

**Çalık Holding Anonim Şirketi
and its Subsidiaries**

Condensed Consolidated Interim
Financial Statements
As at and For the Six-Month Period Ended
30 June 2016
With Independent Auditor's Report on Review of
Condensed Consolidated Interim Financial Information

KPMG Akis Bağımsız Denetim ve Serbest Muhasebeci Mali
Müşavirlik Anonim Şirketi

18 August 2016

This report includes 2 pages of independent auditor's report on review of condensed consolidated interim financial information and 56 pages of condensed consolidated interim financial statements together with their explanatory notes.

Çalık Holding Anonim Şirketi and its Subsidiaries

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**Independent Auditor's Report on Review of Condensed Consolidated
Interim Financial Information**

To the Board of Directors of Çalık Holding Anonim Şirketi

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Çalık Holding Anonim Şirketi ("The Company") and its subsidiaries (the "Group") as at 30 June 2016, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standards 34 Interim Financial Reporting ("TAS 34") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34 Interim Financial Reporting.

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

A member of KPMG International Cooperative

Hakan Ölenli, SMMM

18 August 2016

Istanbul, Turkey

Çalık Holding Anonim Şirketi and its Subsidiaries
Condensed Consolidated Interim Statement of Financial Position
As at 30 June 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Assets	Notes	<i>Reviewed</i> 30 June 2016	<i>Audited</i> 31 December 2015
Current assets			
Cash and cash equivalents	9	1.197.420	1.058.907
Financial investments	10	2.686.035	2.434.688
Trade receivables	11	3.000.099	2.852.360
<i>Due from related parties</i>	8	14.594	14.545
<i>Due from third parties</i>		2.985.505	2.837.815
Receivables related to finance sector operations	12	3.002.157	2.532.693
<i>Due from related parties</i>	8	4.011	--
<i>Due from third parties</i>		2.998.146	2.532.693
Other receivables		961.020	568.972
<i>Due from related parties</i>	8	195.146	89.881
<i>Due from third parties</i>		765.874	479.091
Inventories		1.496.649	1.208.739
Derivatives	19	16.062	7.812
Prepayments		535.261	413.849
Current tax assets	22	8.087	11.844
Other current assets		1.890.205	1.601.466
Subtotal		14.792.995	12.691.330
Assets held for sale	6	182.168	189.094
Total current assets		14.975.163	12.880.424
Non- current assets			
Trade receivables	11	809.731	530.513
<i>Due from third parties</i>		809.731	530.513
Receivables related to finance sector operations	12	3.590.039	3.351.155
<i>Due from third parties</i>		3.590.039	3.351.155
Other receivables		176.089	66.626
<i>Due from third parties</i>		176.089	66.626
Financial investments	10	2.145.403	2.156.424
Investments in equity-accounted investees	14	246.628	233.293
Investment properties	17	425.774	413.434
Property, plant and equipment	15	1.544.033	1.529.762
Intangible assets	16	596.337	609.941
<i>Goodwill</i>		504	3.796
<i>Other intangible assets</i>		595.833	606.145
Prepayments		171.635	182.500
Deferred tax assets		140.340	150.452
Total non-current assets		9.846.009	9.224.100
Total assets		24.821.172	22.104.524

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

Çalık Holding Anonim Şirketi and its Subsidiaries
Condensed Consolidated Interim Statement of Financial Position
As at 30 June 2016 (*continued*)

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Liabilities	Notes	Reviewed 30 June 2016	Audited 31 December 2015
Short term liabilities			
Short term loans and borrowings	18	5.681.188	5.642.946
Short term portion of long term loans and borrowings	18	441.365	431.084
Derivatives	19	8.020	12.851
Trade payables	11	1.614.991	1.369.944
<i>Due to related parties</i>	8	3.751	16.028
<i>Due to third parties</i>		1.611.240	1.353.916
Payables related to finance sector operations	12	7.622.718	7.205.222
<i>Due to related parties</i>	8	1.939	--
<i>Due to third parties</i>		7.620.779	7.205.222
Payables related to employee benefits		43.711	19.107
Other payables		424.508	65.012
<i>Due to related parties</i>	8	848	822
<i>Due to third parties</i>		423.660	64.190
Deferred revenue		1.806.850	1.479.171
Current tax liabilities	22	31.966	20.471
Short term provisions	20	74.138	69.443
<i>Short term employee benefits</i>		30.412	28.876
<i>Other short term provisions</i>		43.726	40.567
Other short term liabilities		479.598	197.952
Liabilities from equity accounted investees	14	11.835	58.666
Subtotal		18.240.888	16.571.869
Liabilities held for sale	6	7.557	7.948
Total short term liabilities		18.248.445	16.579.817
Long term liabilities			
Long term loans and borrowings	18	1.361.800	1.200.681
Trade payables	11	71.477	83.974
<i>Due to third parties</i>		71.477	83.974
Payables related to finance sector operations	12	832.714	836.269
<i>Due to third parties</i>		832.714	836.269
Other payables		150.441	138.436
<i>Due to third parties</i>		150.441	138.436
Deferred revenue		1.101.147	972.288
Long term provisions	20	33.202	31.413
<i>Long term employee benefits</i>		33.202	31.413
Deferred tax liabilities		132.712	137.512
Other long term liabilities		16.632	4.089
Total long term liabilities		3.700.125	3.404.662
Total liabilities		21.948.570	19.984.479

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

Çalık Holding Anonim Şirketi and its Subsidiaries
Condensed Consolidated Interim Statement of Financial Position
As at 30 June 2016 (*continued*)

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	Reviewed 30 June 2016	Audited 31 December 2015
Equity			
Equity attributable to the owners of the Company			
Share capital		400.000	400.000
Adjustment to share capital		6.400	6.400
Other comprehensive income that is or may be reclassified to profit or loss		338.611	222.754
Restricted reserves		1.016.103	597.774
Retained earnings		339.252	499.028
Profit for the period		652.719	255.770
Total equity attributable to the owners of the Company		2.753.085	1.981.726
Total non-controlling interests		119.517	138.319
Total equity		2.872.602	2.120.045
Total equity and liabilities		24.821.172	22.104.524

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

Çalık Holding Anonim Şirketi and its Subsidiaries
Condensed Consolidated Interim Statement of Profit or Loss and
Other Comprehensive Income
For the Six-Month Period Ended 30 June 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

		<i>Reviewed</i> 2016	<i>Reviewed</i> 2015
Continuing operations	Notes		
Revenue		3.641.869	2.658.463
Cost of sales		(2.726.247)	(2.165.937)
Gross profit from non-finance sector operations		915.622	492.526
Revenue from finance sector operations		481.323	389.087
Cost of revenue from finance sector operations		(237.390)	(236.532)
Gross profit from finance sector operations		243.933	152.555
Gross profit		1.159.555	645.081
Other income from operating activities		316.093	401.710
General and administrative expenses		(325.555)	(273.235)
Selling, marketing and distribution expenses		(148.777)	(156.463)
Research and development expenses		(20.117)	(13.277)
Share of profit of equity accounted investees	14	46.821	8.340
Other expenses from operating activities		(104.353)	(207.106)
Operating profit		923.667	405.050
Gain from investing activities		18.088	106.178
Loss from investing activities		(6.008)	(24.465)
Operating profit before finance costs		935.747	486.763
Finance income		52.769	164.238
Finance costs		(257.605)	(670.611)
Net finance costs		(204.836)	(506.373)
Profit / (loss) before tax from continuing operations		730.911	(19.610)
Current tax expense	22	(69.953)	(59.388)
Deferred tax benefit/(expense)	22	3.703	24.221
Total tax benefit/(expense)	22	(66.250)	(35.167)
Profit / (loss) from continuing operations		664.661	(54.777)
Profit / (loss) for the period		664.661	(54.777)

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

Çalık Holding Anonim Şirketi and its Subsidiaries
Condensed Consolidated Interim Statement of Profit or Loss and
Other Comprehensive Income
For the Six-Month Period Ended 30 June 2016 (*continued*)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	<i>Reviewed</i> 2016	<i>Reviewed</i> 2015
Profit / (loss) for the period		664.661	(54.777)
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences for foreign operations and reporting currency translation differences		1.479	(33.709)
Change in fair value of available-for-sale financial assets		135.639	(12.702)
Deferred tax (expense) / benefit		(21.580)	3.286
Total other comprehensive income / (loss)		115.538	(43.125)
Total comprehensive income / (loss)		780.199	(97.902)
Total profit / (loss) for the period attributable to			
Owners of the Company		652.719	(50.025)
Non-controlling interests		11.942	(4.752)
Net profit / (loss) for the period		664.661	(54.777)
Total comprehensive income / (loss) attributable to:			
Owners of the Company		768.576	(93.754)
Non-controlling interests		11.623	(4.148)
Total other comprehensive income / (loss)		780.199	(97.902)

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

Çalık Holding Anonim Şirketi and its Subsidiaries
Condensed Consolidated Interim Statement of Changes in Equity
For the Six-Month Period Ended 30 June 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Attributable to owners of the Company								Non-controlling interests	Total equity
			Restricted reserves	Accumulative other comprehensive income / (expense) that are or may be reclassified to profit or loss		Retained earnings / (accumulated losses)				
	Paid-in capital	Adjustment to share capital	Legal reserves	Fair value reserve of financial assets available-for-sale	Translation reserve	Retained earnings (accumulated losses)	Profit / (loss) for the period	Total		
Balances at 1 January 2015	400.000	6.400	278.012	(2.228)	62.929	(334.056)	808.675	1.219.732	88.846	1.308.578
Total comprehensive income for the period										
Loss for the period	--	--	--	--	--	--	(50.025)	(50.025)	(4.752)	(54.777)
Other comprehensive loss	--	--	--	(9.416)	(34.313)	--	--	(43.729)	604	(43.125)
Total comprehensive loss for the period	--	--	--	(9.416)	(34.313)	--	(50.025)	(93.754)	(4.148)	(97.902)
Transactions with owners, recorded directly in equity										
Change in non-controlling interest in consolidated subsidiaries without change in control	--	--	(7.021)	--	(1.987)	352.265	--	343.257	30.910	374.167
Acquisition of subsidiary with non-controlling interests	--	--	--	--	--	--	--	--	77	77
Transfers	--	--	20.887	--	--	787.788	(808.675)	--	--	--
Total transactions with owners	--	--	13.866	--	(1.987)	1.140.053	(808.675)	343.257	30.987	374.244
Balances at 30 June 2015	400.000	6.400	291.878	(11.644)	26.629	805.997	(50.025)	1.469.235	115.685	1.584.920
Balances at 1 January 2016	400.000	6.400	597.774	(17.714)	240.468	499.028	255.770	1.981.726	138.319	2.120.045
Total comprehensive loss for the period										
Loss for the period	--	--	--	--	--	--	652.719	652.719	11.942	664.661
Other comprehensive loss	--	--	--	114.059	1.798	--	--	115.857	(319)	115.538
Total comprehensive loss for the period	--	--	--	114.059	1.798	--	652.719	768.576	11.623	780.199
Transactions with owners, recorded directly in equity										
Change in non-controlling interest in consolidated subsidiaries without change in control (Note 5.1)	--	--	--	--	--	2.783	--	2.783	(14.258)	(11.475)
Disposal of subsidiary with change in control	--	--	(267)	--	--	267	--	--	(19.141)	(19.141)
Acquisition of subsidiary with non-controlling interests	--	--	--	--	--	--	--	--	2.974	2.974
Transfers	--	--	418.596	--	--	(162.826)	(255.770)	--	--	--
Total transactions with owners	--	--	418.329	--	--	(159.776)	(255.770)	2.783	(30.425)	(27.642)
Balances at 30 June 2016	400.000	6.400	1.016.103	96.345	242.266	339.252	652.719	2.753.085	119.517	2.872.602

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

Çalık Holding Anonim Şirketi and its Subsidiaries
Condensed Consolidated Interim Statement of Cash Flows
For the Six-Month Period Ended 30 June 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	Reviewed 2016	Reviewed 2015
A.CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES		(255.590)	436.073
Profit / (Loss) for the period		664.661	(54.777)
Adjustments to reconcile cash flow generated from operating activities:		105.986	72.916
Adjustments for depreciation and amortisation	7	103.115	74.115
Loss/(gain) on sale of derivative financial instruments		4.527	17.146
Adjustments for fair value (gains) / loss of financial investments		(35.345)	(77.770)
Adjustments for doubtful receivables	11	10.601	9.689
Adjustments for inventory impairment, net	13	8.695	(503)
Adjustments for provision for long term employee benefits		2.495	3.093
Adjustments for provisions for loan impairment	12	4.199	9.375
Adjustments for provisions, net		4.346	(333)
Adjustments for vacation pay liability	20	2.213	2.878
Adjustments for share of profit of equity accounted investees	14	(46.821)	(8.340)
Adjustments for impairment on property, plant and equipment	15	--	(260)
Adjustments for interest income and expenses		33.829	102.241
Net gain on sale/disposal of financial investments		3.013	2.664
Unrealized foreign currency (income) / loss		(54.545)	(95.694)
Adjustments for tax expenses	22	66.250	35.167
Adjustments for the (gains) and losses on sales of property, plant and equipment, net		(586)	(552)
Changes in working capital		(1.018.022)	426.396
Adjustments for change in inventories		(301.240)	32.003
Adjustments for change in trade receivables		(444.642)	286.962
Adjustments for change in payables related to employee benefits		24.604	13.032
Adjustments for change in other receivables , other current assets and other non-current assets related with operating activities		(790.250)	(312.282)
Adjustments for change in assets held for sale		6.926	(12.049)
Adjustments for change in liabilities held for sale		(391)	392
Adjustments for change in receivables from finance sector operations		(712.547)	(346.194)
Adjustments for change in payables from finance sector operations		413.941	647.496
Change in restricted cash and cash equivalents		(4.047)	(8.649)
Adjustments for change in trade payables		232.550	(143.034)
Adjustments for change in prepayments		(110.547)	(57.809)
Adjustments for change in deferred income		456.538	258.497
Dividend income from associates and jointly controlled entities	14	437	421
Adjustments for change in other payables and other liabilities related with operating activities		210.646	67.610

