823	201,808	15,320	272,360	100	661,411
Investment income	162,611	40,536	-	13	-	203,160
Investment expenses (-)	(361,425)	(20,508)	-	(22,060)	-	(403,993)
Profit from operations Before financial income/(expenses)	(26,991)	221,836	15,320	250,313	100	460,578
Financial income	26,369	2,057	12,878	15,224	(2,263)	54,265
Financial expenses (-)	(28,639)	(13,300)	(3,296)	(9,009)	2,261	(51,983)
Profit before tax	(29,261)	210,593	24,902	256,528	98	462,860
Current tax expense (-)	(22,598)	(30,837)	(3,526)	(42,731)	-	(99,692)
Deferred tax expense (-)	4,608	(10,876)	(984)	(21,916)	-	(29,168)
Profit for the year from continuing operations	(47,251)	168,880	20,392	191,881	98	334,000

	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

	1 January - 31 December 2018				
	Construction contracts	Rental	Trade	Energy	Consolidated
Other segment information					
<u>Capital expenditures</u>					
Property, plant and equipment & investment property	68,559	58,990	441	2,848	130,838
Intangible assets	6,166	83	-	207	6,456
Total capital expenditures	74,725	59,073	441	3,055	137,294
Depreciation expenses	35,213	2,329	1,192	53,594	92,328
Amortization expenses	2,549	88	9	140	2,786

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

5. SEGMENTAL INFORMATION (cont'd)
a) Business segments (cont'd)

Transfer prices between business segments are set out on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in consolidation.

For the year ended 31 December 2019, revenue amounting to USD 318,020 (31 December 2018 - USD 1,456,518) is from Türkiye Elektrik Ticaret ve Taahhüt A.Ş. (TETAŞ), the share of which in consolidated revenue exceeds 10%. For the year ended 31 December 2019, cost of sales of the above mentioned revenues from TETAŞ, amounting to USD 242,099 (31 December 2018 - USD 1,065,214) 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%.

In 2019, the revenue generated by the Group from energy activities decreased compared to 2018. The Group has temporarily suspended its activities in this business segment due to the ESA contract expired in 2019.

b) Geographical segments

	1 January - 31 December 2019					
	Turkey	Russian Federation, Kazakhstan, Georgia	Iraq	Other	Eliminations	Consolidated
Net sales	758,547	620,529	271,881	241,619	-	1,892,576
Inter-segment sales	43,382	541	-	-	(43,923)	-
Capital expenditures	67,611	77,707	4,199	1,694	-	151,211

	31 December 2019					
	Turkey	Russian Federation, Kazakhstan, Georgia	Iraq	Other	Eliminations	Consolidated
Segmental assets	5,036,067	2,815,141	121,960	344,731	-	8,317,899

	1 January - 31 December 2018					
	Turkey	Russian Federation, Kazakhstan, Georgia	Iraq	Other	Eliminations	Consolidated
Net sales	1,852,937	610,892	137,211	280,403	-	2,881,443
Inter-segment sales	49,382	47,443	-	-	(96,825)	-
Capital expenditures	46,341	63,337	18,082	9,534	-	137,294

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

6. CASH AND CASH EQUIVALENTS

	31 December 2019	31 December 2018
Cash on hand	2,516	1,910
Cash in bank		
Demand deposits	613,185	337,634
Time deposits	399,110	284,984
Other	2,237	2,184
	<u>1,017,048</u>	<u>626,712</u>
Less: Restricted time deposits with maturity over three months and less than one year	(1,000)	(1,000)
Cash and cash equivalents at consolidated statement of cash flows	<u>1,016,048</u>	<u>625,712</u>

Informations about the nature and level of risks related to cash and cash equivalents are provided in Note 33.

7. FINANCIAL INVESTMENTS
Current financial investments

Short-term financial investments of the Group classified as financial assets at fair value through profit or loss as of 31 December 2019 and 2018 are detailed below:

	31 December 2019	31 December 2018
Financial assets at fair value through profit or loss		
Private sector bonds		
- International markets	22,390	76,784
Foreign Government bonds		
- International markets	482,078	352,639
Equity securities		
- International markets	612,518	428,954
Mutual funds		
- International markets	48,625	41,140
	<u>1,165,611</u>	<u>899,517</u>

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

7. FINANCIAL INVESTMENTS (cont'd)
Non-current financial investments

Long-term financial investments of the Group classified as financial assets at fair value through profit or loss as of 31 December 2019 and 2018 are detailed below:

	31 December 2019	31 December 2018
Financial assets at fair value through profit or loss		
Private sector bonds		
- International markets	1,535,146	1,417,956
Foreign Government bonds		
- International markets	212,993	294,480
Turkish Government bonds		
- International markets	28,823	12,927
Equity securities	56	101
	<u>1,777,018</u>	<u>1,725,464</u>

Maximum maturity dates of financial assets in the nature of borrowings are as follows:

	31 December 2019	31 December 2018
Private Sector Bonds - International markets	28 March 2073	28 March 2073
Foreign Government Bonds - International markets	17 October 2044	17 October 2044
Turkish Government Bonds - International markets	14 January 2041	14 January 2041

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

8. FINANCIAL LIABILITIES
a) Bank loans

	31 December 2019			
	Weighted Average Interest Rate	Currency Type	Original Currency	USD Equivalent
Short-term borrowings:				
Short-term bank borrowings	2,05%	EUR	22,481	25,170
	5,14%	USD	8,038	8,038
Total short-term borrowings				<u>33,208</u>
Long-term borrowings:				
Other long-term bank borrowings (*)	5,14%	USD	17,009	17,009
	2,05%	EUR	6,977	7,811
	2,68%	JPY	4,442,577	40,603
Finance lease obligations				109,892
				<u>175,315</u>
Less: Current portion of long-term borrowings				(19,123)
Total long-term borrowings				<u>156,192</u>

(*) Loan denominated in Japanese Yen were obtained to finance the operations of Enka Pazarlama which is the subsidiary of the Group.

	31 December 2018			
	Weighted Average Interest Rate	Currency Type	Original Currency	USD Equivalent
Short-term borrowings:				
Short-term bank borrowings	2.02%	EUR	20,823	23,859
	4.50%	USD	1,242	1,242
	1.65%	JPY	3,257,370	29,439
Total short-term borrowings				<u>54,540</u>
Long-term borrowings:				
Other long-term bank borrowings (*)	5.10%	USD	23,823	23,823
	2.55%	EUR	20,932	23,984
	1.65%	JPY	6,128,276	55,386
Finance lease obligations				94,076
				<u>197,269</u>
Less: Current portion of long-term borrowings				(18,914)
Total long-term borrowings				<u>178,355</u>

(*) Loan denominated in Japanese Yen were obtained to finance the operations of Enka Pazarlama which is the subsidiary of the Group.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

8. FINANCIAL LIABILITIES (cont'd)
a) Bank loans (cont'd)

Repayment schedule of long-term bank borrowings are as follows:

	31 December 2019	31 December 2018
Less than 1 year	15,609	15,456
1 - 2 years	30,503	39,049
2 - 3 years	16,237	29,958
3 - 4 years	3,074	15,806
4 - 5 years	-	2,924
More than 5 years	-	-
Less : Current portion of long-term borrowings	15,609	(15,457)
	<u>81,032</u>	<u>87,736</u>

The reconciliation of the cash flows arising from the financing activities of the year ended 31 December 2019 and the movements in liabilities is as follows:

	31 December 2018	Cash flows	Non-cash		31 December 2019
			Exchange rate change	Other non-cash movements	
Short term bank loans	54,540	(42,490)	(1,218)	22,376	33,208
Long term bank loans	103,193	(15,387)	68	(22,451)	65,423
Lease obligations (ST)	3,458	(3,513)	-	3,570	3,515
Lease obligations (LT)	90,618	13,875	9,154	(7,270)	106,377
Total liabilities arising from financing activities	<u>251,809</u>	<u>(47,515)</u>	<u>8,004</u>	<u>(3,775)</u>	<u>208,523</u>

The reconciliation of the cash flows arising from the financing activities of the year ended 31 December 2018 and the movements in liabilities is as follows:

	31 December 2017	Cash flows	Non-cash		31 December 2018
			Exchange rate change	Other non-cash movements	
Short term bank loans	40,105	(18,264)	(1,895)	34,594	54,540
Long term bank loans	129,147	9,786	(1,697)	(34,043)	103,193
Lease obligations (ST)	5,373	(3,458)	792	751	3,458
Lease obligations (LT)	136,885	(5,373)	(20,999)	(19,895)	90,618
Total liabilities arising from financing activities	<u>311,510</u>	<u>(17,309)</u>	<u>(23,799)</u>	<u>(18,593)</u>	<u>251,809</u>

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

8. FINANCIAL LIABILITIES (cont’d)
b) Finance lease obligations

31 December 2019				
	Weighted Average Interest Rate	Currency Type	Original Currency	USD Equivalent
Current portion of long-term finance lease obligations	5.00%	USD	124	124
	3.00%	RUB	209,898	3,391
				<u>3,515</u>
Long-term	5.00%	USD	10,173	10,173
	3.00%	RUB	5,955,537	96,204
				<u>106,377</u>
				<u>109,892</u>
31 December 2018				
	Weighted Average Interest Rate	Currency Type	Original Currency	USD Equivalent
Current portion of long-term finance lease obligations	3.00%	RUB	240,203	3,458
				<u>3,458</u>
Long-term	3.00%	RUB	6,295,303	90,618
				<u>90,618</u>
				<u>94,076</u>

c) Finance lease commitments

As of 31 December 2019 and 2018, repayment schedule of finance lease obligations are as follows:

	31 December 2019	31 December 2018
Less than 1 year	3,514	3,458
1 - 5 years	20,543	18,063
More than 5 years	85,835	72,555
Total finance lease obligations	<u>109,892</u>	<u>94,076</u>

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

9. TRADE RECEIVABLES AND PAYABLES
a) Trade receivables

	31 December 2019	31 December 2018
Short-term trade receivables		
Trade receivables, net	169,487	337,490
Contract receivables	99,694	174,825
Notes and cheques receivables, net	2,362	1,632
Retention receivables (*)	4,831	7,892
	<u>276,374</u>	<u>521,839</u>
Less: Expected credit loss	(18,872)	(15,901)
	<u>257,502</u>	<u>505,938</u>

(*) Retention receivables are described as withheld by the customers until the contracts are completed or, in certain instances for even longer periods and undue trade receivables in the construction contracts.

Collection periods of receivables from construction works depends on the agreement conditions are between 30 and 90 days.

For the years ended 31 December 2019 and 2018, movement of expected credit loss receivables is as follows:

	1 January - 31 December 2019	1 January - 31 December 2018
Balance at beginning of the year	15,901	22,660
Additional provision (Note 25)	17,435	1,694
Foreign currency translation effect	(206)	1,073
Amounts recovered during the year (Note 25)	(50)	(122)
Write-offs (*)	(14,208)	(9,404)
Closing balance	<u>18,872</u>	<u>15,901</u>

(*) Allowances of the previous periods which were decided as uncollectibles were written-off as of 31 December 2019 and 2018.

	31 December 2019	31 December 2018
Long-term trade receivables		
Trade receivables, net	17,404	44,103
	<u>17,404</u>	<u>44,103</u>

Explanations about the nature and level of risks related to trade receivables are provided in Note 33.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

9. TRADE RECEIVABLES AND PAYABLES (cont'd)
b) Trade payables

	31 December 2019	31 December 2018
Short-term trade payables		
Trade payables	173,685	342,686
Notes payable	132	246
Other trade payables	2,554	1,468
	<u>176,371</u>	<u>344,400</u>

Explanations about the nature and level of risks related to trade payables are provided in Note 33.

10. OTHER RECEIVABLES AND PAYABLES
a) Other receivables

	31 December 2019	31 December 2018
Short-term other receivables		
Deposits and guarantees given	965	1,033
Other receivables from related parties (Note 32)	9	20
	<u>974</u>	<u>1,053</u>

b) Other payables

	31 December 2019	31 December 2018
Short-term other payables		
Deposits and guarantees taken	18,655	20,776
Other payables to related parties (Note 32)	26	29
	<u>18,681</u>	<u>20,805</u>

	31 December 2019	31 December 2018
Long-term other payables		
Deposits and guarantees taken	24,164	24,927
Other taxes payable	-	82
	<u>24,164</u>	<u>25,009</u>

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

11. INVENTORIES

	31 December 2019	31 December 2018
Raw materials and spare parts	176,451	173,162
Work in progress	41,565	38,730
Trade goods (machinery and others)	30,386	68,174
Finished goods	6,141	2,768
Goods in transit	3,188	4,103
Construction materials	20,512	20,815
Allowance for impairment on inventory (*)	(6,132)	(670)
	<u>272,111</u>	<u>307,082</u>

(*) As of 31 December 2019 and 2018, allowance for impairment on finished goods and trade goods is recognized as an expense in cost of sales.

As of 31 December 2019, there is not any pledge on inventories (31 December 2018 - None).

12. CONSTRUCTION CONTRACTS

	31 December 2019	31 December 2018
Costs incurred on uncompleted contracts	1,893,248	2,489,083
Recognized profit less recognized losses to date, net	296,037	439,169
	<u>2,189,285</u>	<u>2,928,252</u>
Less: Progress billing	(2,319,438)	(3,050,258)
	<u>(130,153)</u>	<u>(122,006)</u>

The net balance is included in the consolidated balance sheet under the following captions:

	31 December 2019	31 December 2018
Costs and estimated earnings in excess of billings on uncompleted contracts (net)	69,193	45,203
Billings in excess of costs and estimated earnings on uncompleted contracts (net)	(199,346)	(167,209)
	<u>(130,153)</u>	<u>(122,006)</u>

As of 31 December 2019, the amount of advances received of subsidiaries and companies shares in joint operations is USD 302,956 (31 December 2018: USD 42,809).

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

13. INVESTMENT PROPERTIES

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

	1 January - 31 December 2019	1 January - 31 December 2018
Opening balance	1,891,078	2,081,941
Currency translation difference	141,496	(240,186)
Change in fair value, net (Note 26)	40,384	18,734
Additions	10,370	57,283
Change in present value of lease obligations	(3,275)	(26,694)
Disposals	(1,037)	-
Closing balance	<u>2,079,016</u>	<u>1,891,078</u>

Investment properties include mainly real estate properties in Russia and Turkey which are leased to tenants. As of 31 December 2019 and 2018 investment properties consist of real estates in Russia from which rent income is obtained and lands and buildings held as investment in Turkey amounting to USD 7,955 (31 December 2018 - USD 11,021).

“Business Valuation Bureau LLC” which is licenced by Russian Federation as an independent valuation firm, has revalued the fair values of the investment properties of the Group in Russia.

Investment properties of the consolidated subsidiaries MKH, Mosenka and Enka TC have been revalued at fair value. Fair values of such investment properties are reviewed every year through the report of independent valuers. As of 31 December 2019, the fair values of investments properties of the consolidated subsidiaries MKH, Mosenka and Enka TC have been set respectively as follows: MKH; 8,73 million RUB equivalent to USD 141,029 (31 December 2018 - 12.52 million RUB equivalent to USD 180,221), Mosenka; 4.18 million RUB equivalent to USD 67,563 (31 December 2018 - 4.41 million RUB equivalent to USD 63,480), Enka TC; 60,18 million RUB equivalent to USD 972,200 (31 December 2018 – 58.09 million RUB equivalent to USD 836,188).

The fair values of the investment properties of the Group in Russia, determined at 31 December 2019 as USD 790,675 (31 December 2018 - USD 705,963). The investment properties of the Group located in Moscow includes land leased from Moscow City Authorities under a 49 year operating lease agreement, which are renewable at the option of the Group.

The investment properties owned by the Group are carried at fair value determined by independent professionally qualified valuers on the basis of market value supported by market evidence and other information obtained in the course of market research. Fair values of such investment properties are periodically reviewed by the Group through the report of independent valuers.