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

Çalık Holding Anonim Şirketi and its Subsidiaries
Condensed Consolidated Interim Statement of Cash Flows
For the Six-Month Period Ended 30 June 2016 (*continued*)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	Reviewed 2016	Reviewed 2015
	Notes	2016	2015
Cash flows used in operating activities		(8.215)	(8.462)
Employee termination indemnity paid	20	(1.134)	(387)
Interest received		40.536	25.538
Collection from doubtful receivables	11	7.084	7.898
Taxes paid	22	(54.701)	(41.511)
B. CASH FLOWS USED IN INVESTING ACTIVITIES		(152.684)	(94.524)
Proceeds from sales of property, plant and equipment and intangible assets		3.763	3.376
Acquisition of investment property	17	(12.340)	(5.693)
Proceeds from disposal of held to maturity financial investments		--	7.330
Formation and capital contribution of share capital of equity accounted investees		(12.466)	(6.885)
Acquisition of non-controlling interests in entities under common control	5	(11.475)	--
Proceeds from / (repayment of) derivative financial instruments		(17.608)	(11.422)
Acquisition of held to maturity financial investments		121.817	(244.171)
Net cash flow from available for sale financial investments		(143.307)	(83.682)
Proceeds obtained from sale of subsidiary		27.225	--
Proceeds from sales of non-controlling interest in consolidated subsidiaries without change in control		--	374.167
Acquisition of property, plant and equipment	15	(88.779)	(86.020)
Acquisition of intangible assets	16	(19.514)	(41.524)
C. CASH FLOWS FROM FINANCING ACTIVITIES		550.834	81.375
Proceeds from funding of related parties and other third parties, net		415.557	92.521
Proceeds from / (repayment of) loans and borrowings, net		269.098	116.633
Interest paid		(133.821)	(127.779)
D.NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		142.560	422.924
E. CASH AND CASH EQUIVALENTS			
AT THE BEGINING OF THE PERIOD		976.012	767.676
CASH AND CASH EQUIVALENTS			
AT THE END OF THE PERIOD (A+B+C+D)		1.118.572	1.190.600

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

Çalık Holding Anonim Şirketi and its Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As at and for the Six-Month Period Ended 30 June 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Notes to the condensed consolidated interim financial statements

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Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

As at and for the Six-Month Period Ended 30 June 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

1 Reporting entity

Çalık Holding Anonim Şirketi ("Çalık Holding" or "the Company") was established in 1997 and the Company's main operations are to manage and coordinate the activities of its subsidiaries operating in different industries, including textile, energy, telecommunication, construction, real estate, investment, banking and finance and marketing to make investments in these industries.

Çalık Holding was established at its registered office address, Büyükdere Caddesi No:163 Zincirlikuyu Istanbul/Turkey, on 20 March 1997.

As of 30 June 2016, Çalık Holding has 79 (31 December 2015: 76) subsidiaries ("the Subsidiaries"), 8 (31 December 2015: 8) joint ventures ("the Joint Ventures"), 1 (31 December 2015: 1) joint operation ("the Joint Operation") and 11 (31 December 2015: 9) associates ("the Associates") (referred to as "the Group" or "Çalık Group" herein and after). The condensed consolidated interim financial statements of the Group as at and for the six month period ended 30 June 2016 comprises Çalık Holding and its subsidiaries and the Group's interest in associates and joint ventures and operations.

As at 30 June 2016, the number of employees of the Group is 20.463 (31 December 2015: 18.912).

As explained in more detail in Note 7, as at 30 June 2016 the Group operates mainly under six segments:

- Energy
- Construction
- Textile
- Marketing
- Telecommunication
- Banking and finance

The subsidiaries, the joint ventures, the joint operation and the associates included in the consolidation scope of Çalık Holding, their country of incorporation, nature of business and their respective operating segments are as follows:

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

As at and for the Six-Month Period Ended 30 June 2016

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

1 Reporting entity (continued)

1.1 Entities in energy segment

Company name	Type of partnership	Country
Adacami Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Aktif Doğalgaz Ticaret A.Ş.	Subsidiary	Turkey
Ant Enerji Sanayi ve Ticaret Limited Şirketi	Subsidiary	Turkey
Atagas Doğalgaz Ticaret A.Ş.	Joint venture	Turkey
Atayurt İnşaat A.Ş.	Subsidiary	Turkey
Atlas Petrol Gaz İthalat İhracat ve Pazarlama Ticaret A.Ş.	Subsidiary	Turkey
Ayas Rafineri ve Petrokimya Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Başak Yönetim Sistemleri A.Ş.	Subsidiary	Turkey
Çalık Gaz ve Petrol A.Ş.	Subsidiary	Turkey
Çalık Diamond Solar Enerji A.Ş.	Subsidiary	Turkey
Çalık Elektrik Dağıtım A.Ş.	Subsidiary	Turkey
Çedaş Elektrik Dağıtım Yatırımları A.Ş.	Subsidiary	Turkey
Çalık Energy AB ^(**)	Subsidiary	Sweden
Çalık Enerji Dubai FZE	Subsidiary	UAE – Dubai
Çalık Enerji Elektrik Üretim ve Madencilik A.Ş.	Subsidiary	Turkey
Çalık Enerji Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Çalık Georgia LLC ^(**)	Subsidiary	Georgia
Çalık Limak Adi Ortaklığı	Joint venture	Turkey
Çalık NTF Elektrik Üretim ve Madencilik A.Ş.	Subsidiary	Turkey
Çalık Petrol Arama Üretim Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Çalık Rüzgar Enerjisi Elektrik Üretim Limited Şirketi	Subsidiary	Turkey
Çep Petrol Dağıtım Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Doğu Akdeniz Petrokimya ve Rafineri Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Doğu Aras Enerji Yatırımları A.Ş.	Joint venture	Turkey
Gap Elektrik Dağıtım Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
İrmak Yönetim Sistemleri A.Ş.	Subsidiary	Turkey
İlkideniz Petrol ve Gaz Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
JSC Calik Georgia Wind	Subsidiary	Georgia
Kızılırmak Enerji Elektrik A.Ş.	Subsidiary	Turkey
Kosova Çalık Limak Energy Sh.A.	Joint venture	Kosovo
LC Electricity Supply and Trading d.o.o.	Joint venture	Serbia
Momentum Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Petrotrans Enerji A.Ş.	Subsidiary	Turkey
Sembol Enerji A.Ş.	Subsidiary	Turkey
TAPCO Petrol Boru Hattı Sanayi ve Ticaret A.Ş.	Associate	Turkey
Tasfiye Halinde Ortur Elektrik Üretim ve Ticaret Limited Şirketi ^(*)	Subsidiary	Turkey
Tasfiye Halinde Japan International Enerji Network A.Ş. ^(*)	Subsidiary	Turkey
Tasfiye Halinde Vadi Elektrik Üretim Sanayi ve Ticaret Limited Şirketi ^(*)	Subsidiary	Turkey
Technovision Mühendislik Danışmanlık ve Dış Ticaret A.Ş.	Subsidiary	Turkey
Technological Energy N.V. ^(**)	Subsidiary	Holland
Türkmen'in Altın Asrı Elektrik Enerjisi Toptan Satış A.Ş.	Subsidiary	Turkey
Yeşilçay Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Yeşilirmak Elektrik Dağıtım A.Ş.	Subsidiary	Turkey
Yeşilirmak Elektrik Perakende Satış A.Ş.	Subsidiary	Turkey

(*) These companies are under liquidation.

(**)Çalık Energy AB, Çalık Georgia LLC and Technological Energy N.V., subsidiaries of the Group are non operating of in startup phase and are not consolidated due to the insignificance of their financial impact on the condensed consolidated interim financial statements as of and for the six-month period ended 30 June 2016.

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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

1 Reporting entity (continued)

1.1 Entities in energy segment (continued)

Adacami Enerji Elektrik Üretim Sanayi Ve Ticaret A.Ş. (“Adacami Enerji”)

Adacami Enerji was established in December 2009, for the purpose of renting and operating electricity facility and selling electricity.

Aktif Doğalgaz Ticaret A.Ş. (“Aktif Doğalgaz”)

Aktif Doğalgaz was established in 1999, in Istanbul for the purpose of operating in gas distribution and trading.

Ant Enerji Sanayi ve Ticaret Limited Şirketi (“Ant Enerji”)

Ant Enerji was established in 2006, in Istanbul for the purpose of marketing, selling and distribution of energy.

Atagas Doğalgaz Ticaret A.Ş. (“Atagas Doğalgaz”)

Atagas Doğalgaz was founded in 2014 as a joint venture with a joint agreement between Aktif Doğalgaz and ASL Enerji Sanayi ve Ticaret A.Ş. (“ASL Enerji”) with the participation of these two companies equally by 50%, for the purpose of exporting natural gas to be purchased from Turkmenistan, through Iran and wholesales in Turkey and/or re-exporting abroad.

Atayurt İnşaat A.Ş. (“Atayurt İnşaat”)

Atayurt İnşaat was established in 2009 for the purpose of building and operating energy power plants and providing operational and maintenance services to power plants.

Atlas Petrol Gaz İthalat İhracat ve Pazarlama Ticaret A.Ş. (“Atlas Petrol”)

Atlas Petrol was established in 2008 for the purpose of importing, exporting, and distributing of all kinds of crude oil and building and operation necessary facility for the production.

Ayas Rafineri ve Petrokimya Sanayi ve Ticaret A.Ş. (“Ayas Rafineri”)

Ayas Rafineri was established in 2010 for the purpose of installing petroleum refinery, petrochemistry facilities, additional facilities and all kind of auxiliary and complementary plants, buying and selling them, acquiring interest in these facilities, operating and expanding them when necessary.

Başak Yönetim Sistemleri A.Ş. (“Başak Yönetim”)

Başak Yönetim was established in 2008 for the purpose of building and operating of electricity production facility and producing, selling and marketing of electricity with the name “Başak Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.”.

The name of the company was changed on 11 April 2013 as “Başak Yönetim Sistemleri A.Ş.”.

Çalık Gaz ve Petrol A.Ş. (“Çalık Gaz”)

Çalık Gaz; formerly known as Akçay Enerji A.Ş. was established in 2010 in Istanbul for the purpose of building,renting and setting electricity production facility into operation, producing electricity and selling produced electricity and/or electricity capacity to the customers.

Çalık Diamond Solar Enerji A.Ş. (“Çalık Solar Enerji”)

Çalık Solar Enerji was established in 2012 and main operation of the Çalık Solar Enerji is to develop and construct all kinds of solar energy power plants.

Çalık Holding Anonim Şirketi and its Subsidiaries

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1 Reporting entity (continued)

1.1 Entities in energy segment (continued)

Çalık Elektrik Dağıtım A.Ş. ("ÇEDAŞ")

ÇEDAŞ was established in 2010 according to legislations of Energy Market Regulatory Authority to distribute and sale of electricity and to invest in companies operating in these businesses.

Çedaş Elektrik Dağıtım Yatırımları A.Ş. ("CED")

ÇED was founded in accordance with the energy market regulations for the purpose of establishing and participating to the companies that are engaged in distribution, retail and wholesale of electricity energy and/or capacity, assigning management of these established and participated companies, to provide consultancy services on technical, financial, information processing and human resources management issues and to make industrial and commercial investments through these companies.

Çalık Energy AB ("Çalık Energy AB")

Çalık Energy AB was established in 2012, in Stockholm. As of the reporting date the company is non operating.

Çalık Enerji Dubai FZE ("Çalık Enerji Dubai")

Çalık Enerji Dubai was incorporated in Jebel Ali Free Zone, Dubai and has a branch in Turkmenistan.

Çalık Enerji Elektrik Üretim ve Madencilik A.Ş. ("Çalık Elektrik")

Çalık Elektrik was established in 2004, in Istanbul for the purpose of building, operating and renting electricity power plants.

Çalık Enerji Sanayi ve Ticaret A.Ş. ("Çalık Enerji")

Çalık Enerji was established in 1998 to conduct the Group's activities in the energy sector and to engage in the operation, exploration and production of natural gas and petroleum resources, shipment and selling of these resources to the international areas. Çalık Enerji has five branches namely Çalık Enerji Turkmenistan, Çalık Enerji Georgia, Çalık Enerji Libya, Çalık Enerji Uzbekistan and Çalık Enerji Iraq.

Çalık Georgia LLC ("Çalık Georgia")

Çalık Georgia was established in 2015 in Tbilisi for the purpose of engineering, procurement, constructing ("EPC") of the hydroelectric power plant and trading the electricity produced in Georgia. As of reporting date, Çalık Georgia is non operating.

Çalık Limak Adi Ortaklığı

Çalık Limak Adi Ortaklığı was established in 2013 as a joint venture of ÇEDAŞ and Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş. ("Limak Yatırım"), in Istanbul for the purpose of supplying all kind of technical equipments to Kosovo Electricity Distribution and Supply Company ISC fully owned by Kosovo Çalık Limak Energy which is also a joint venture of Çalık Enerji and Limak Yatırım.

Çalık NTF Elektrik Üretim ve Madencilik A.Ş. ("Çalık NTF")

Çalık NTF was established in 2006, in Istanbul for the purpose of establishing, operating and renting power generation plants.

Çalık Petrol Arama Üretim Sanayi ve Ticaret A.Ş. ("Çalık Petrol")

Çalık Petrol was established in 2012 for natural gas and oil exploration, production, distribution, sale, transport and trading.

Çalık Rüzgar Enerjisi Elektrik Üretim Limited Şirketi ("Çalık Rüzgar")

Çalık Rüzgar was established in 1994 for the purpose of building and operating of electricity power plants, production, selling and marketing of electricity.

Çep Petrol Dağıtım Sanayi ve Ticaret A.Ş. ("ÇEP Petrol")

ÇEP Petrol was established in 2008 for the purpose of importing, exporting, distributing all kinds of crude oil and building and operating necessary facilities for the production.

Çalık Holding Anonim Şirketi and its Subsidiaries

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1 Reporting entity (continued)

1.1 Entities in energy segment (continued)

Doğu Akdeniz Petrokimya ve Rafineri Sanayi ve Ticaret A.Ş. ("Doğu Akdeniz Petrokimya")

Doğu Akdeniz Petrokimya (formerly known as Enerji Petrol Gaz İthalat Pazarlama Sanayi ve Ticaret A.Ş.) was established at the end of 2005 in Istanbul for the purpose of realising prospects for oil and natural gas, producing, importing and exporting and distribution of these products to other plants.

Doğu Aras Enerji Yatırımları A.Ş. ("Doğu Aras")

Doğu Aras was founded in accordance with the energy market regulations as a joint venture with a joint agreement between ÇED and Kiler Alışveriş Hizmetleri Gıda Sanayi Ticaret A.Ş. ("Kiler Alışveriş") on 5 May 2013 with the participation of these two companies by 49% and 51%, respectively, for the purpose of establishing and participating to the companies that are engaged in distribution, retail and wholesale of electricity energy and/or capacity, assigning management of these established and participated companies, providing consultancy services on technical, financial, information processing and human resources management issues and making industrial and commercial investments through this companies.

On 28 June 2013, Doğu Aras purchased all shares of Aras Elektrik Dağıtım A.Ş. ("EDAŞ") and Aras Elektrik Perakende Satış A.Ş. ("EPAS"), which were previously state owned companies operating in electricity distribution and procurement in cities Kars, Ardahan, Iğdır, Erzincan, Ağrı, Bayburt and Erzurum, within the privatisation.

Gap Elektrik Dağıtım Sanayi ve Ticaret A.Ş. ("Gap Elektrik")

Gap Elektrik was established in 1998 and has a 30-year license to operate electrical distribution systems in the cities of Malatya, Elazığ, Tunceli and Bingöl. As of the reporting date, Gap Elektrik is a non operating.

Irmak Yönetim Sistemleri A.Ş. ("Irmak Yönetim")

Irmak Yönetim, formerly known as "Irmak Enerji Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş.", was established in 2008 for the purpose of building and operating electricity production facility and producing, selling and marketing of electricity.

The name of Enerji Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. was changed on 11 April 2013 as "Irmak Yönetim Sistemleri A.Ş."

İkideniz Petrol ve Gaz Sanayi ve Ticaret A.Ş. ("İkideniz Petrol")

İkideniz Petrol was established in 2008 for the purpose of importing, exporting, distributing, operating and production all kinds of crude oil. As of the reporting date, İkideniz Petrol is not operating.

JSC Calik Georgia Wind ("JSC Georgia")

JSC Georgia was established in 2015 in Tbilisi for the purpose of developing energy infrastructure and sponsoring of development of solar and wind power plant projects through finance, construction and long term operating of power plants.

Kızılırmak Enerji Elektrik A.Ş. ("Kızılırmak")

Kızılırmak was established in 2005 in Istanbul for the purpose of importing, exporting, distributing and operating all kinds of natural gas, crude oil and derivatives of these products.

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1 Reporting entity (continued)

1.1 Entities in energy segment (continued)

Kosova Çalık Limak Energy SH.A ("KÇLE")

KÇLE was established as a joint venture with a joint agreement between Çalık Enerji, ÇEDAŞ and Limak Yatırım on 17 September 2012 with the participation these three companies by 25%, 25% and 50%, respectively, in the share capital of KÇLE.

In 2015, shares of KÇLE representing 25% of all shares, held by ÇEDAŞ have been transferred to Çalık Enerji. On 8 May 2013, KÇLE purchased all shares of state-owned enterprise namely Kompania Per Distribuium Dhe Fumizim Me Energji Elektrike SH.A ("KEDS") which is operating in electricity distribution and procurement of electricity in Kosovo.

LC Electricity Supply and Trading d.o.o ("LC Electricity")

LC Electricity was founded in Serbia in 2014 as a joint venture with a joint agreement between Türkmen'in Altın Asrı Elektrik Enerjisi Toptan Satış A.Ş. ("Türkmen Elektrik") and Limak Yatırım with the participation of these two companies equally by 50%. The purpose of LC Electricity is trading electricity and sales/purchases of goods and services as part of this operation.

Momentum Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Momentum Enerji")

Momentum Enerji was established in 2008 for the purpose of building and operating of electricity power plant, producing, selling and marketing of electricity.

Petrotrans Enerji A.Ş. ("Petrotrans Enerji")

Petrotrans Enerji was established in 2010 to operate necessary power plants for the purpose of importing, exporting and trade of crude oil, natural gas and derivatives of these products and distribution, purchasing and selling of natural gas, crude oil and products of natural gas and oil.

Sembol Enerji A.Ş. ("Sembol Enerji")

Sembol Enerji was established in 2010, in Istanbul for the purpose of building, renting and setting electricity production facilities into operation, producing electricity and selling produced electricity and/or electricity capacity to the customers.

TAPCO Petrol Boru Hattı Sanayi ve Ticaret A.Ş. ("TAPCO")

TAPCO was established in 2005, in Istanbul for the purpose of importing, exporting, distributing and operating all kinds of natural gas, crude oil and derivatives of these products.

Tasfiye Halinde Ortur Elektrik Üretim ve Ticaret Limited Şirketi ("Ortur Elektrik")

Ortur Elektrik was established in 2005 for the purpose of producing and distributing electricity. As of reporting date, Ortur Elektrik is in liquidation process.

Tasfiye Halinde Japan International Enerji Network A. Ş. ("Japan International")

Japan International was established in 2010 for the purpose of exploration and operation of solar power, wind power, geothermal power and other renewable energy resources, selling and marketing of electricity. Japan International is also engaged in processing and distribution of mineral ores. As of the reporting date, Japan International is non operating and in the liquidation process.

Tasfiye Halinde Vadi Elektrik Üretim Sanayi ve Ticaret Limited Şirketi ("Vadi Elektrik")

Vadi Elektrik was established in 2007 for the purpose of producing and distributing electricity. As of reporting date, Vadi Elektrik is in liquidation process.

Çalık Holding Anonim Şirketi and its Subsidiaries

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1 Reporting entity (continued)

1.1 Entities in energy segment (continued)

Technovision Mühendislik, Danışmanlık ve Dış Ticaret A.Ş. ("Technovision")

Technovision was established in 1994, in Ankara to provide machinery and civil engineering and consulting services. 90,00% of the Technovision's shares were acquired by Çalık Enerji in 2015 for the purpose of providing engineering and consultancy services to entities (See note 5.3).

Technological Energy N.V. ("Technological Energy")

Technological Energy N.V. was established in 2016, in the Netherlands for the purpose of providing financing services to the entities in energy segment.

Türkmen'in Altın Asrı Elektrik Enerjisi Toptan Satış A.Ş. ("Türkmen Elektrik")

Türkmen Elektrik was established in 2000, in Istanbul for the purpose of distributing and selling electricity.

Yeşilçay Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Yeşilçay Enerji")

Yeşilçay Enerji was established in 2008 for the purpose of building and operating of electricity power plant, producing, selling and marketing of electricity. Yeşilçay Enerji also engages in exploration and production of mineral ore.

Yeşilirmak Elektrik Dağıtım A.Ş. ("YEDAŞ")

YEDAŞ was taken over by the Group in 2010 for 30 years with the scope of privatisation in order to distribute electricity energy in Samsun, Ordu, Amasya, Çorum and Sinop.

In accordance with the 3rd clause of 4628 numbered Energy Markets Code, electricity distribution companies must separate its distribution and retail operations from each other until 1 January 2013. In this regard, YEDAŞ that carried out the electricity distribution and retail sales operations in Samsun, Ordu, Amasya, Çorum and Sinop regions, unbundled its distribution and retail sales operations on 31 December 2012 and YEPAŞ started its operations on 1 January 2013.

Yeşilirmak Elektrik Perakende Satış A.Ş. ("YEPAŞ")

In accordance with the 3rd clause of 4628 numbered Energy Markets Code, electricity distribution companies must separate its distribution and retail operations from each other until 1 January 2013. In this regard, YEDAŞ which was engaged in distribution and retail sale of electricity in Samsun, Ordu, Çorum, Amasya and Sinop regions, unbundled its distribution and retail operations on 31 December 2012. YEPAŞ was founded for retail sales of electricity and electricity related products by partial demerger of YEDAŞ as of 1 January 2013.

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1 Reporting entity (continued)

1.2 Entities in construction segment

Company name	Type of partnership	Country
Çalık Emlak ve Gayrimenkul Yatırımları A.Ş.	Subsidiary	Turkey
Çalık İnşaat A.Ş.	Subsidiary	Turkey
Gap Construction A.B	Subsidiary	Sweden
Gap Construction Co.	Subsidiary	Libya
Gap Construction Investment and Foreign Trade LLC	Subsidiary	Qatar
Gap İnşaat Construction and Investment Co. Ltd.	Subsidiary	Sudan
Gap İnşaat Dubai FZE	Subsidiary	Dubai
Gap İnşaat Saudi Arabia Ltd.	Subsidiary	S. Arabia
Gap İnşaat Ukraine Ltd.	Subsidiary	Ukraine
Gap İnşaat Yatırım ve Dış Ticaret A.Ş.	Subsidiary	Turkey
Gapyapı İnşaat A.Ş.	Subsidiary	Turkey
Kentsel Dönüşüm İnşaat A.Ş.	Subsidiary	Turkey
White Construction N.V. (*)	Subsidiary	Holland
Varyap Varlıbaşlar Yapı Sanayi ve Turizm Yatırımları A.Ş.		
- Gap İnşaat Yatırım ve Dış Ticaret A.Ş. Ortak Girişimi	Joint operation	Turkey

(*)White Construction N.V, subsidiary of the Group is in startup phase, and is not consolidated due to the insignificance of their financial impact on the condensed consolidated interim financial statements as of and for the six-month period ended 30 June 2016.

Çalık Emlak ve Gayrimenkul Yatırımları A.Ş. ("Çalık Emlak")

Çalık Gayrimenkul Ticaret A.Ş. and Çalık Turizm Kültür İnşaat Sanayi ve Ticaret A.Ş., the formerly consolidated subsidiaries of the Group, were merged in 2015 and name of the merged company was changed as the Çalık Emlak. The purpose of Çalık Emlak is to participate or acquire the companies operating in selling and buying constructing, projecting, renting all kind of real estate property.

Gapyapı İnşaat A.Ş. ("Gapyapı")

Gapyapı was founded in 2007 for the purpose of operating in construction, decoration businesses in Turkey and abroad, making research, feasibility, project designing, city planning, development planning, consultancy activities related with these businesses and also collaborating with other domestic, foreign companies dealing with same businesses whether domestic or foreign and private or governmental.

Gap İnşaat Yatırım ve Dış Ticaret A.Ş. ("Gap İnşaat")

Gap İnşaat was established in 1996 in Istanbul, Turkey in order to provide construction, contracting and decoration businesses both within Turkey and abroad. Gap İnşaat also operates in mining of all kinds of minerals, marble, lime, clay, coal and stone quarries and trading of stone cutter, spare parts and glazed ceramic tiles both within the country and abroad provided that the necessary permits are granted. Gap İnşaat has two branches in Turkmenistan and Iraq which are established to conduct several construction projects.

Gap İnşaat Construction and Investment Co. Ltd, Gap İnşaat Saudi Arabia Ltd, Kentsel Dönüşüm İnşaat A.Ş., Gap Construction Co., Çalık İnşaat A.Ş, Gap Construction A.B, Gap Construction Investment and Foreign Trade LLC-Qatar, Gap İnşaat Dubai FZE (UAE), Gap İnşaat Ukraine Ltd.

Subsidiaries of Gap İnşaat namely, Gap İnşaat Construction and Investment Co. Ltd, Gap İnşaat Saudi Arabia Ltd, Kentsel Dönüşüm İnşaat A.Ş., Gap Construction Co, Çalık İnşaat A.Ş., Gap Construction A.B, Gap Construction Investment and Foreign Trade LLC-Qatar, Gap İnşaat Dubai FZE, Gap İnşaat Ukraine Ltd. were established for the purpose of engaging in construction projects in the countries where they operate.