As of 31 December 2019 and 2018 the reports of independent valuers are prepared based on valuation models such as income capitalization, discounted cash flow model and market value model. The fair value of the properties have not been determined based on income capitalization method in case of lack of transactions observable in the market because of the nature of the property and the lack of comparable data. The fair value of the investment properties of the Group are estimated by using income capitalization method, with capitalization and discount rates ranging between 9,00% to 10,00% and 12,17% to 14,94% (31 December 2018 – 11,70% to 14,40% and 11,60% to 14,10%) respectively.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

13. INVESTMENT PROPERTIES (cont’d)

For the years ended 31 December 2019 and 2018 fair value hierarchy table of investment properties is as follows:

	31 December 2019	Fair value as at 31 December 2019		
		1. Level USD	2. Level USD	3. Level USD
Investment properties in Russia	2,071,061	-	-	2,071,061
Investment properties in Turkey	7,955	-	7,955	-
Total	<u>2,079,016</u>	<u>-</u>	<u>7,955</u>	<u>2,071,061</u>

	31 December 2018	Fair value as at 31 December 2018		
		1. Level USD	2. Level USD	3. Level USD
Investment properties in Russia	1,880,057	-	-	1,880,057
Investment properties in Turkey	11,021	-	11,021	-
Total	<u>1,891,078</u>	<u>-</u>	<u>11,021</u>	<u>1,880,057</u>

There is no transition between second and third levels during the year.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

14. PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings and barracks	Machinery and equipment (****)	Motor vehicles	Furniture and fixtures	Scaffolding and formworks	Aircraft (*)	Others	Construction in progress	Total
<u>Cost</u>										
Opening balance as of 1 January 2019	239,436	175,232	2,235,157	33,594	57,906	22,144	14,899	15,794	11,912	2,806,074
Currency translation differences	(1,032)	2,352	(3,069)	(347)	622	(35)	-	403	7	(1,099)
Revaluation (**)	(46,681)	(35,717)	-	-	-	-	-	-	-	(82,398)
Additions	1,705	22,367	27,960	7,398	7,249	1,882	20,270	21,280	16,576	126,687
Disposals	-	(3,569)	(28,128)	(753)	(2,359)	(982)	-	(22,883)	(363)	(59,037)
Transfers	11,911	(11,847)	1,763	(165)	30	(36)	-	(12)	(1,644)	-
Transfers to intangible assets	-	-	-	-	-	-	-	-	(18,742)	(18,742)
Closing balance as of 31 December 2019	205,339	148,818	2,233,683	39,727	63,448	22,973	35,169	14,582	7,746	2,771,485
<u>Accumulated depreciation</u>										
Opening balance as of 1 January 2019	(31,529)	(27,937)	(1,082,020)	(19,595)	(47,699)	(19,727)	(11,606)	(11,567)	-	(1,251,680)
Currency translation differences	(8)	46	2,401	224	(73)	20	-	(19)	-	2,591
Revaluation (**)	986	1,632	-	-	-	-	-	-	-	2,618
Charge of the year	(1,020)	(7,092)	(86,070)	(2,704)	(4,279)	(766)	(1,781)	(1,386)	-	(105,098)
Other reclassifications (***)	-	(25)	981	(1,025)	6	30	(3)	36	-	-
Disposals	732	423	13,571	520	1,375	827	-	2,732	-	20,180
Closing balance as of 31 December 2019	(30,839)	(32,953)	(1,151,137)	(22,580)	(50,670)	(19,616)	(13,390)	(10,204)	-	(1,331,389)
Net book value as of 1 January 2019	207,907	147,295	1,153,137	13,999	10,207	2,417	3,293	4,227	11,912	1,554,394
Net book value as of 31 December 2019	174,500	115,865	1,082,546	17,147	12,778	3,357	21,779	4,378	7,746	1,440,096

(*) The amount consists of the aircraft used by subsidiary of the Company, Air Enka.

(**) As of 31 December 2019, Group's investments in Turkey are revalued by "Artı Gayrimenkul A.Ş." which is a CMB licensed independent valuation firm and hotel building of OMKH is revalued by independent qualified valuer "Business Valuation Bureau LLC". Revaluation difference arising from difference between book value and fair value is netted off with the related deferred tax and classified as revaluation surplus and included under equity. Revaluations are made by discounted cash flow methods.

(***) Other reclassifications are classifications between sub-groups of fixed assets and have no effect on net book value of fixed assets.

(****) The Group recognises its Power Plants at cost after deducting accumulated depreciation and accumulated impairment losses. The Group evaluates whether there is an indication of impairment in the property, plant and equipment in each period. The Group management is assessed the recoverable amount of the Power Plants with the indication of impairment is estimated the replacement cost according to IAS 36.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Land and land improvements	Buildings and barracks	Machinery and equipment	Motor vehicles	Furniture and fixtures	Scaffolding and formworks	Aircraft (*)	Others	Construction in progress	Total
<u>Cost</u>										
Opening balance as of 1 January 2018	241,213	178,768	2,233,757	36,642	58,213	23,495	14,899	16,637	11,268	2,814,892
Currency translation differences	(2,492)	(9,390)	(5,507)	(1,327)	(1,704)	445	-	(199)	120	(20,054)
Revaluation (**)	-	1,213	-	-	-	-	-	-	-	1,213
Additions	100	3,128	39,948	3,252	3,093	1,266	-	1,110	21,658	73,555
Other reclassifications	617	7,507	6,306	(1,664)	166	83	-	(134)	(12,881)	-
Disposals	(2)	(5,994)	(39,347)	(3,309)	(1,862)	(3,145)	-	(1,620)	(2,045)	(57,324)
Transfers from construction in progress	-	-	-	-	-	-	-	-	(6,208)	(6,208)
Closing balance as of 31 December 2018	239,436	175,232	2,235,157	33,594	57,906	22,144	14,899	15,794	11,912	2,806,074
<u>Accumulated depreciation</u>										
Opening balance as of 1 January 2018	(30,319)	(25,981)	(1,029,864)	(22,043)	(46,872)	(21,649)	(10,930)	(12,583)	-	(1,200,241)
Currency translation differences	(47)	232	2,510	617	1,210	(445)	54	503	-	4,634
Charge of the year	(1,163)	(6,813)	(76,227)	(1,931)	(3,371)	(698)	(995)	(1,130)	-	(92,328)
Disposals	-	4,425	23,393	1,958	1,544	3,100	-	1,835	-	36,255
Other reclassifications	-	200	(1,832)	1,804	(210)	(35)	265	(192)	-	-
Closing balance as of 31 December 2018	(31,529)	(27,937)	(1,082,020)	(19,595)	(47,699)	(19,727)	(11,606)	(11,567)	-	(1,251,680)
Net book value as of 1 January 2018	210,894	152,787	1,203,893	14,599	11,341	1,846	3,969	4,054	11,268	1,614,651
Net book value as of 31 December 2018	207,907	147,295	1,153,137	13,999	10,207	2,417	3,293	4,227	11,912	1,554,394

(*) The amount consists of the aircraft used by subsidiary of the Company, Air Enka.

(**) As of 31 December 2018, Group's investments in hotel building of OMKH is revalued by independent qualified valuer "American Appraisal". Revaluation difference arising from difference between book value and fair value is netted off with the related deferred tax and classified as revaluation surplus and included under equity. Revaluations are made by discounted cash flow methods.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

14. PROPERTY, PLANT AND EQUIPMENT (cont’d)

As of 31 December 2019, total cost of property, plant and equipment obtained via finance lease and the related accumulated depreciation amounts to USD 4,001 (31 December 2018 - USD 4,001) and USD 3,838 (31 December 2018 - USD 3,838).

As of 31 December 2019, there is no security on the property, plant and equipment of the Group (31 December 2018 - None).

If the buildings were measured using the cost model, the carrying amounts would be as follows:

	31 December 2019	31 December 2018
Cost	284,665	290,406
Accumulated depreciation	(116,282)	(96,581)
Net book value	168,383	193,825

The distribution of depreciation expenses as of 31 December 2019 and 2018 is presented in Note 24.