Çalık Holding Anonim Şirketi and its Subsidiaries

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1 Reporting entity (continued)

1.2 Entities in construction segment (continued)

White Construction N.V.

White Construction N.V. was established in 2016, in Holland for the purpose to providing financing services to the entities in construction segment.

Varyap Varlıbaşlar Yapı Sanayi ve Turizm Yatırımları A.Ş.- Gap İnşaat Yatırım ve Dış Ticaret A.Ş. Ortak Girişimi ("Varyap-Gap Ortak Girişimi")

Varyap-Gap Ortak Girişimi was founded on 14 April 2010 for the purpose of construction of "Metropol Istanbul" project and sharing revenue equally of the real estate sales with a joint agreement signed between Varyap Varlıbaşlar Yapı Sanayi ve Turizm Yatırımları Ticaret A.Ş. ("VARYAP") and Gap İnşaat with a participation rate of 50% equally.

1.3 Entities in textile segment

Company name	Type of partnership	Country
Balkan Dokuma TGPI	Associate	Turkmenistan
Çalık Alexandria For Readymade Garments	Subsidiary	Egypt
Calik Cotton N.V. (*)	Subsidiary	Holland
Çalık Denim Tekstil Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Gap Türkmen-Türkmenbaşı Jeans Kompleksi	Associate	Turkmenistan
Serdar Pamuk Egrigi Fabriği ÇJB	Associate	Turkmenistan
Türkmenbaşı Tekstil Kompleksi	Associate	Turkmenistan

(*) Calik Cotton N.V, subsidiary of the Group is and in startup phase, and is not consolidated due to the insignificance of their financial impact on the condensed consolidated interim financial statements as of and for the six-month period ended 30 June 2016.

Balkan Dokuma TGPI ("Balkan Dokuma")

Balkan Dokuma was established in 2000 for the purpose of manufacturing and marketing yarn.

Çalık Alexandria For Readymade Garments ("Çalık Alexandria")

Çalık Alexandria was established in 2006 in Egypt for the purpose of engaging in the business of manufacturing and marketing ready wear, yarn and textures.

Calik Cotton N.V.

Calik Cotton N.V. was established in 2016, in Holland for the purpose to providing financing services to the entities in textile segment.

Çalık Denim Tekstil Sanayi ve Ticaret A.Ş. ("Çalık Denim")

Çalık Denim, formerly known as Gap Güneydoğu Tekstil Sanayi ve Ticaret A.Ş., was established in 1987, in Turkey and conducts its production operation in Malatya Industrial Area. Çalık Denim has a branch, namely Gap Güneydoğu Mersin Free Zone, that is engaged in the importing and exporting of textile products.

Çalık Holding Anonim Şirketi and its Subsidiaries

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1 Reporting entity (continued)

1.3 Entities in textile segment (continued)

Gap Türkmen -Türkmenbaşı Jeans Kompleksi ("TJK")

TJK was established as a joint venture of Çalık Denim and the Ministry of Textiles Industry of Turkmenistan in 1995 within the frame of Turkmenistan regulations for the purpose of yarn and denim fabric production and marketing. TJK has a denim fabric and jean factory and makes domestic and foreign sales to USA and European countries.

Serdar Pamuk Egrigi Fabriği ÇJB ("Serdar Pamuk") and Türkmenbaşı Tekstil Kompleksi ("TTK")

Serdar Pamuk and TTK were established in Turkmenistan for the purpose of producing denim fabric in textile industry.

1.4 Entities in marketing segment

Company name	Type of partnership	Country
Gap Pazarlama A.Ş.	Subsidiary	Turkey
Gap Pazarlama FZE Jebel Ali Free Zone	Subsidiary	UAE – Dubai
Gappa Textile Inc.	Subsidiary	USA
Synergy Marketing N.V. (*)	Subsidiary	Holland

(*)Synergy Marketing N.V., subsidiary of the Group is and in startup phase, and is not consolidated due to the insignificance of their financial impact on the condensed consolidated interim financial statements as of and for the six-month period ended 30 June 2016.

Gap Pazarlama A.Ş. ("Gap Pazarlama")

Gap Pazarlama was established in 1994 in order to supply goods used in the production and the domestic or foreign projects carried out mainly by the Group and other non-group companies. Gap Pazarlama has a branch in Mersin Free Zone, which is engaged in the importation and exportation of textile products.

Gap Pazarlama FZE Jebel Ali Free Zone ("Gap Pazarlama FZE")

Gap Pazarlama FZE was established in 2004 in United Arab Emirates ("UAE") for the purpose of importing and exporting of trading goods.

Gappa Textile Inc.

Gappa Textile Inc. was established to operate in the international markets for selling of the home textiles and ready-to-wear garments.

Synergy Marketing N.V.

Synergy Marketing N.V. was established in 2016, in Holland for the purpose to providing financing services to the entities in marketing segment.

1.5 Entities in telecommunication segment

Company name	Type of partnership	Country
Albtelecom Sh.a.	Subsidiary	Albania
Cetel Çalık Enerji Telekomünikasyon Hizmetleri A.Ş.	Subsidiary	Turkey
Cetel Telekom İletişim Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Telemed Telekom A.Ş.	Subsidiary	Turkey
Tasfiye Halinde Yenikom Telekomünikasyon Hizmetleri A.Ş.	Subsidiary	Turkey

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Notes to the Condensed Consolidated Interim Financial Statements

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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

1 Reporting entity (continued)

1.5 Entities in telecommunication segment (continued)

Albtelecom Sh.a. (“Albtelecom”)

Albtelecom was established in 1992 with a company name Albtelecom Telekom Shqiptar and transformed into a joint-stock company on 23 February 1999. Until 28 September 2007, Government of Albania as represented by the Ministry of Economy, Trade and Energy was the sole shareholder of the company. As of 28 September 2007, CT Telecom Sh.a, a former subsidiary of Cetel Telekom İletişim Sanayi ve Ticaret A.Ş. (“Cetel Telekom”) acquired 76% of the Albtelecom’s share capital. Albtelecom is the unique national operator providing wired telephone service in Albania. In 2013, CT Telecom Sh.a merged with Albtelecom under Albtelecom.

Albtelecom merged with its subsidiary Eagle Mobile Sh.a, which provides local, mobile and terrestrial communication services in Albania, on 1 February 2013.

Cetel Çalık Enerji Telekomünikasyon Hizmetleri A.Ş. (“Cetel Çalık”)

Cetel Çalık was established in 2004 in Istanbul for the purpose of providing various services in the fields of telecommunication, communication, press, and internet.

Cetel Telekom

Cetel Telekom was established in 2007 in Istanbul. The principal activities are telecommunication, multimedia, internet and data transportation.

Telemed Telekom A.Ş. (“Telemed”)

Telemed was established in 2010 for the purpose of providing all kind of services in the fields of telecommunication, communication, media, internet, and voice and data communication.

Tasfiye Halinde Yenikom Telekomünikasyon Hizmetleri A.Ş. (“Yenikom”)

Yenikom was established in 2008 for the purpose of building and managing electronic communication network. As of reporting date Yenikom Telekomünikasyon is in liquidation process.

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1 Reporting entity (continued)

1.6 Entities in banking and finance segment

Company name	Type of partnership	Country
Aktif Yatırım Bankası A.Ş.	Subsidiary	Turkey
Albania Leasing Company	Associate	Albania
Banka Kombetare Tregtare Sh.a	Subsidiary	Albania
Çalık Finansal Hizmetler A.Ş.	Subsidiary	Turkey
Kazakhstan Ijara Company KIC Leasing	Associate	Kazakhstan
Euro-Mediterranean Investment Company Limited	Associate	TRNC
Euroasian Leasing Company	Associate	Tatarstan-Russia
Sigortayeri Sigorta ve Reasürans Brokerlığı A.Ş.	Subsidiary	Turkey

Aktif Yatırım Bankası A.Ş. ("Aktifbank")

Aktifbank was founded as an investment and development bank in 1999 for the purpose of providing all kind of transactions related with investment, project finance and marketable securities and also to provide all kinds of investment banking services. However, Aktifbank is not authorised to accept deposits.

Name of Aktifbank was changed to "Aktif Yatırım Bankası A.Ş." from "Çalık Yatırım Bankası A.Ş." on 1 August 2008.

Albania Leasing Company ("Albania Leasing")

Main activity of Albania Leasing is financial leasing. As of the reporting date, Albania Leasing is non-operating.

Banka Kombetare Tregtare Sh.a ("BKT")

BKT was founded in 1998 by obtaining banking license and engages in banking activities in Albania.

Çalık Finansal Hizmetler A.Ş. ("Çalık Finansal Hizmetler")

Çalık Finansal Hizmetler was established in 2003 as Aktifbank's cooperation with Şekerbank T.A.Ş. and Çalık Holding for their projects of investing in domestic and foreign banks. In 2008, Çalık Holding acquired shares held by Şekerbank T.A.Ş.

Kazakhstan Ijara Company KIC Leasing

Kazakhstan Ijara Company KIC Leasing was established in 2013, in Kazakhstan for the purpose of operating in financial leasing sector.

Euro-Mediterranean Investment Company Limited ("Euro-Mediterranean")

Euro-Mediterranean was established in 2015 for the purpose of portfolio management in Northern Cyprus Turkish Republic.

Euroasian Leasing Company ("ELC")

Euroasian Leasing Company was established in Tatarstan-Russia to provide leasing solutions to the SME sector in accordance with the Islamic principles.

Sigortayeri Sigorta ve Reasürans Brokerlığı A.Ş. ("Sigortayeri")

Sigortayeri provides insurance products through the virtual and physical multi-channel structure that are shaped according to the needs of potential policyholders in order to operate insurance brokerage.

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1 Reporting entity (continued)

1.7 Entities in other segments

Company name	Type of partnership	Country
Aktif Yatırım Bankası Sukuk Varlık Kiralama A.Ş.	Associate	Turkey
Artmin Madencilik Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Asset Aktif Sportif ve Sanatsal Etkinlik Hizmetleri Ticaret A.Ş.	Subsidiary	Turkey
Çalık Hava Taşımacılık Turizm Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Dore Altın ve Madencilik A.Ş.	Subsidiary	Turkey
E-Kent Elektronik Ücret Toplama Sistemleri A.Ş.	Subsidiary	Turkey
Emlak Girişim Danışmanlığı A.Ş.	Subsidiary	Turkey
E-Post Elektronik Perakende Otomasyon Satış ve Ticaret A.Ş.	Subsidiary	Turkey
IFM İstanbul Finans Merkezi İnşaat Taahhüt A.Ş.	Associate	Turkey
Kartalpe Madencilik Sanayi ve Ticaret A.Ş.	Joint venture	Turkey
Lidya Madencilik Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
N-Kolay Mağazacılık A.Ş.	Subsidiary	Turkey
Polimetal Madencilik Sanayi ve Ticaret A.Ş.	Joint venture	Turkey
Pavo Teknik Servis Elektrik ve Elektronik Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Tunçpınar Madencilik Sanayi ve Ticaret A.Ş.	Joint venture	Turkey
Tura Madencilik A.Ş.	Subsidiary	Turkey
UPT Ödeme Hizmetleri A.Ş.	Subsidiary	Turkey

Aktif Yatırım Bankası Sukuk Varlık Kiralama A.Ş. ("Aktif VKŞ")

Aktif VKŞ was established in 2013 in Istanbul for the purpose of issuing rent certificate in accordance with the relevant regulations promulgated by Capital Market Board of Turkey.

Artmin Madencilik Sanayi ve Ticaret A.Ş. ("Artmin Madencilik")

Artmin Madencilik (formerly known as AMG mineral Madencilik A.Ş.) was established by AMG Mineral Inc for prospection and buying business licence, buying and selling mine site, managing and participating the mine tender. In 2015, the Group started to control the Artmin Madencilik by acquiring shares by 70%.

Asset Aktif Sportif ve Sanatsal Etkinlik Hizmetleri Ticaret A.Ş. ("Asset Aktif")

Asset Aktif was established in 2014 in Istanbul for the purpose of providing ticket sale and organization management for football and art activities.

Çalık Hava Taşımacılık Turizm Sanayi ve Ticaret A.Ş. ("Çalık Hava")

Çalık Hava was established in 2010 in Istanbul for the purpose of providing every kind of air transportation activities, scheduled or unscheduled domestic and abroad air transportation, arranging passenger and freight cargo transportation.

Dore Altın ve Madencilik A.Ş. ("Dore Altın")

Dore Altın was established in 2010 in Istanbul for the purpose of mining, operating, purchasing and renting underground and surface mine and natural resources in accordance with existing regulations, to purchase prospecting license, to demand operating right and to take over mining rights.

E-Kent Elektronik Ücret Toplama Sistemleri A.Ş. ("E-Kent")

E-Kent was established in 2002 and its main activity is modernisation of public transportation and suggesting new electronic solutions about electronic ticket and prosecution system.

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1 Reporting entity (continued)

1.7 Entities in other segments (continued)

Emlak Girişim Danışmanlığı A.Ş. ("Emlak Girişim")

Emlak Girişim engages in real estate projects, structures and systems, and in this regard makes active counseling and guidance.

E-Post Elektronik Perakende Otomasyon Satış ve Ticaret A.Ş. ("E-Post")

E-Post was established in 2009 in Istanbul for the purpose of providing tailor-made postcard designing services.

IFM İstanbul Finans Merkezi İnşaat Taahhüt A.Ş. ("IFM")

IFM operates in special projects, land recreation, area sales and revenue sharing provisions for the construction of the immovable, construction and sales activity is independent sections.

Kartaltepe Madencilik Sanayi ve Ticaret A.Ş. ("Kartaltepe")

Kartaltepe was established in 2011 as a wholly owned subsidiary of YAMAS. Kartaltepe is registered in Ankara, Turkey and is engaged in the operation of mining in Erzincan region. As at reporting date, Kartaltepe is a joint venture of Lidya Madencilik Sanayi ve Ticaret A.Ş. ("Lidya Maden") and YAMAS with an ownership structure of 50% and 50%, respectively.

Lidya Madencilik Sanayi ve Ticaret A.Ş. ("Lidya Maden")

Lidya Maden was established in 2006 in Istanbul to explore all kind of metal and mineral products and to participate in mining companies.

N-Kolay Mağazacılık A.Ş. ("N-Kolay")

N-Kolay was established in 2014 in Istanbul for the purpose of providing bill payment point service to its customers.

Polimetal Madencilik Sanayi ve Ticaret A.Ş. ("Polimetal")

Polimetal was incorporated in 2011 as a wholly owned subsidiary of Yeni Anadolu Mineral Madencilik Sanayi ve Ticaret Ltd. Şti. ("YAMAS"). Polimetal is registered in Ankara, Turkey and is engaged in the development and operation of mining assets. As at reporting date, Polimetal is a joint venture of Lidya Maden and YAMAS with an ownership structure of 75% and 25%, respectively.

Pavo Teknik Servis Elektrik ve Elektronik Sanayi ve Ticaret A.Ş. ("Pavo")

Pavo operates in the area of new generation payment recorders import, manufacture, sales and technical services.

Tunçpınar Madencilik Sanayi ve Ticaret A.Ş. ("Tunçpınar")

Tunçpınar was established in 2011 as a wholly owned subsidiary of YAMAS. Tunçpınar is registered in Ankara, Turkey and is engaged in the operation of mining in Tunceli region. As at reporting date, Tunçpınar is a joint venture of Lidya Maden and YAMAS with an ownership structure of 50% and 50%, respectively.

Tura Madencilik A.Ş. ("Tura")

Tura was established in 2010 in Istanbul to mine, operate, buy and rent underground and aboveground mine and natural resources in accordance with existing regulations.

UPT Ödeme Hizmetleri A.Ş. ("UPT")

UPT was established for the purpose of electronic money transfer and payment services.

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2 Basis of preparation

(a) Statement of compliance

The Group prepared these condensed consolidated interim financial statements in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". These condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements prepared in accordance with Turkish Financial Reporting Standards ("TFRS").

The accompanying condensed consolidated interim financial statements should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2015. Therefore, the financial results for the six month period ended 30 June 2016 do not constitute an indicator for the entire financial year results.

The condensed consolidated interim financial statements are presented in accordance with the reporting templates promulgated by Capital Market Board of Turkey on 7 June 2013.

The condensed consolidated interim financial statements were approved by the Group management on 18 August 2016. The Çalık Holding's General Assembly and the other regulatory bodies have the power to amend the consolidated financial statements after their issue.

(b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis and for the Turkish entities as adjusted for the effects of inflation that lasted by 31 December 2004, except for the following:

- derivative financial instruments are measured at fair value,
- available-for-sale financial assets are measured at fair value,
- assets and liabilities held for sale are measured at the lower of their carrying amount and fair value less costs to sell,
- non-derivative financial assets at fair value through profit or loss are measured at fair value,
- investment property is measured at fair value.

(c) Functional and presentation currency

The accompanying condensed consolidated interim financial statements are presented in Turkish Lira ("TL") which is the Company's functional currency, except when otherwise indicated. Financial information presented in TL has been rounded to the nearest thousand.

The foreign exchange rates used by the Group as at 30 June 2016 and 31 December 2015 are as follows:

	30 June 2016	31 December 2015	30 June 2015
US Dollar	2,8936	2,9076	2,6863
Euro	3,2044	3,1776	2,5613

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2 Basis of preparation (continued)

(d) Changes in accounting policies, estimates and error

The valuation principles and accounting policies have been applied consistently to all periods presented in these condensed consolidated interim financial statements. Material changes in accounting policies and material accounting errors are adjusted retrospectively and prior periods' financial statements are restated. If the changes in accounting estimates are related with a period, they are applied in the period they are related with and if the changes are related with the future periods, they are applied both in the period the change is made and prospectively in the future periods.

(e) Use of estimates and judgements

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

The significant judgements and estimates made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2015.

3 Significant accounting policies

The significant accounting policies have been applied consistently by the Group in the preparation of these condensed consolidated interim financial statements as of and for the six month period ended 30 June 2016 with those financial statements as of and for the year ended 31 December 2015.

The condensed consolidated interim financial statements as of and for the six month period ended 30 June 2016 should be read together with the financial statements as of and for the year ended 31 December 2015.

4 Seasonality of operations

The holiday in summer season has a negative effect on sales of entities in textile segment while the sales of these entities in this segment are relatively higher in winter season compared to summer season. Total revenue of Textile Group for the 12 month-period ended 30 June 2016 is TL 854.266 (2015: TL 638.074).

Although there are seasonal changes in energy and telecommunication segments, they are not expected to have a material effect on Group's revenue for the-six-month period ended 30 June 2016. There is no material seasonality change in the operations of other segments.

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5 Acquisitions and disposals of subsidiaries and non controlling interests

5.1 Acquisitions of non-controlling interests without change in control during 2016

Doğu Akdeniz

On 1 February 2016, Ayas Rafineri acquired the shares held by Selective Investments Pte. Ltd with a nominal value TL 11.250 representing %15,00 of Doğu Akdeniz's all shares for a total consideration of TL 11.475 TL, increasing its ownership percent from %84,40 to %99,40.

5.2 Disposal of the subsidiary during 2016

Çalık Pamuk

On 30 June 2016, the share of Çalık Denim with a nominal value of TL 16.500 representing %55 of Çalık Pamuk's capital have been sold for a total consideration of TL 27.225. As a result of this transaction, the Group recognized a gain on sale of its interest in Çalık Denim of TL 3,013.

5.3 Acquisition of subsidiary during 2015

Technovision

On 19 March 2015, Çalık Enerji, a consolidated subsidiary operating in energy sector contributed to the capital increase of Technovision by getting the ownership of all shares with a carrying amount of TL 112 representing 90,00% of Technovision's all shares.

The combination had the following effect on the Group's assets and liabilities on 1 January 2015 which is the date of the Technovision's available financial information to be recognised in this combination, since no significant change in the Technovision's operations and financial information is expected between 1 January 2015 and acquisition date:

	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition
Current assets	347	--	347
Non-current assets	3	--	3
Current liabilities	(29)	--	(29)
Net identifiable assets and liabilities acquired	321	--	321
Capital contribution	(112)	--	(112)
Bargain purchase gain	209	--	209

5.4 Disposal of non-controlling interests during 2015

Çalık Enerji

On 28 May 2015, the shares of Çalık Enerji held by the Çalık Holding with a nominal value of TL 4.876 representing 4,48% of Çalık Enerji's capital have been sold to Kırmızı Elmas Enerji ve Altyapı Yatırımları A.Ş., a subsidiary of Mitsubishi Corporation, for a total consideration of TL 374.167 and this has been treated as a transaction in with non-controlling interests recognised directly under equity.

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6 Discontinued operation and disposal group held for sale

The Group reclassified assets and liabilities of Çalık Alexandria operating in textile sector as "Assets held for sale" as the Group plans to dispose its production and retail facilities of this subsidiary. All assets and liabilities of this subsidiary except the cash and cash equivalents have been classified as "Assets held for sale" and "Liabilities held for sale" in the condensed consolidated interim financial statements, respectively. In addition, properties acquired as a result of legal proceedings of uncollectable loans and receivables of banking sector operations have been re-presented under "Assets held for sale".

As at 30 June 2016, assets and liabilities held for sale are TL 182.168 and TL 7.557 (31 December 2015: 189.094 and TL 7.948), respectively, and details are as follows:

Assets held for sale	30 June 2016	31 December 2015
Inventories	1.986	1.996
Property, plant and equipment (*)	180.067	186.983
Intangible assets	49	51
Other assets	66	64
	182.168	189.094
Liabilities held for sale		
Other payables	7.557	7.812
Other current liabilities	--	136
	7.557	7.948

(*) Property, plant and equipment consist of properties classified as held for sale of the subsidiaries in textile sector amounting to TL 27.701 (31 December 2015: TL 25.927) and properties amounting to TL 152.366 (31 December 2015: TL 161.056) which were acquired as a result of legal proceedings of uncollectable loans and receivables of banking sector operations.

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7 Operating segments

The Group has six reportable segments, as described below, which are largely organised and managed separately according to the nature of products and services provided, distribution channels and profile of customers.

Assets, liabilities, profit and measurement of financial results of the segments are dependent to accounting policies of the Group. Segment operating profit, assets and liabilities consist of items directly belonging to these segment or items that can be distributed fairly.

The Group's main reportable operating segments are as follows:

Energy: Entities in energy segment operate in sale of electricity, operation of natural gas and crude oil resources, exploration-production of these resources and sale and transportation of these resources to international markets, conducting of engineering, procurement and construction projects ("EPC") for construction of new power plants.

Construction: Entities in construction segment are operating in construction, contracting and decoration businesses both within Turkey and abroad. In addition, these entities are managing mining of all kinds of minerals, marble, lime, clay, coal and stone as long as the necessary permits are granted and trading of marble, store cutting machines with its spare parts, ceramic floor and wall tiles both within the country and abroad. These entities are also providing services for land development and project development services for urban renewal, office residential and housing markets, conducting of EPC projects.

Textile: Entities in textile segment mainly deal with production and trading activities of yarn, texture and ready wear besides providing consulting services related to importation and exportation of cotton.

Marketing: Entities in marketing segment mainly supplies goods used in the production and the domestic or foreign projects carried out mainly by the Group entities.

Telecommunication: Entities in telecommunication segment mainly provides telecommunication, communication, press and internet services.

Banking and finance: Entities in banking and finance segment mainly provides commercial and investment banking, financial leasing, insurance, project financing, other financial services, trading of marketable securities and credit financial services.

Other: Entities in other segment mainly engage in electronic fee collection, organisation, mining, transportation, procurement and various services.

The Group management prepares segment reporting in accordance with same policies applied to the consolidated financial statements as at and for the year ended 31 December 2015.

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7 Operating segments (continued)

The following information was prepared according to the accounting policies applied for subsidiaries, associates, joint ventures and joint operations.

30 June 2016									
	Energy	Construction	Textile	Marketing	Tele-communication	Banking and finance	Other	Eliminations	Total
Revenue	1.413.800	1.266.583	489.032	273.015	113.190	734.339	48.506	(215.273)	4.123.192
Gross profit	444.941	268.648	88.013	59.109	43.736	322.822	36.597	(104.311)	1.159.555
Share of profit/(loss) of equity accounted investees	64.253	--	--	--	--	(60)	(17.362)	(10)	46.821
Interest income	91.339	47	721	(22)	--	1.819	317	--	94.221
Other income/(expenses), net	(140.028)	(35.135)	(58.041)	(26.413)	(39.071)	(148.292)	(28.594)	98.644	(376.930)
Results from operating activities	460.505	233.560	30.693	32.674	4.665	176.289	(9.042)	(5.677)	923.667
Gains /(loss) from investing activities	(165)	(735)	4.592	15	(45)	(2.429)	19.727	(8.880)	12.080
Interest expense	(36.004)	(6.281)	(27.870)	(10.888)	(19.609)	(8.083)	(153.429)	134.114	(128.050)
Finance income/(expense), net	13.873	(5.712)	752	3.946	1.895	(27.254)	10.221	(74.507)	(76.786)
Consolidated income/(loss) before tax	438.209	220.832	8.167	25.747	(13.094)	138.523	(132.523)	45.050	730.911
Tax benefit/(expense)	(41.392)	5.393	6.621	(25)	(142)	(31.920)	(3.039)	(1.746)	(66.250)
Net profit/(loss) for the period	396.817	226.225	14.788	25.722	(13.236)	106.603	(135.562)	43.304	664.661

	Energy	Construction	Textile	Marketing	Tele-communication	Banking and finance	Other	Eliminations	Total
Segment assets	4.155.786	4.253.677	917.513	418.601	671.396	16.846.935	5.010.103	(7.452.839)	24.821.172
Segment liabilities	2.315.890	3.566.131	699.230	345.122	601.932	14.976.724	3.757.374	(4.313.833)	21.948.570
Capital expenditure	173.951	39.451	39.264	363	16.214	40.165	133.335	(322.110)	120.633
Depreciation and amortisation	(20.135)	(16.042)	(10.512)	(244)	(20.299)	(30.537)	(5.346)	--	(103.115)

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7 Operating segments (continued)

30 June 2015^(*)									
	Energy	Construction	Textile	Marketing	Tele-communication	Banking and finance	Other	Eliminations	Total
Revenue	1.367.711	497.839	414.739	228.157	96.681	562.702	91.435	(211.714)	3.047.550
Gross profit	348.040	33.825	77.633	35.766	26.148	268.027	24.316	(168.674)	645.081
Share of profit/(loss) of equity accounted investees	18.464	--	--	--	--	221	(10.345)	--	8.340
Interest income	52.794	1.571	10	5	--	--	68	--	54.448
Other income/(expense), net	(242.096)	44.305	(8.534)	(14.781)	(45.246)	(112.056)	63.259	12.330	(302.819)
Results from operating activities	177.202	79.701	69.109	20.990	(19.098)	156.192	77.298	(156.344)	405.050
Gains /(loss) from investing activities	95.401	7.393	(2.147)	54	(94)	(12.389)	459.255	(465.760)	81.713
Interest expense	(98.388)	--	(20.441)	(5.132)	(12.166)	(9.092)	(593)	116.778	(29.034)
Finance income/(cost), net	(1.294)	(76.410)	(40.488)	(11.023)	2.579	(738)	(350.293)	328	(477.339)
Consolidated income/(loss) before tax	172.921	10.684	6.033	4.889	(28.779)	133.973	185.667	(504.998)	(19.610)
Tax benefit/(expense)	(19.207)	5.197	6.573	6	(3.303)	(19.301)	(5.132)	--	(35.167)
Net profit/(loss) for the period	153.714	15.881	12.606	4.895	(32.082)	114.672	180.535	(504.998)	(54.777)

	Energy	Construction	Textile	Marketing	Tele-communication	Banking and finance	Other	Eliminations	Total
Segment assets	3.915.066	2.745.111	948.535	289.083	683.189	15.484.638	4.706.095	(6.667.193)	22.104.524
Segment liabilities	2.458.242	2.282.126	729.007	241.706	600.780	13.847.979	3.315.417	(3.490.778)	19.984.479
Capital expenditure	15.576	34.568	22.710	143	28.317	28.833	3.090	--	133.237
Depreciation and amortisation	(20.541)	(6.531)	(5.543)	(212)	(18.782)	(18.646)	(3.860)	--	(74.115)

^(*) Items related to profit or loss of income are presented as of 30 June 2015, while items related to the statement of financial position are presented as of 31 December 2015.