As of 31 December 2019 and 2018 fair value hierarchy table of fixed asset is as follows:

	31 December 2019	Fair value as at 31 December 2019		
		1. Level USD	2. Level USD	3. Level USD
Lands	174,500	-	174,500	-
Buildings	115,865	-	-	115,865
Total	290,365	-	174,500	115,865

	31 December 2018	Fair value as at 31 December 2018		
		1. Level USD	2. Level USD	3. Level USD
Lands	207,907	-	207,907	-
Buildings	147,295	-	-	147,295
Total	355,202	-	207,907	147,295

There is no transition between second and third levels during the year.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

15. OTHER INTANGIBLE ASSETS

	1 January - 31 December 2019	1 January - 31 December 2018
<u>Cost</u>		
Opening balance	62,095	50,691
Currency translation difference	(15)	(856)
Additions	14,154	6,456
Transfer from fixed assets	18,742	6,208
Disposals	(6,684)	(404)
Closing balance	88,292	62,095
<u>Accumulated amortization</u>		
Opening balance	(18,033)	(15,732)
Currency translation difference	205	485
Charge of the year	(6,148)	(2,786)
Closing balance	(23,976)	(18,033)
Carrying value	64,316	44,062

As of 31 December 2019, there is not any pledge on intangible assets (31 December 2018 - None).

The distribution of amortization expenses as of 31 December 2019 and 2018 is presented in Note 24.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

16. PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2019	31 December 2018
Short-term Prepaid Expenses		
Advances given	64,351	26,757
Prepaid expenses	3,789	19,133
	<u>68,140</u>	<u>45,890</u>
Long-term Prepaid Expenses		
Advances given	4,852	627
Prepaid expenses	4,922	5,799
	<u>9,774</u>	<u>6,426</u>
Short-term Deferred Income		
Advances taken	298,197	88,063
Deferred income	55,899	51,305
Deferred rent revenue	592	-
	<u>354,688</u>	<u>139,368</u>
Long-term Deferred Income		
Advances taken	796	494
Deferred rent revenue	-	585
	<u>796</u>	<u>1,079</u>

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

17. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2019	31 December 2018
Short-term accrued expenses		
Accrual for construction costs	22,371	34,669
Provision for legal claims	12,946	13,180
Accrued expenses	2,898	3,604
Other accrued expenses	991	177
	<u>39,206</u>	<u>51,630</u>

Derivative instruments / forward contracts purchase – sales agreements

In the ordinary course of business, the Group enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instruments, reference rates or indices.

The table below shows derivative financial instruments analyzed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year-end and are neither indicative of the market risk nor credit risk.

As of 31 December 2019 and 2018, the fair value of financial instrument is calculated by using forward exchange rates at the balance sheet date.

	31 December 2019			
	Unrealized Loss	1 to 12 months	1 to 2 years	2 to 5 years
Derivative instruments	126	-	-	-
Forward contracts sales agreements	-	66,012	-	-
Forward contracts purchase agreements	-	66,138	-	-
	31 December 2018			
	Unrealized Loss	1 to 12 months	1 to 2 years	2 to 5 years
Derivative instruments	5,176	-	-	-
Forward contracts sales agreements	-	146,719	-	-
Forward contracts purchase agreements	-	149,966	-	-

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

18. COMMITMENTS
Operating lease commitments – Group as lessor

The minimum future rental income of the Group under non-cancelable operating leases at 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Within one year	264,029	282,151
After one year but not more than five years	573,249	654,427
More than 5 years	222,423	299,534
	<u>1,059,701</u>	<u>1,236,112</u>

Litigations

As of 31 December 2019, the international arbitration which has been filed by the Group for the losses incurred and unbilled receivables related to the joint operation in Oman was under progress. Necessary provisions have been reserved in the Group’s consolidated financial statements.

As of 31 December 2019, The group has initiated necessary legal procedures regarding its receivables from overseas projects which is amounting to USD 43,140 (31 December 2018 – USD 38,211).

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

18. COMMITMENTS (cont’d)

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

Letters of guarantee, guarantee notes given, mortgage and pledges	31 December 2019		31 December 2018	
	Original Currency	USD Equivalent	Original Currency	USD Equivalent
A. Total amount of guarantees provided by the Company on behalf of itself		598,385		578,382
-USD	142,386	142,386	337,120	337,120
-EUR	276,132	309,155	140,435	160,912
-TL	187,676	31,594	132,544	25,194
-Others (*)		115,250		55,156
B. Total amount for guarantees provided on behalf of subsidiaries accounted under full consolidation method		63,236		64,751
-USD	85	85	85	85
-EUR	424	474	-	-
-TL	822	138	826	157
-Others (*)		62,539		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		-		-
		<u>661,621</u>		<u>643,133</u>

(*) U.S Dollar equivalents of letters of guarantee, guarantee notes given, mortgage and pledges other than USD, TL and EUR.

As of 31 December 2019 the portion of other guarantess given to shareholders’ equity is 0% (31 December 2018 - 0%).

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

19. PROVISIONS FOR EMPLOYEE BENEFITS
a) Short-term employee benefits
Liabilities with the scope of employee benefits

	31 December 2019	31 December 2018
Payroll payable	22,138	19,751
	<u>22,138</u>	<u>19,751</u>

Short-term provisions related to employee benefits

	31 December 2019	31 December 2018
Bonus accrual	4,729	7,426
Vacation pay liability	7,022	7,354
	<u>11,751</u>	<u>14,780</u>

b) Long-term employee benefits

In accordance with existing social legislation, the Company and its subsidiaries incorporated in Turkey are required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days’ pay limited to a maximum of full TL 6,380 equivalent to full USD 1,074 (31 December 2018 - full TL 5,435 equivalent to full USD 1,034) per year of employment at the rate of pay applicable at the date of retirement or termination.

The liability is not funded as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2019, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with 3.24% real discount rate, assuming an annual inflation rate of 8% and a discount rate of 11.5% (31 December 2018 – 4.11%).

Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration. Retirement ceiling pay revised each six month period basis and ceiling amount of full TL 6,730 which is in effect since 1 January 2020 is used in the calculation of Groups’ provision for retirement pay liability (1 January 2019 – full TL 6,018).

Movements of the provision for employee termination benefits for the years ended 31 December 2019 and 2018 are as follows:

	1 January - 31 December 2019	1 January - 31 December 2018
Opening balance	13,309	15,520
Service cost	1,325	1,984
Actuarial loss	161	(451)
Retirement benefits paid	(829)	(2,067)
Currency translation difference	(489)	(1,677)
Closing balance	<u>13,477</u>	<u>13,309</u>

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

20. OTHER ASSETS AND LIABILITIES

	31 December 2019	31 December 2018
Other current assets		
Deferred VAT	12,215	11,783
VAT receivable	31,196	19,916
Prepaid taxes and funds	4,524	26,771
Other	1,094	8,211
	<u>49,029</u>	<u>66,681</u>

	31 December 2019	31 December 2018
Other non-current assets		
Prepayment for land leases	-	3,400
Other	282	487
	<u>282</u>	<u>3,887</u>

	31 December 2019	31 December 2018
Other current liabilities		
VAT payable	56,442	17,421
Taxes and funds payable	9,480	10,654
Other	962	653
	<u>66,884</u>	<u>28,728</u>

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

21. SHARE CAPITAL AND RESERVES

a) Share capital

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

	31 December 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 (*)		(80,004)		(55,725)
		2,559,334		2,583,613

(*) Group’s buyback transactions have reached 25,400,000 shares (2018 - 30,000,000) in 2019.

Within the above mentioned shares, founders of Enka İnşaat and former Enka Holding have one thousand founders share each. The founder shares of Enka İnşaat and the founder shares of former Enka Holding are entitled to receive, 5% and 2.5%, respectively, of the net income after the deduction of legal reserve and the first dividends.

The emitted Share Capital of the Company is divided into total 5.000.000.000 Shares, each having a nominal value of TL 1. Any Shareholders or their proxies or attorneys or representatives taking part in any General Assembly meetings have (1) vote for each Share Certificate they hold.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

21. SHARE CAPITAL AND RESERVES (cont’d)

b) Revaluation surplus

Revaluation fund

Revaluation difference arising from difference between book value and fair value of the buildings is netted off with the related deferred tax and classified as revaluation surplus and included under equity.