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8 Related party disclosures

Related party balances

As at 30 June 2016 and 31 December 2015, the Group had the following balances outstanding from its related parties:

30 June 2016					
	Shareholders	Associates	Joint ventures	Other	Total
Trade receivables	--	--	--	14.594	14.594
Other receivables	161.565	--	13.607	19.974	195.146
Receivables from financial activities	--	2.668	--	1.343	4.011
Trade payables	--	(1.622)	--	(2.129)	(3.751)
Other payables	--	--	--	(848)	(848)
Payables from finance sector operations	--	(1.939)	--	--	(1.939)
Total	161.565	(893)	13.607	32.934	207.213

31 December 2015					
	Shareholders	Associates	Joint ventures	Other	Total
Trade receivables	--	7.663	--	6.882	14.545
Other receivables	81.433	943	4.227	3.278	89.881
Trade payables	--	(13.851)	(2.177)	--	(16.028)
Other payables	--	--	--	(822)	(822)
Cash and cash equivalents	--	1.595	--	--	1.595
Total	81.433	(3.650)	2.050	9.338	89.171

No impairment losses have been recognised against balances outstanding as at 30 June 2016 (31 December 2015: None) and no specific allowance has been made for impairment losses on balances with the related parties.

Related party transactions

For the six month periods ended 30 June 2016 and 2015, the revenues earned and expenses incurred by the Group in relation to transactions with its related parties were as summarised below:

2016					
	Shareholders	Associates	Joint ventures	Other	Total
Revenue	--	9.679	2	37.822	47.503
Cost of sales	--	(3.118)	--	(12.106)	(15.224)
General and administrative expenses	(311)	--	--	(109)	(420)
Sales, marketing and distribution expenses	--	--	--	(2)	(2)
Research and development expenses	(31)	--	--	--	(31)
Income from investing activities	3.013	--	--	--	3.013
Total	2.671	6.561	2	25.605	34.839

2015					
	Shareholders	Associates	Joint ventures	Other	Total
Revenue	--	4.038	286	30.940	35.264
Finance income/(expense), net	167	2	--	--	169
Total	167	4.040	286	30.940	35.433

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8 Related party disclosures (continued)

Transactions with key management personnel

On a consolidated basis, key management costs included in general and administrative expenses for the six month period ended 30 June 2016 amounted to TL 37.610 (2015: TL 41.859).

9 Cash and cash equivalents

At 30 June 2016 and 31 December 2015, cash and cash equivalents comprised the following:

30 June 2016	Finance^(*)	Non-finance^(**)	Total
Cash on hand	118.214	3.516	121.730
Cash at banks	740.713	297.291	1.038.004
-Demand deposits	320.154	254.812	574.966
-Time deposits	420.559	42.479	463.038
Balances at central bank (excluding statutory reserve)	26.497	--	26.497
Other cash and cash equivalents ^(***)	10.385	804	11.189
Cash and cash equivalents	895.809	301.611	1.197.420
Restricted amounts	(16.000)	(62.848)	(78.848)
Cash and cash equivalents in the consolidated statement of cash flows	879.809	238.763	1.118.572

31 December 2015	Finance^(*)	Non-finance^(**)	Total
Cash on hand	123.570	572	124.142
Cash at banks	651.273	182.931	834.204
-Demand deposits	199.144	151.096	350.240
-Time deposits	452.129	31.835	483.964
Balances at central bank (excluding statutory reserve)	91.302	--	91.302
Other cash and cash equivalents ^(***)	8.553	706	9.259
Cash and cash equivalents	874.698	184.209	1.058.907
Restricted amounts	(17.118)	(65.777)	(82.895)
Cash and cash equivalents in the consolidated statement of cash flows	857.580	118.432	976.012

(*) Finance represents the Group's entities operating in banking and finance business.

(**) Non-finance represents the Group's entities operating in businesses other than banking and finance.

(***) Other cash and cash equivalents mainly consist of money in transit amounting to TL 2.219 and short-term bonds and bond funds amounting to TL 7.187 as of 30 June 2016 (31 December 2015: money in transit amounting to TL 4.772 and reverse repo receivables amounting to TL 4.235).

As at 30 June 2016, restricted cash in cash equivalents amounting to TL 78.849 is not available in the Group's day-to-day operations. TL 58.331 of the restricted amounts is related to the mandatory bank deposits at banks in Turkmenistan for engineering, procurement and construction projects ("EPC") in accordance with the relevant agreements. The remaining restricted cash mainly comprised of cash security given to İstanbul Takas ve Saklama Bankası A.Ş. due to purchased electricity from Enerji Piyasaları İşletme A.Ş. ("EPIAŞ"), the mandatory bank deposits in Albania and Turkey for banking activities and blocked amount by the expropriation activities related to electricity distribution amounting to TL 4.364, TL 16.000 and TL 154, respectively.

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9 Cash and cash equivalents (continued)

As at 31 December 2015, restricted cash in cash equivalents amounting to TL 45.990 of the restricted amounts is related to the mandatory bank deposits at banks in Turkmenistan for EPC in accordance with the relevant agreements. The remaining restricted cash mainly comprised of cash security given to İstanbul Takas ve Saklama Bankası A.Ş. due to purchased electricity from EPIAŞ, first payment of USD 100 million bond issued which is holding in Citibank N.A. until all issues completed and the mandatory bank deposits in Albania and Turkey for banking activities, amounting to TL 5.279, TL 14.285 and TL 17.118, respectively.

10 Financial investments

At 30 June 2016 and 31 December 2015, financial investments comprised the following:

30 June 2016			
	Current	Non-current	Total
Available-for-sale financial investments	1.915.635	1.906.183	3.821.818
Held to maturity financial investments	295.856	239.220	535.076
Financial assets at fair value through profit or loss (*)	474.544	--	474.544
	2.686.035	2.145.403	4.831.438

31 December 2015			
	Current	Non-current	Total
Available-for-sale financial investments	1.679.552	1.869.116	3.548.668
Held to maturity financial investments	323.735	287.308	611.043
Financial assets at fair value through profit or loss (*)	431.401	--	431.401
	2.434.688	2.156.424	4.591.112

(*) As at 30 June 2016, equity securities in Anagold Madencilik Sanayi ve Ticaret A.Ş. which is classified as equity securities at fair value through profit or loss were valued for the condensed consolidated interim financial statements. These investments are revalued periodically by an independent valuation firm by using discounted cash flow method. As at 30 June 2016, an increase in fair value for this investment amounting to TL 7.795 has been recognised under "Gain from investing activities" in profit or loss due to valuation of equity securities at fair value through profit or loss after in the tax effect.

For the six-month period ended 30 June 2015, an increase in fair value for this investment amounting to TL 103.473 has been recognised under "Gain from investing activities" in profit or loss due to valuation of equity securities at fair value through profit or loss after the tax effect

As of the reporting date, 50 basis point increase/decrease in the discount rate used in the valuation of discounted cash flows of the financial asset at fair value through profit or loss would have decreased/increased the profit before tax by TL 22.178/TL 23.345 (31 December 2015: TL 20.353 /TL 21.516), respectively.

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10 Financial investments (continued)

Available-for-sale financial investments

As at 30 June 2016 and 31 December 2015, available-for-sale financial investments comprised the following:

	30 June 2016	31 December 2015
	<u>Carrying amount</u>	<u>Carrying Amount</u>
Financial investments of finance sector companies entities		
Public sector bonds, notes and bills	3.158.418	2.920.322
Private sector bonds, notes and bills	586.404	531.523
Equity securities – listed	40.767	58.464
Subtotal	3.785.589	3.510.309
Financial investments of non-finance sector companies entities		
Private sector bonds, notes and bills	400	643
Equity securities – non-listed		
Bursagaz Bursa Şehiriçi		
Doğal Gaz Dağıtım Ticaret ve Taahhüt A.Ş.	26.140	26.140
Kayserigaz Kayseri Doğalgaz		
Dağıtım Pazarlama Ticaret A.Ş.	6.292	6.292
Other	3.397	5.284
Subtotal	36.229	38.359
Total	3.821.818	3.548.668

Financial assets measured at cost that are not traded in an active market

As at 30 June 2016, investments in equity securities amounting to TL 35.829 (31 December 2015: TL 37.716) are not traded in stock exchange and have no quoted market price, and therefore their fair value cannot be reliably estimated since there is significant variability in the range of reasonable fair value estimates and the probabilities of the various estimates within the range cannot be assessed reasonably, they are measured at cost less impairment, if any.

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10 Financial investments (continued)

Held to maturity financial investments

At 30 June 2016 and 31 December 2015, held to maturity financial investments comprised the following:

	30 June 2016	31 December 2015
	<u>Carrying amount</u>	<u>Carrying amount</u>
Financial investments of finance sector companies entities		
Private sector bonds, notes and bills	319.073	307.803
Public sector bonds, notes and bills	172.742	303.240
Shares and other financial investments	43.261	--
Total	535.076	611.043

11 Trade receivables and payables

Trade receivables

Short-term trade receivables

As at 30 June 2016 and 31 December 2015, short-term trade receivables comprised the following:

	30 June 2016	31 December 2015
Due from related parties	14.594	14.545
Due from third parties	2.985.505	2.837.815
	3.000.099	2.852.360

As at 30 June 2016 and 31 December 2015, short-term trade receivables comprised the following:

	30 June 2016	31 December 2015
Accounts receivables (*)	1.590.242	1.409.073
Due from customers for contract work (*)	1.176.338	1.186.628
Doubtful receivables	144.084	141.807
Service concession receivables	112.167	92.988
Cheques received	99.839	91.684
Notes receivables	15.747	65.632
Other trade receivables	7.436	7.202
	3.145.853	2.995.014
Allowances for doubtful trade receivables (-)	(144.084)	(141.807)
Discount on trade receivables (-)	(1.670)	(847)
Total	3.000.099	2.852.360

(*) Account receivables of the Group mainly consist of uncollected portion of invoices billed in accordance with ongoing engineering, procurement and construction projects contracts abroad including excess cost amounting to TL 1.857.438 as of 30 June 2016 (31 December 2015: TL 1.753.925).

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11 Trade receivables and payables (continued)

Trade receivables (continued)

Short-term trade receivables (continued)

Movements of allowance for doubtful receivables for the six month periods ended 30 June were as follows:

	2016	2015
Balance at 1 January	141.807	153.024
Allowance for the period	11.367	9.689
Reversal of impairment allowances no longer required (-)	(766)	--
Recoveries of amounts previously impaired (-)	(7.084)	(7.898)
Translation difference	(1.240)	4.893
Total	144.084	159.708

Long-term trade receivables

As at 30 June 2016 and 31 December 2015, long-term trade receivables comprised the following:

	30 June 2016	31 December 2015
Service concession receivables	565.425	510.077
Accounts receivables	244.306	20.436
Total	809.731	530.513

Maturity of the service concession receivables was as follows:

	Receivables subject to redemption	
Redemption year	30 June 2016	31 December 2015
2016	56.083	92.988
2017	126.339	102.109
2018	115.130	99.235
2019	103.557	88.340
2020	92.526	78.101
2021	70.994	58.528
2022	50.856	40.532
2023	36.319	27.803
2024	21.950	15.429
2025	3.838	--
Total	677.592	603.065

Movements of service concession receivables for the six month periods ended at 30 June were as follows:

	2016	2015
At 1 January	603.066	405.894
Additions	45.512	33.962
Redemptions related to current year investments	(46.547)	(33.256)
Fair value gain	51.829	28.538
Correction at current period regarding revenue caps	16.113	(4.978)
2011- 2015 arrangements on investment	8.117	--
Other	(498)	(320)
At 30 June	677.592	429.840

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11 Trade receivables and trade payables (continued)

Short-term trade payables

As at 30 June 2016 and 31 December 2015, short-term trade payables comprised the following:

	30 June 2016	31 December 2015
Accounts payables ^(*)	1.557.091	1.328.141
Cheques given and payment orders	30.083	163
Notes payable	3.941	17.947
Other trade payables	23.876	23.693
Total	1.614.991	1.369.944

^(*)Accounts payables mainly consist of payables to suppliers of material and equipment for the engineering, procurement and construction projects.