The movement of revaluation fund for the years 2019 and 2018 is as follows:

	1 January- 31 December 2019	1 January- 31 December 2018
Opening balance	169,342	176,262
Currency translation difference	633	(1,068)
Revaluation of fixed assets	(56,886)	1,213
Deferred tax effect of revaluation of fixed assets	4,558	(5,728)
Transfer of depreciation difference (net of deferred tax) of revaluation effect	(1,371)	(1,337)
Closing balance	116,276	169,342

Financial Risk Hedge Fund

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

c) Legal reserves and accumulated profit

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (“TCC”). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company’s paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. Dividend distributions are made in TL in accordance with its Articles of Association, after deducting taxes and setting aside the legal reserves as discussed above.

Listed companies in Turkey make profit distributions in accordance with the regulations of CMB.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

21. SHARE CAPITAL AND RESERVES (cont’d)
c) Legal reserves and accumulated profit (cont’d)

Equity inflation adjustment and carrying value of extraordinary reserves can be used in free capital increase, cash profit distribution and loss deduction. However, equity inflation adjustment is subject to corporate tax if it is used in cash profit distribution.

As of 31 December 2019, legal reserves of Enka İnşaat are amounting to TL 1.000.629 equivalent to USD 168,450 (31 December 2018 – TL 853,222 equivalent to USD 162,182).

The movement of the share capital (in numbers and in historical TL) of the Group during 31 December 2019 and 2018 is as follows:

	31 December 2019		31 December 2018	
	Number	TL	Number	TL
At 1 January,	4,950,000,000	4,950,000	4,581,600,000	4,581,600
Bonus shares issued out of general reserve	-	-	398,400,000	398,400
Treasury shares	(25,400,000)	(25,400)	(30,000,000)	(30,000)
	<u>4,924,600,000</u>	<u>4,924,600</u>	<u>4,950,000,000</u>	<u>4,950,000</u>

d) Remeasurement of defined benefit plans

As a result of adoption of IAS 19, actuarial gains and losses are recognized as other comprehensive income.

22. REVENUE AND COST OF REVENUE

Revenue	1 January - 31 December 2019	1 January - 31 December 2018
Domestic sales	758,547	1,852,937
Export sales	1,134,029	1,028,506
	<u>1,892,576</u>	<u>2,881,443</u>
Cost of Revenue	1 January - 31 December 2019	1 January - 31 December 2018
Cost of domestic sales	679,514	1,496,959
Cost of export sales	776,995	655,807
	<u>1,456,509</u>	<u>2,152,766</u>

Segmental information of the Group is disclosed in Note 5.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

23. MARKETING, SALES, DISTRIBUTION AND ADMINISTRATIVE EXPENSES

	1 January - 31 December 2019	1 January - 31 December 2018
Administrative expenses	108,082	90,261
Marketing, sales and distribution expenses	23,828	22,926
	<u>131,910</u>	<u>113,187</u>

a) Marketing, sales and distribution expenses

	1 January - 31 December 2019	1 January - 31 December 2018
Employee benefit expenses	17,034	16,390
Advertisement & Commission Expenses	1,672	2,298
Transportation expenses	1,702	1,365
Office expenses	741	641
Business development expenses	67	188
Depreciation and amortization expenses (Note 24)	154	333
Other	2,458	1,711
	<u>23,828</u>	<u>22,926</u>

b) General administrative expenses

	1 January - 31 December 2019	1 January - 31 December 2018
Employee benefit expenses	65,376	49,494
Consulting and legal expenses	5,763	7,754
Depreciation and amortization expenses (Note 24)	6,789	6,164
Insurance expense	4,346	4,472
Transportation expenses	6,863	5,086
Office Expenses	3,424	2,884
Rent expenses	112	1,149
Other	15,409	13,258
	<u>108,082</u>	<u>90,261</u>

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

24. EXPENSES BY NATURE

Depreciation and amortization expenses are detailed below:

	1 January - 31 December 2019	1 January - 31 December 2018
<u>Depreciation expenses</u>		
Cost of revenues	98,410	86,248
Selling and administrative expenses	6,688	6,080
	<u>105,098</u>	<u>92,328</u>
<u>Amortization expenses</u>		
Cost of revenues	5,893	2,369
Selling and administrative expenses	255	417
	<u>6,148</u>	<u>2,786</u>
	<u>111,246</u>	<u>95,114</u>

Employee benefit expenses are detailed below:

	1 January - 31 December 2019	1 January - 31 December 2018
Wages and salaries	196,858	192,013
Social security costs	28,734	36,023
Provision for employee termination benefits (Note 19)	1,325	1,984
Other benefits	4,902	7,618
	<u>231,819</u>	<u>237,638</u>

25. OTHER OPERATING INCOME / EXPENSES

	1 January - 31 December 2019	1 January - 31 December 2018
<u>Other operating income</u>		
Foreign exchange gains from trade receivables	2,665	14,631
Machinery and other rent income	2,479	1,214
Repaired spare parts gained as an inventory	4,240	7,124
Compensation income (*)	5,931	44,288
Insurance compensation income (**)	36,378	372
Service income	523	729
Collection of doubtful receivables (Note 9)	50	122
Commission income	-	12
Other	4,090	8,639
	<u>56,356</u>	<u>77,131</u>

(*) As of 31 December 2018, compensation income consists of the income accruals of settlements cases in relation to projects amounting to USD 38,886 and the remaining consists of the settlement income comprised of early annulment of contracts of tenants.

(**) As of 31 December 2019, insurance compensation income consist of the collection from insurance company for the damaged property, plant and equipment amounting to USD 34,680.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

25. OTHER OPERATING INCOME / EXPENSES (cont'd)

	1 January - 31 December 2019	1 January - 31 December 2018
<u>Other operating expense</u>		
Foreign exchange losses from trade receivables	2,337	12,989
Donations	3,171	3,749
Litigation provisions	5,633	5,368
Tax penalties	28	109
Capital increase expense	254	459
Provision for doubtful receivables (Note 9)	17,435	1,694
Other	6,514	6,842
	<u>35,372</u>	<u>31,210</u>

26. INVESTMENT INCOME / EXPENSES

	1 January - 31 December 2019	1 January - 31 December 2018
<u>Income from investing activities</u>		
Interest income from financial investments	118,488	115,642
Increase in value of financial investments	310,269	-
Increase in the fair value of investment properties	107,912	39,242
Foreign exchange income from investing activities	4,865	25,689
Income from sale of securities	28,654	9,536
Dividend income	16,057	11,717
Gains from sales of property, plant and equipment	6,459	1,334
	<u>592,704</u>	<u>203,160</u>

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

26. INVESTMENT INCOME / EXPENSES (cont’d)

	1 January - 31 December 2019	1 January - 31 December 2018
Expenses from investing activities		
Decrease in the fair value of investment properties	(67,528)	(20,508)
Decrease in the fair value of property, plant and equipment	(31,033)	-
Losses from valuation of investment securities	-	(314,763)
Foreign exchange losses from investing activities	(11,222)	(45,859)
Goodwill impairment	-	(22,077)
Losses from sale of securities	(17,794)	(709)
Loss from sales of property, plant and equipment	(484)	(77)
Cancellation of investments	(3,347)	-
	<u>(131,408)</u>	<u>(403,993)</u>

27. FINANCIAL INCOME

	1 January - 31 December 2019	1 January - 31 December 2018
Foreign exchange gains	24,912	34,155
Interest income	9,280	11,206
Forward transactions income	906	8,663
Other	-	241
	<u>35,098</u>	<u>54,265</u>

28. FINANCIAL EXPENSES

	1 January - 31 December 2019	1 January - 31 December 2018
Bank commission expenses	4,809	5,313
Foreign exchange losses	15,995	39,989
Forward transactions losses	2,031	144
Interest expenses	4,552	6,043
Commission expenses of letters of guarantee	563	494
Other	225	-
	<u>28,175</u>	<u>51,983</u>

29. ASSETS HELD FOR SALE
Lands and buildings held for sale

As of 31 December 2019, assets held for sale comprise of lands and buildings obtained by Enka Pazarlama and Enka Kazakhstan Branch in consideration of their doubtful receivables and are amounting to USD 23,345 (31 December 2018 – USD 23,376).