Long term trade payables

As at 30 June 2016 and 31 December 2015, long-term trade payables comprised the following:

	30 June 2016	31 December 2015
Accounts payables	70.457	83.974
Other	1.020	--
Total	71.477	83.974

12 Receivables and payables from finance sector activities

Receivables from finance sector activities

As at 30 June 2016 and 31 December 2015, current receivables related to finance sector activities comprised the following:

Receivables related to finance sector activities	30 June 2016	31 December 2015
Loans and receivables from customers	2.302.721	1.837.720
Loans and receivables from banks	750.369	665.879
Non-performing loans and receivables	94.339	92.240
Subtotal	3.147.429	2.595.839
Provision for impairment in value of loans and receivables	(145.272)	(63.146)
Total	3.002.157	2.532.693

As at 30 June 2016 and 31 December 2015, non-current receivables related to finance sector activities comprised the following:

Receivables related to finance sector activities	30 June 2016	31 December 2015
Loans and receivables from customers	3.509.644	3.370.119
Loans and receivables from banks	80.395	58.963
Subtotal	3.590.039	3.429.082
Provision for impairment in value of loans and receivables	--	(77.927)
Total	3.590.039	3.351.155

For the six month period ended 30 June 2016, impairment losses for loans and receivables was TL 19.828, whereas the reversal and recovery of the provision for impairment in value of loans and receivables of the amount was TL 24.027. (30 June 2015: impairment expense for loans and receivables and reversal and recovery of the provision for impairment in value of loans and receivables amounting to TL 23.799 and TL 33.174, respectively).

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12 Receivables and payables from finance sector activities (continued)

Payables related to finance sector activities

As at 30 June 2016 and 31 December 2015, short term payables related to finance sector activities comprised the following:

Short term payables related to finance sector activities	30 June 2016	31 December 2015
Due to banks	25.250	222.800
<i>Time deposits</i>	22.003	213.187
<i>Current accounts</i>	3.247	9.613
Due to customers	5.723.605	5.626.305
<i>Individual</i>	4.727.698	4.563.070
<i>Private enterprises</i>	724.857	767.764
<i>Public institutions</i>	137.165	149.155
<i>Other</i>	133.885	146.316
Customer accounts (*)	793.219	709.857
Funds from repo transactions	1.080.644	646.260
Total	7.622.718	7.205.222

(*) The Group banking subsidiary in Turkey is not entitled to collect deposits. The customer accounts represent the current balances of loan customers. As at 30 June 2016 there is no time customer account (31 December 2015: None).

As at 30 June 2016 and 31 December 2015, long term payables related to finance sector activities comprised the following:

Long term payables related to finance sector activities	30 June 2016	31 December 2015
Due to customers		
<i>Individual</i>	773.997	768.755
<i>Private enterprises</i>	44.609	48.734
<i>Public institutions</i>	1.954	18.780
<i>Other</i>	12.154	--
Total	832.714	836.269

13 Inventories

According to Group's policy on write-down of inventories, the Group wrote down its inventory due to slow-moving inventories and due to net realisable value method for inventories totaling to TL 8.695 (30 June 2015: TL 85) Additionally, an impairment provision amounting to TL 4.635 is recognised due to foreign exchange rate increase for the finished goods of Çalık Alexandria, which is recognised included in assets held for sale, due to foreign exchange rate increase (30 June 2015: TL 558)

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14 Investments in equity-accounted investees

i) Joint ventures

For the six month periods ended 30 June, the movements in investments in joint ventures were as follows:

	2016	2015
Balance at 1 January	157.585	106.362
Share of profit of equity accounted investees	46.880	8.274
Dividend income from associates and jointly controlled entities	(437)	(421)
Formation of joint venture due to change of control in investment previously classified as available for sale	3.029	--
Capital contribution to share capital increase in joint ventures	9.437	2.984
Currency translation difference	1.130	5.429
Balance at 30 June	217.624	122.628
Equity accounted investees	229.459	160.632
Liabilities from equity accounted investees	(11.835)	(38.004)
	217.624	122.628

Since the Group's share of losses in Doğu Aras, exceeds its interest in this joint venture, the Group recognised a liability of TL 11.835 as the Group is obligated to fund Doğu Aras's operations as at 30 June 2016 (31 December 2015: TL 58.666).

ii) Associates

For the six month periods ended 30 June, the movements in investments in associates were as follows:

	2016	2015
Balance at 1 January	16.940	15.601
Share of profit of equity-accounted investees	(59)	66
Capital contribution to share capital increase in associates	--	3.901
Currency translation difference	288	561
Balance at 30 June	17.169	20.129

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15 Property, plant and equipment

For the six-month periods ended 30 June, movements in the property, plant and equipment were as follows:

	2016	2015
Net carrying value at 1 January	1.529.762	1.195.772
Additions (+)	88.779	86.020
Disposals (-)	(2.887)	(2.799)
Currency translation difference	(993)	27.083
Transfers	(478)	--
Depreciation for the period (-)	(70.150)	(53.169)
Recovery of impairment	--	260
Net carrying value at 30 June	1.544.033	1.253.167

16 Intangible assets and goodwill

For the six-month periods ended 30 June, movements in the intangible assets and goodwill were as follows:

	2016	2015
Net carrying value at 1 January	609.941	568.130
Additions (+)	19.514	41.524
Disposals (-)	(290)	(25)
Currency translation difference	(341)	(160)
Transfers	478	--
Amortisation for the period (-)	(32.965)	(20.946)
Net carrying value at 30 June	596.337	588.523

17 Investment properties

As at 30 June 2016 and 31 December 2015, investment properties comprised the following:

	30 June 2016	31 December 2015
Investment property under development	301.369	289.030
Investment property in use	124.405	124.404
	425.774	413.434

For the six month periods ended 30 June, movements in investment properties were as follows:

	2016	2015
Balance at 1 January	413.434	357.948
Additions	12.340	5.693
Balance at 30 June	425.774	363.641

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17 Investment properties (continued)

As at 30 June 2016, the Group has not obtained a valuation report related to investment properties and investment properties under construction. However, the Group obtained a valuation report related to investment properties and investment properties under construction as at 31 December 2015.

The Group obtained independent appraisal reports for each item of investment property and measured them at their fair values at the year ends. Fair value information for all investment property within the scope of TFRS 13 based on fair value hierarchy are as follows:

30 June 2016	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment properties	--	--	425.774	425.774
Total	--	--	425.774	425.774

31 December 2015	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment properties	--	--	413.434	413.434
Total	--	--	413.434	413.434

18 Loans and borrowings

As at 30 June 2016 and 31 December 2015, loans and borrowings comprised the following:

Short term loans and borrowings	30 June 2016	31 December 2015
Debt securities issued	3.509.459	2.646.006
Funds borrowed by the Group's banking subsidiaries	1.886.922	2.493.943
Current portion of long term loans and borrowings	441.365	431.084
Bank loans	163.902	412.757
Factoring payables	36.137	37.081
Lease obligations	17.946	22.126
Other financial liabilities	66.822	31.033
Total	6.122.553	6.074.030

Long term loans and borrowings	30 June 2016	31 December 2015
Bank loans	993.243	787.490
Debt securities issued	194.005	198.232
Subordinated liabilities	80.441	79.330
Funds borrowed by the Group's banking subsidiaries	74.523	108.367
Lease obligations	21.537	30.769
Deferred lease interest payables	(1.949)	(3.507)
Total	1.361.800	1.200.681

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18 Loans and borrowings (continued)

As at 30 June 2016, the terms and conditions of outstanding loans and borrowings comprised the following:

30 June 2016					
	Currency	Nominal interest rate (%)	Year of maturity	Nominal value	Carrying Value
Secured bank borrowings	TL	15,00 - 19,00	2016-2017	140.126	140.126
Secured bank borrowings	USD	3,72 - 12,00	2016-2020	902.027	906.417
Secured bank borrowings	EUR	0,60 - 10,30	2017-2031	340.998	340.998
Unsecured bank borrowings	TL	7,50 - 16,00	2016-2018	155.288	155.077
Unsecured bank borrowings	USD	4,85 - 9,80	2016-2017	1.027.181	1.040.227
Unsecured bank borrowings	USD	Spot	2016-2017	36.923	36.923
Unsecured bank borrowings	EUR	2,76 - 9,80	2016-2017	989.017	993.361
Unsecured bank borrowings	CHF	0,50 - 0,50	2016	22.070	22.091
Unsecured bank borrowings	GBP	0,60 - 0,60	2016	1.384	1.384
Unsecured bank borrowings	ILS	1,35 - 1,35	2016	3.751	3.792
Debt securities	TL	11,25-15,00	2016-2017	3.109.009	3.109.009
Debt securities	USD	2,45 - 4,60	2016-2020	438.986	438.899
Debt securities	EUR	0,90 - 2,73	2016	155.556	155.556
Factoring payables	TL	15,21-18,25	2016	33.233	33.233
Factoring payables	USD	8,00	2016	2.904	2.904
				7.358.453	7.379.997

At 31 December 2015, the terms and conditions of outstanding loans and borrowings were as follows:

31 December 2015					
	Currency	Nominal interest rate (%)	Year of Maturity	Nominal value	Carrying amount
Secured bank borrowings	TL	Revolving	2016	27.800	27.800
Secured bank borrowings	TL	18,30	2016	108.896	109.594
Secured bank borrowings	USD	2,40 - 12,00	2016-2018	250.327	250.592
Secured bank borrowings	EUR	0,73-10,30	2018-2025	260.913	261.091
Unsecured bank borrowings	TL	8,44-20,00	2016-2018	289.014	291.137
Unsecured bank borrowings	USD	1,70-10,00	2016-2021	2.309.283	2.283.116
Unsecured bank borrowings	USD	Spot	2016	40.391	40.391
Unsecured bank borrowings	EUR	2,08 - 9,55	2016-2031	1.008.786	1.011.677
Unsecured bank borrowings	AUD	2,00	2016	2.531	2.531
Unsecured bank borrowings	CHF	0,50 - 0,82	2016	22.245	22.281
Unsecured bank borrowings	GBP	1,00	2016	1.521	1.521
Unsecured bank borrowings	ILS	1,00-1,35	2016	11.196	11.240
Debt securities issued	TL	10,80-15,00	2016-2017	2.307.491	2.308.862
Debt securities issued	USD	2,50 - 4,60	2016-2020	337.588	407.096
Debt securities issued	EUR	2,15 - 3,00	2016	128.280	128.280
Factoring payables	TL	18,25	2016	50.140	37.081
				7.156.402	7.194.290

There are mortgages on investment properties under construction which belong to Gap İnşaat amounting to TL 307.616 (31 December 2015: TL 357.494) against the bank borrowings used.

There are pledges over the 85 (TL 0,85), 115 (TL 1,15) and 192.780.000 (TL 192.780) shares of YEDAŞ, YEPAS and ÇEDAŞ, respectively, which are owned by the Group as a guarantee for the bank borrowings used and will be used by Çalık Holding, ÇEDAŞ, YEDAŞ and YEPAS.

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19 Derivatives

The carrying values of derivative instruments held at 30 June 2016 and 31 December 2015, were as follows:

	30 June 2016		31 December 2015	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Forward transactions	250	(266)	374	(3.261)
Swap transactions	15.812	(7.754)	7.438	(9.577)
Currency options	--	--	--	(13)
Total	16.062	(8.020)	7.812	(12.851)

All derivatives in a net receivable position (positive fair value) are reported as derivative assets. All derivatives in a net payable position (negative fair value) are reported as derivative liabilities.

20 Provisions

As at 30 June 2016 and 31 December 2015, provisions comprised the following items:

	30 June 2016	31 December 2015
<u>Short term provisions</u>		
Short term employee benefits	30.412	28.876
Other short term provisions	43.726	40.567
Total short term provisions	74.138	69.443
<u>Long term provisions</u>		
Long term employee benefits	33.202	31.413
Total long term provisions	33.202	31.413
Total provisions	107.340	100.856

As at 30 June 2016 and 31 December 2015, short-term and long term employee benefits comprised the following items:

	30 June 2016	31 December 2015
<u>Short-term</u>		
Vacation pay liability	17.079	15.492
Bonus provisions	13.315	12.744
Other employee benefits	18	640
	30.412	28.876
<u>Long term</u>		
Employee termination benefits	33.202	28.616
Other	--	2.797
	33.202	31.413

As at 30 June 2016 and 31 December 2015, other provisions comprised the following items:

	30 June 2016	31 December 2015
<u>Short-term</u>		
Provision for litigations	36.326	35.640
Provisions for expenses	7.376	4.927
Bonus provisions	24	--
	43.726	40.567

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20 Provisions (continued)

For the six-month periods ended 30 June, movements in the provisions were as follows:

		Provision for	Recoveries/ payments during the year	Currency translation difference	
2016	1 January	the period			30 June
Provision for litigations	35.640	6.758	(6.108)	36	36.326
Vacation pay liability	15.492	2.213	(363)	(263)	17.079
Bonus provisions	12.744	9.997	(8.188)	(1.238)	13.315
Reserve for severance payments	28.616	2.495	(1.134)	3.225	33.202
Other expense provisions	8.364	(622)	--	(324)	7.418
	100.856	20.841	(15.793)	1.436	107.340
2015					
Provision for litigations	12.527	14.393	(101)	261	27.080
Vacation pay liability	11.399	2.878	(613)	--	13.664
Bonus provisions	20.265	1.998	(13.144)	(498)	8.621
Reserve for severance payments	30.809	3.093	(387)	196	33.711
Other expense provisions	15.614	2	(922)	(932)	13.762
	90.614	22.364	(15.167)	(973)	96.838

The reserve has been calculated by estimating the present value of future probable obligation of the Group arising from the retirement of the employees.