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

30. TAXATION ON INCOME
Corporate Tax

The Company and its subsidiary in Turkey, are subject to the tax legislation and practices in force in Turkey. The corporation tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the accounting period and is paid in one installment until the end of the relevant month.

In Turkey, the corporation tax rate is 22% as of 31 December 2019 (2018: 22%). However, in accordance with Article 91 of the "Law on Amendments to Certain Tax Laws and Other Laws" numbered 7061 and published in the Official Gazette dated 5 December 2017 and numbered 30261 and the provisional article 10 added to the Tax Law No.5520. It is foreseen that the corporation tax that should be paid over the profits of the 2018, 2019 and 2020 taxation periods is calculated as 22% and the taxation will be continued with 20% during this period, the Council of Ministers was given the authority to reduce the rate of 22% to 20%.

As of 31 December 2019, provisional tax is payable at the rate of 20% (2018: 20%) on the income generated for the three-month periods pursuant to tax legislation and the amounts paid in this manner are deducted from the tax calculated on the annual earnings. With the amendment made in the law, this ratio was set at 22% for the years 2018, 2019 and 2020.

Tax legislation in Turkey does not allow to fill consolidated tax returns of the Company and its subsidiary. Therefore, the tax liability reflected in the financial statements is calculated separately for each company.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period not exceeding 5 years. Declarations and related accounting records can be examined within five years of the tax year, and tax accounts can be revised.

Turkey the joint-stock companies, corporation tax and non-responsible for the income tax and who are resident in Turkey, those made to those except for exempt and non-natural persons and dividend payments to legal persons not resident in Turkey are subject to 15% income tax.

Dividend payments by resident corporations to resident joint-stock company in Turkey again in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, the income tax is not calculated.

Dividend income (excluding profits from investment funds 'participation certificates and investment trusts' shares) obtained from participating in the capital of another corporation which is fully taxpayed is exempt from corporation tax. In addition, 75% of the profits arising from the sale of founders' shares, redeemable shares and preferential rights of real estates (immovables) owned by the same duration as the participation shares included in the assets of the institutions for at least two full years are exempt from corporate taxation as of December 31, 2017. However, with the amendment made by Law No. 7061, this ratio has been reduced from 75% to 50% in terms of immovables and this ratio will be used as 50% in tax declarations to be prepared from 2018.

In order to benefit exclusively, the earning must be kept in a passive fund account and not withdrawn for 5 years. The sales price must be collected until the end of the second calendar year following the year in which the sale is made.

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. Income tax withholding 24 April 2003 - 22 July 2006 is 10% among all companies. This rate since 22 July 2006, by the Council of Ministers No. 2006/10731 of 15% is applied. Undistributed dividends incorporated in share capital are not subject to income tax withholding.

Transfer pricing regulation

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

30. TAXATION ON INCOME (cont'd)
Deferred Tax:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its consolidated financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

Deferred tax assets and liabilities are calculated by using valid tax rates in related countries.

Tax legislations in other countries

As of 31 December 2019 and 2018 effective corporation tax rate in other countries are as follows:

	31 December 2019	31 December 2018
Russia	20%	20%
Netherlands	25%	25%
Kazakhstan	28% - 32%	28% - 32%
Iraq	15% - 35%	15% - 35%
Romania	16%	16%
Oman	12%	12%
Kosovo	10%	10%

	1 January - 31 December 2019	1 January - 31 December 2018
Consolidated statement of profit or loss		
Current corporate tax	(89,968)	(99,692)
Deferred tax expense	(21,220)	(29,168)
	<u>(111,188)</u>	<u>(128,860)</u>

The movement of the current income tax liability is given as follows:

	2019	2018
1 January	53,126	60,188
Current year tax expense	89,968	99,692
Taxes paid	<u>(112,788)</u>	<u>(106,754)</u>
31 December	<u>30,306</u>	<u>53,126</u>

A reconciliation of the nominal (on the basis of the income tax rate of the Company and the Turkish subsidiaries) to the effective tax rate for the years ended 31 December 2019 and 2018 is provided below:

	1 January - 31 December 2019		1 January - 31 December 2018	
Profit before tax	793,360		462,860	
Tax per statutory tax rate	174,539	22%	101,829	22%
Jobsites exempt from income tax	(1,948)	(0,2%)	(25,328)	(%5.0)
Effect of different functional currencies and others	(61,403)	(7,7%)	52,359	11.3%
	<u>111,188</u>	<u>14.1%</u>	<u>128,860</u>	<u>28.3%</u>

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

30. TAXATION ON INCOME (cont'd)

As of 31 December 2019 and 2018, the breakdown of temporary differences which give rise to deferred taxes is as follows:

	31 December 2019	31 December 2018
Remeasurement and revaluation of property, plant and equipment, intangible assets and investment property	(444,710)	(435,618)
GE Inventory in the context of "PSA" (*)	(36,674)	(47,378)
Adjustments on financial instruments and derivatives	(47,443)	(18,430)
	<u>(528,827)</u>	<u>(501,426)</u>
Gross deferred income tax liabilities		
Adjustment of revenue levelization	-	3,099
Allowance for retirement pay liability	1,958	1,852
Allowance for doubtful receivables	576	952
Others	18,851	16,878
	<u>21,385</u>	<u>22,781</u>
Gross deferred income tax assets		
Net deferred tax liability	<u>(507,442)</u>	<u>(478,645)</u>

(*) Implies deferred tax liabilities estimated from temporary differences related to "Parts and Services Agreement" (PSA) made with the Group's spare part supplier General Electric (GE).

Deferred tax is reflected in the statement of financial position as:

	31 December 2019	31 December 2018
Deferred tax assets	7,040	5,415
Deferred tax liabilities	(514,482)	(484,060)
Net deferred liabilities	<u>(507,442)</u>	<u>(478,645)</u>

Total amount of temporary differences and deferred tax liabilities which have not been recognized as of 31 December 2019 related with Group's shares in its subsidiaries, branches and associates is USD 2,183,543 (31 December 2018 - USD 2,420,397).

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

30. TAXATION ON INCOME (cont’d)

Movement of net deferred tax asset (liability) can be presented as follows:

	2019	2018
Balance at 1 January	478,645	464,421
Deferred income tax expense recognized in consolidated statement of profit or loss	21,220	29,168
Deferred income tax expense recognized in equity	(4,590)	5,819
Currency translation difference	12,167	(20,763)
31 December	507,442	478,645

As of 31 December 2019 and 2018, the breakdown of deferred taxes which are recognised in other comprehensive income is as follows:

	31 December 2019			31 December 2018		
	Deferred tax Before Taxation	(expense)/ income	Netted-off deferred tax	Deferred tax Before Taxation	(expense)/ income	Netted-off deferred tax
Change in revaluation of buildings	(56,886)	4,558	(52,328)	1,213	(5,728)	(4,515)
Revaluation loss of defined benefit plans	(161)	32	(129)	453	(91)	362
Changes in fair value of derivative assets	543	-	543	(1,924)	-	(1,924)
Changes in currency translation differences	110,228	-	110,228	(221,192)	-	(221,192)
	53,724	4,590	58,314	(221,450)	(5,819)	(227,269)

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

31. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“Bonus Shares”) to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings and revaluation surplus. For the purpose of the EPS calculation such bonus share issues are regarded as stock dividends. Dividend payments, which are immediately reinvested in the shares of the Company, are regarded similarly. Accordingly the weighted average number of shares used in EPS calculation is derived by giving retroactive effect to the issue of such shares without consideration through 31 December 2019.

	31 December 2019	31 December 2018
Earning per share		
- ordinary share certificate (full USD)	0.14	0.07
- founder shares (*)	-	-
Weighted average number of share certificates (nominal value of 1 TL each)	4,924,600,000	4,950,000,000
- ordinary share certificate	4,950,000,000	4,980,000,000
- treasury shares	(25,400,000)	(30,000,000)
- founder shares		

(*) Since 2019 profit distribution was not determined as of the date of the preparation date of the consolidated financial statements, total of the earnings per share is reflected on ordinary share certificates.

32. RELATED PARTY BALANCES AND TRANSACTIONS
Related parties

The Group is controlled by Tara Holding (49.72%) (31 December 2018 – 49.72%) and Tara and Gülçelik families (28.18%) (31 December 2018 – 28.14%). For the purposes of the consolidated financial statements, balances with the shareholder companies, individual shareholders, unconsolidated subsidiaries, associated companies, equity participations and their affiliates are referred to as “related parties”. Related parties also include management and members of the Group’s Board of Directors.

In the course of conducting business, the Group conducted various business transactions with related parties on commercial terms. The breakdown of balances with related parties and details of significant related party transactions are as follows:

	31 December 2019		31 December 2018	
	Receivables	Payables	Receivables	Payables
Shareholders	-	26	-	29
Enka Spor Kulübü	9	-	20	-
	9	26	20	29

As of 31 December 2019, the Group gained USD 8.46 rent income from related parties (31 December 2018 - USD 6.62). As of 31 December 2019 the Group does not have any sales to related parties (2018 - None).

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

32. RELATED PARTY BALANCES AND TRANSACTIONS (cont’d)

Top management’s remuneration

The total wages paid for the members of Board of Directors of the Group is amounting to USD 4,433 (31 December 2018 - USD 3,318), the social security payments and retirement pay provisions are USD 494 (31 December 2018 – USD 400) and USD 196 (31 December 2018– USD 374) respectively. Total wages paid for the general manager, general coordinators and vice general managers of the Group (except BOD members), is amounting to USD 11,955 (31 December 2018 – USD 13,221), the social security payment and retirement pay provisions are USD 1,000 (31 December 2018 – USD 1,087) and USD 1,544 (31 December 2018 – USD 2,532) respectively.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise bank loans, investment securities, finance leases, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The management reviews and agrees policies for managing each of these risks. The Group monitors the market price risk arising from all financial instruments periodically.

Capital risk management

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital structure of the Group comprises from liabilities, cash and cash equivalents, paid-in capital and legal reserves explained in Note 21.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or the shareholders may make a direct cash contribution of the needed working capital to the Group. No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 2018.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including ‘current and non-current borrowings’ as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as ‘equity’ as shown in the consolidated statement of financial position plus net debt.

Total Assets / Total Equity

	31 December 2019	31 December 2018
Cash, cash equivalents and financial assets	3,959,677	3,251,693
Less: Total Financial Liabilities	208,523	251,809
Net Assets	3,751,154	2,999,884
Equity	6,637,086	6,181,218
Equity - Net Assets	2,885,932	3,181,334
Total Net Assets to Equity Ratio	56.52%	48.53%

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

Financial risk factors

Interest risk

The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s debt obligations with floating interest rates. The Group is managing interest risk that arises from assets and liabilities sensitive to interest risk by using balancing assets and liabilities.

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, Euro and JPY. In order to mitigate the risk, the Group continuously monitors its cash inflows/outflows and also uses financial instruments to hedge the risk when it is necessary.

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

	31 December 2019	31 December 2018
A. Assets denominated in foreign currency	782,493	746,603
B. Liabilities denominated in foreign currency	(444,683)	(400,836)
Net foreign currency position (A+B)	337,810	345,767

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont’d)
Financial risk factors (cont’d)
Foreign currency risk (cont’d)

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

31 December 2019							
	TL	USD Equivalent	Euro	USD Equivalent	Other USD (*)	USD (**)	Total USD Equivalent
Cash and cash equivalents	59,579	10,030	75,678	84,729	105,060	13,407	213,226
Financial investments	346,221	58,284	132,619	148,480	69,276	-	276,040
Trade and other receivables	56,272	9,473	74,481	83,389	33,265	3,626	129,753
Other current assets	90,405	15,219	21,000	23,512	29,589	40,151	108,471
Current assets	552,477	93,006	303,778	340,110	237,190	57,184	727,490
Financial investments	-	-	12,075	13,519	27,906	-	41,425
Trade and other receivables	-	-	5,382	6,025	-	-	6,025
Other non-current assets	9,206	1,550	80	89	5,914	-	7,553
Non-current assets	9,206	1,550	17,537	19,633	33,820	-	55,003
Total assets	561,683	94,556	321,315	359,743	271,010	57,184	782,493
Short-term borrowings	47,749	8,038	22,481	25,169	16,148	-	49,355
Trade and other payables	51,924	8,741	69,759	78,102	130,965	6,403	224,211
Other current liabilities and accrued expenses	269,279	45,332	12,394	13,876	34,589	22,477	116,274
Current liabilities	368,952	62,111	104,634	117,147	181,702	28,880	389,840
Trade and other payables	-	-	-	-	-	-	-
Long-term borrowings	-	-	6,977	7,811	43,684	-	51,495
Other non-current liabilities	-	-	63	70	-	3,278	3,348
Non-current liabilities	-	-	7,040	7,881	43,684	3,278	54,843
Total liabilities	368,952	62,111	111,674	125,028	225,386	32,158	444,683
Net foreign currency position	192,731	32,445	209,641	234,715	45,624	25,026	337,810
Net notional amount of derivatives	-	-	35,000	39,186	-	-	39,186

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

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont’d)
Financial risk factors (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 current 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.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)
Financial risk factors (cont'd)
Foreign currency risk (cont'd)

The details of the forward contracts and sales-purchase agreements are explained in Note 17 in order to manage Group's foreign currency position.

The following table demonstrates the sensitivity to reasonably possible increase of 10% in the exchange rates against functional currency, with all other variables held constant, of the Group's consolidated statement of profit or loss.

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

	31 December 2019		31 December 2018	
	Profit / (loss)		Profit / (loss)	
	Valuation of foreign currency	Devaluation of foreign currency	Valuation of foreign currency	Devaluation of foreign currency
<i>In the case of TL gaining 10% value against US Dollar</i>				
1- TL net asset / (liability)	3,245	(3,245)	1,954	(1,954)
2- Portion hedged against TL risk (-)	-	-	(1,178)	1,178
3- TL net effect (1+2)	3,245	(3,245)	776	(776)
<i>In the case of Euro gaining 10% value against US Dollar</i>				
4- Euro net asset / (liability)	23,472	(23,472)	19,909	(19,909)
5- Portion hedged against Euro risk (-)	3,919	(3,919)	4,258	(4,258)
6- Euro net effect (4+5)	27,391	(27,391)	24,167	(24,167)
<i>In the case of other foreign currencies gaining 10% value against US Dollar</i>				
7- Other foreign currency net asset / (liability)	4,562	(4,562)	8,896	(8,896)
8- Portion hedged against other foreign currency risk (-)	-	-	-	-
9- Other foreign currency net effect (7+8)	4,562	(4,562)	8,896	(8,896)
Total (3+6+9)	35,198	(35,198)	33,839	(33,839)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group seeks to manage its credit risk exposure through diversification of sales activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. It also obtains security when appropriate. It is the Group's policy to enter into financial instruments with a diversity of creditworthy counterparties. Therefore, the Group does not expect to incur material credit losses on its risk management or other financial instruments.

**ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)
Financial risk factors (cont'd)
Credit risk (cont'd)

31 December 2019	Receivables				Financial assets at fair value through profit or loss (*)	
	Trade receivables		Other receivables		Derivative instruments	Bank deposits
	Related party	3rd party	Related party	3rd party		
The maximum amount of exposure to credit risk at the end of the reporting period (A+B+C+D+E)	-	274,906	9	965	-	1,014,532
- Total receivable that have been secured with collaterals, other credit enhancements etc.	-	76,059	-	965	-	1,014,532
A. Financial assets that are either past due or impaired	-	-	-	-	-	-
B. The amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated	-	-	-	-	-	-
C. The amount of financial assets that are past due as at the end of the reporting period but not impaired.	-	72,639	-	-	-	-
- The amount that have been secured with collaterals, other credit enhancements etc.	-	72,639	-	-	-	-
D. The amount of financial assets that are impaired	-	-	-	-	-	-
- Past due (Gross book value)	-	18,872	-	-	-	-
- The amount of impairment (-)	-	(18,872)	-	-	-	-
- The amount that have been secured with collaterals, other credit enhancements etc.	-	-	-	-	-	-
- Not past due (Gross book value)	-	-	-	-	-	-
- The amount of impairment (-)	-	-	-	-	-	-
E. Off balance sheet credit risk amount	-	-	-	-	-	-
	Trade receivables		Other receivables		Derivative instruments	
	31 December 2019		31 December 2018		31 December 2017	
Overdue between 1 to 30 days	55,421		-		-	
Overdue between 1 to 3 months	12,738		-		-	
Overdue between 3 to 12 months	4,470		-		-	
Overdue between 1 to 5 years	10		-		-	
Overdue over 5 years	-		-		-	
	72,639		-		-	

(*) Equity securities are excluded since they do not expose any credit risk.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

Financial risk factors (cont'd)

Credit risk (cont'd)

31 December 2018	The maximum amount of exposure to credit risk at the end of the reporting period (A+B+C+D+E)	Receivables						Financial assets at fair value through profit or loss (**)
		Trade receivables		Other receivables		Bank deposits	Derivative instruments	
		Related party	3rd party	Related party	3rd party			
-	Total receivable that have been secured with collaterals, other credit enhancements etc.*	-	550,041	20	1,033	624,802	2,195,926	
A.	Financial assets that are either past due or impaired	-	246,316	-	-	-	-	
B.	The amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated	-	509,607	20	1,033	624,802	2,195,926	
C.	The amount of financial assets that are past due as at the end of the reporting period but not impaired.	-	-	-	-	-	-	
-	The amount that have been secured with collaterals, other credit enhancements etc.	-	40,434	-	-	-	-	
D.	The amount of financial assets that are impaired	-	40,434	-	-	-	-	
-	Past due (Gross book value)	-	-	-	-	-	-	
-	The amount of impairment (-)	-	15,901	-	-	-	-	
-	The amount that have been secured with collaterals, other credit enhancements etc.	-	(15,901)	-	-	-	-	
-	Not past due (Gross book value)	-	-	-	-	-	-	
-	The amount of impairment (-)	-	-	-	-	-	-	
E.	Off balance sheet credit risk amount	-	-	-	-	-	-	
31 December 2018		Trade receivables		Other receivables		Receivables		
Overdue between 1 to 30 days	29,602	-	-	-	-	-	-	
Overdue between 1 to 3 months	6,561	-	-	-	-	-	-	
Overdue between 3 to 12 months	4,117	-	-	-	-	-	-	
Overdue between 1 to 5 years	94	-	-	-	-	-	-	
Overdue over 5 years	60	-	-	-	-	-	-	
	40,434	-	-	-	-	-	-	

(*) As of 31 December 2018, trade receivables from TETAŞ amounting to USD 202,623 are guaranteed by Turkish Treasury.

(**) Equity securities are excluded since they do not expose any credit risk.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

Financial risk factors (cont'd)

Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The risk is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions.

The maturity analysis of the non-derivative financial liabilities is presented based on the period between balance sheet date and maturity date of these non-derivatives financial liabilities.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Current liabilities

31 December 2019

<u>Contractual maturity analysis</u>	<u>Carrying value</u>	<u>Total cash outflow</u>	<u>Up to 1 month (I)</u>	<u>1 to 3 months (II)</u>	<u>3 to 12 months (III)</u>
		<u>according to</u>			
		<u>contract (I+II+III)</u>			
Non-derivative financial liabilities					
Financial liabilities and finance lease obligations	52,331	53,432	769	17,353	35,310
Trade payables	176,371	176,371	94,005	45,546	36,820
Other payables to related parties	26	26	26	-	-
Other payables related to employee benefits	22,138	22,138	14,818	1,909	5,411
Other payables	18,655	18,655	10	-	18,645

Non-current liabilities

31 December 2019

	<u>Total cash outflow</u>				
		<u>according to</u>		<u>3 to 5</u>	
<u>Contractual maturity analysis</u>	<u>Carrying</u>	<u>contract</u>	<u>1 -3 years</u>	<u>years</u>	<u>5+ years</u>
	<u>value</u>	<u>(I+II+III)</u>	<u>(I)</u>	<u>(II)</u>	<u>(III)</u>
Non-derivative financial liabilities					
Financial liabilities and finance lease obligations	156,192	156,736	67,425	15,601	73,710
Trade payables	-	-	-	-	-
Other payables	24,164	24,164	22,662	1,389	113

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont’d)
Financial risk factors (cont’d)
Liquidity risk (cont’d)
Current liabilities
31 December 2018

	<u>Total cash outflow</u>				
		<u>according to</u>		<u>1 to 3</u>	<u>3 to 12</u>
<u>Contractual maturity analysis</u>	<u>Carrying</u>	<u>contract</u>	<u>Up to 1</u>	<u>months</u>	<u>months</u>
	<u>value</u>	<u>(I+II+III)</u>	<u>month (I)</u>	<u>(II)</u>	<u>(III)</u>
Non-derivative financial liabilities					
Financial liabilities and finance lease obligations	73,454	74,462	741	8,651	65,070
Trade payables	344,400	344,400	282,572	25,697	36,131
Other payables to related parties	29	29	29	-	-
Other payables related to employee benefits	19,751	19,751	13,957	203	5,591
Other payables	20,776	20,776	6	-	20,770

Non-current liabilities
31 December 2018

<u>Contractual maturity analysis</u>	<u>Carrying value</u>	<u>Total cash outflow according to contract</u>		<u>3 to 5</u>	<u>5+ years</u>
		<u>(I+II+III)</u>	<u>1 -3 years</u>	<u>years</u>	
			<u>(I)</u>	<u>(II)</u>	<u>(III)</u>
Non-derivative financial liabilities					
Financial liabilities and finance lease obligations	178,355	179,381	77,054	42,789	59,538
Trade payables	-	-	-	-	-
Other payables	25,009	25,009	24,139	345	525

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

34. FINANCIAL INSTRUMENTS – FAIR VALUE EXPLANATIONS AND ACCOUNTING POLICY FOR HEDGING FINANCIAL RISK
Fair value of financial assets and liabilities

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

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

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

Financial assets

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

Financial liabilities

The fair values of trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The fair values of the trade payables after discount are considered to be approximate to their corresponding carrying values. It is considered that the fair values of the long term payables and long term financial borrowings are approximate to their respective carrying values as they are accounted for in foreign currencies.

Fair value hierarchy

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

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

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

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

Fair value hierarchy (cont’d)

31 December 2019:

	Level 1	Level 2	Level 3
Private sector bonds	1,557,536	-	-
Equity securities	608,286	4,288	-
Foreign government bonds	695,071	-	-
Turkish government bonds	28,823	-	-
Mutual funds	20,341	28,284	-
Financial assets at fair value through profit or loss	2,910,057	32,572	-
Derivative instruments	-	(126)	-
Financial liabilities at fair value through profit or loss	-	(126)	-

31 December 2018:

	Level 1	Level 2	Level 3
Private sector bonds	1,494,740	-	-
Equity securities	427,968	1,087	-
Foreign government bonds	647,119	-	-
Turkish government bonds	12,927	-	-
Mutual funds	16,341	24,799	-
Financial assets at fair value through profit or loss	2,599,095	25,886	-
Derivative instruments	-	(5,176)	-
Financial liabilities at fair value through profit or loss	-	(5,176)	-

35. EVENTS AFTER THE REPORTING PERIOD

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. For this purpose, the Company acquired up to nominal value of the Full TL 5,400,000 in 2019, after the reporting period nominal value of the Full TL 14,600,000 shares have additionally acquired.

On 25 February 2020, Board of Directors has resolved to buyback the shares up to nominal value of Full TL 10,000,000 to determine the funds to be reserved as Full TL 90,000,000 for this purpose and to authorize Member of the Executive Committee İlhan Gücüyener for the transactions. According to this resolution, the total nominal value of Full TL 2,745,000 shares have been acquired.



ENKA

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