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21 Commitments and contingencies

Guarantee, pledge and mortgages ("GPM") in respect of commitment and contingencies realised in the ordinary course of business were given as at 30 June 2016 are as follows:

30 June 2016	Original currency (TL equivalent)			
	USD	TL	Others	Total
A. Total amount of GPMs given in the name of its own legal personality	1.990.890	355.721	197.023	2.543.634
B. Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	--	--	199.860	199.860
- Total amount of GPMs given in the name of the consolidated subsidiaries	--	--	199.860	199.860
C. Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties	--	--	1.151	1.151
D. Other GPMs given	--	--	--	--
Total	1.990.890	355.721	398.034	2.744.645

GPMs in respect of commitment and contingencies realised in the ordinary course of business were given as at 31 December 2015 are as follows:

31 December 2015	Original currency (TL equivalent)			
	USD	TL	Others	Total
A. Total amount of GPMs given in the name of its own legal personality	1.113.927	296.874	114.197	1.524.998
B. Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	--	614.560	--	614.560
- Total amount of GPMs given in the name of the consolidated subsidiaries	--	614.560	--	614.560
C. Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties	--	--	--	--
D. Other GPMs given	--	--	--	--
Total	1.113.927	911.434	114.197	2.139.558

Litigation and claims

As at 30 June 2016, the expected cash outflow amount for the pending claims filed against to the Group is TL 36.326 (31 December 2015: TL 35.640). As at 30 June 2016, the provision for litigation and claims are mainly related to the labor cases against the Group. The Group made a provision for the whole amount related to these claims.

Pending tax audits

In Turkey, the tax and other government authorities (Social Security Institution) have the right to inspect the Group's tax returns and accounting records for the past five fiscal years. The Group has not recorded a provision for any additional taxes for the fiscal years that remained unaudited, as the amount cannot be estimated with any degree of uncertainty. The Group's management believes that no material assessment will arise from any future inspection for unaudited fiscal years.

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21 Commitments and contingencies (continued)

Lease commitments

As at 30 June 2016 and 31 December 2015, non-cancellable operating lease commitments are payable as follows:

Operating lease commitment	30 June	31 December
– Group as lessee and rent commitments	2016	2015
Within one year	19.533	19.598
After one year not more than five years	44.178	50.828
More than five years	10.045	12.569
Total	73.756	82.995

22 Taxation

Turkey

Corporate income tax is levied on the statutory corporate income tax base, which is determined by modifying income for certain tax exclusions and allowances.

Corporate income tax is levied at the rate of 20% (31 December 2015: 20%) and advance tax returns are filed on a quarterly basis.

According to the new Corporate Tax Law, 75% (31 December 2015: 75%) of the capital gains arising from the sale of properties and investments owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity with the intention to be utilised in a share capital increase or kept under equity as restricted funds within five years from the date of the sale. The remaining 25% of such capital gains are subject to corporate tax.

There is also a withholding tax on the dividends paid and is accrued only at the time of such payments. According to the amendments in the tax legislations, which became effective from 24 April 2003, dividends that are paid to the shareholders from the profits of the years between 1999 and 2002 are immune from the withholding tax, if such profits are exempted from corporation tax bases of the companies. As per the decision no.2006/10731 of the Council of Ministers published in the Official Gazette no.26237 dated 23 July 2006, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no:5520 revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions, was increased from 10% to 15%. In applying the withholding tax rates on dividend payments to the non resident institutions and the individuals the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes shown in the consolidated financial statements reflects the total amount of taxes calculated on each entity that are included in the consolidation.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings.

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22 Taxation (continued)

Transfer pricing regulations

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 tax payer 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.

Tax applications for foreign subsidiaries and joint ventures of the Group

Republic of Albania

The applicable corporate tax rate in Republic of Albania is 15% (31 December 2015: 15%). Tax base is by modifying accounting income for certain exclusions and allowances in accordance with the related tax legislations. Non-documented expenses, repayments of loans and borrowings which are four times higher than equity, pre-payments, representation and accommodation expenses and fringe benefits over a certain limit are not subject to reduction for tax purposes.

Republic of Kosovo

The applicable corporate tax rate in Republic of Kosovo is 10% (31 December 2015: 10%).

Under Kosovo tax legislation system, tax losses can be carried forward to be offset against future taxable income for up to seven years.

Republic of Iraq

As at 30 June 2016, the applicable corporate tax rate for the subsidiaries and branches operating in Iraq is 15% (31 December 2015: 15%). Tax losses can be carried forward to be offset against future taxable income for up to five years to the extent of the half of the current year profit when the financial profit is reported. As at 30 June 2016, profit generated from Group's operations in Iraq is not subject to corporate tax.

Arab Republic of Egypt

The applicable corporate tax rate for the subsidiaries operating in Egypt is 20% (31 December 2015: 20%). Since the Group is operating in free trade zone of Egypt, the Group is not subject to corporate tax.

United Arab Emirates

As at 30 June 2016, the Group has subsidiaries in the United Arab Emirates located in Dubai. There is no federal corporate tax in United Arab Emirates. However, similar taxes are implemented in different sectors in different emirates. As at 30 June 2016, the Group's subsidiaries operating in Dubai are not subject to corporate tax.

USA

As at 30 June 2016, the applicable corporate tax rate for the subsidiary operating in USA is 40% (31 December 2015: 40%) but additional tax applications up to 12% could be charged.

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22 Taxation (continued)

Tax applications for foreign subsidiaries and joint ventures of the Group (continued)

Georgia

According to Georgian law, the corporate income tax rate was reduced to 15% from 20% beginning from 1 January 2008.

Libya

The corporate tax rate is 20 %. In addition to the 20 % tax rate, a Jihad tax is levied (4 % of profits).

Turkmenistan

According to Turkmenistan law, while the corporate tax rate is 8% for local companies, it is 20% for branches of foreign companies and for local companies which have foreign partner. Parent company of branches located in Turkmenistan is tax-exempt due to income generated from construction projects outside Turkey is tax exempt in Turkey. Besides, revenue arising from sales of machinery and equipment which are exported from Turkey and included in construction cost in those countries are subject to corporate tax in Turkey.

Uzbekistan

According to Uzbekistan law, while the corporate tax rate is 9% for local companies, it is applied as 10% for Uzbekistan branches of foreign companies.

Serbia

The corporate tax rate is 15%. (31 December 2015: 15%)

The Netherlands

Corporate income tax is levied at the rate of 25% (31 December 2015: 25%) on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes. A unilateral decree for the avoidance of double taxation provides relief for resident companies from Dutch tax on income, such as foreign business profits derived through a permanent establishment abroad, if no tax treaty applies. There is an additional dividend tax of 5% computed only on the amounts of dividend distribution at the time of such payments.

Under the Dutch taxation system, tax losses can be carried forward to be offset against future taxable income for nine years. Tax losses can be carried back to offset profits up to one year. Companies must file their tax returns within six months following the close of the tax year to which they relate, unless the company applies for an extension (normally an additional nine months). Tax returns are open for five years from the date of final assessment of the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings.

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22 Taxation (continued)

Tax recognised in profit or loss

Income tax expense for the six month period ended 30 June comprised the following items:

	2016	2015
Current corporation and income taxes	69.953	59.388
Deferred tax	(3.703)	(24.221)
Total income tax expense	66.250	35.167

Taxes assets / taxes payable on income

Taxes assets / taxes payable on income as of 30 June 2016 and 31 December 2015 comprised the following:

	30 June 2016	31 December 2015
Taxes on income	66.250	56.765
Less: Deferred tax expense/ (benefit)	(3.703)	(49.811)
Corporation taxes paid in advance	(46.074)	(97.949)
Taxes payable on income/(prepaid taxes),net	23.879	8.627

As at 30 June 2016, taxes payable on income amounting to TL 31.966 (31 December 2015: TL 20.471) is not offset with prepaid taxes amounting to TL 8.087 (31 December 2015: TL 11.844) since they are related to different tax jurisdictions.

23 Financial instruments – Fair values and risk management

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are Euro and USD.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group is exposed to currency risk through the impact of rate changes on the translation of foreign currency denominated payables and bank borrowings from financial institutions. Such risk is monitored by the Board of Directors and limited through taking positions within approved limits as well as using derivative instruments where necessary.

To minimise risk arising from foreign currency denominated statement of financial position items, the Group sometimes utilises derivative instruments as well as keeping part of its idle cash in foreign currencies.

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23 Financial instruments – Fair values and risk management (continued)

Currency risk (continued)

At 30 June 2016, the currency risk exposures of the Group in TL equivalents are as follows:

CURRENCY POSITION STATEMENT		30 JUNE 2016			
	TL				
	equivalent	USD	EURO	Other ^(*)	
1. Trade Receivables	1.999.438	513.755	156.924	9.990	
2a. Monetary financial assets	1.976.180	395.001	177.261	265.190	
2b. Non-monetary financial assets	12.221	2.038	1.858	370	
3. Other	183.594	35.973	15.636	29.399	
4. Current assets (1+2+3)	4.171.433	946.767	351.679	304.949	
5. Trade Receivables	11.366	3.928	--	--	
6a. Monetary financial assets	2.434.589	192.029	570.180	51.849	
6b. Non-monetary financial assets	72.775	20.494	4.170	112	
7. Other	22.851	6.106	1.604	43	
8. Non-current assets (5+6+7)	2.541.581	222.558	575.954	52.004	
9. Total Assets (4+8)	6.713.014	1.169.325	927.633	356.953	
10. Trade payables	(981.731)	(247.163)	(64.539)	(59.731)	
11. Financial liabilities	(3.942.552)	(925.411)	(381.608)	(41.959)	
12a. Other monetary liabilities	(1.289.031)	(173.155)	(203.441)	(136.084)	
12b. Other non-monetary liabilities	(1.390.118)	(480.346)	(56)	(10)	
13. Short term liabilities (10+11+12)	(7.603.432)	(1.826.075)	(649.644)	(237.784)	
14. Trade payables	(17.144)	(204)	(5.123)	(138)	
15. Financial liabilities	(701.009)	(126.482)	(103.683)	(2.779)	
16a. Other monetary liabilities	(757.230)	(23.527)	(211.588)	(11.139)	
16b. Other non-monetary liabilities	(386.495)	(133.569)	--	--	
17. Long term liabilities (14+15+16)	(1.861.878)	(283.782)	(320.394)	(14.056)	
18. Total liabilities (13+17)	(9.465.310)	(2.109.857)	(970.038)	(251.840)	
19. Outside of the financial statements derivatives instruments net assets / (liability) position (19a+19b)	(464.661)	(113.876)	(20.236)	(70.304)	
19a. Hedged portion of assets amount	762.697	138.352	102.296	34.565	
19b. Hedged portion of liabilities amount	(1.227.358)	(252.228)	(122.532)	(104.869)	
20. Net foreign currencies assets / (liability) position (9+18+19)	(3.216.957)	(1.054.409)	(62.641)	34.809	
21. Monetary items Net foreign currencies assets / (liability) position (TFRS 7.b23)					
(=1+2a+5+6a+10+11+12a+14+15+16a)	(1.267.124)	(391.229)	(65.617)	75.199	

(*) TL equivalents are given.

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23 Financial instruments – Fair values and risk management (continued)

Currency risk (continued)

At 31 December 2015, the currency risk exposures of the Group in TL equivalents are as follows:

CURRENCY POSITION STATEMENT	31 December 2015			
	TL equivalent	USD	EURO	Other ^(*)
1. Trade Receivables	3.230.268	809.231	268.803	23.200
2a. Monetary financial assets	1.303.064	287.559	136.434	33.424
2b. Non-monetary financial assets	84.303	13.270	255	44.909
3. Other	367.367	107.474	2.371	47.342
4. Current assets (1+2+3)	4.985.002	1.217.534	407.863	148.875
5. Trade Receivables	55.808	19.194	--	--
6a. Monetary financial assets	120.058	41.291	--	--
6b. Non-monetary financial assets	15.387	2.475	1.227	4.292
7. Other	19.539	4.057	797	5.210
8. Non-current assets (5+6+7)	210.792	67.017	2.024	9.502
9. Total Assets (4+8)	5.195.794	1.284.551	409.888	158.377
10. Trade payables	(677.164)	(174.542)	(929)	(166.714)
11. Financial liabilities	(4.677.884)	(1.160.000)	(388.849)	(69.461)
12a. Other monetary liabilities	(939.382)	(261.595)	(45.841)	(33.104)
12b. Other non-monetary liabilities	(6.708)	(5.140)	217	7.547
13. Short term liabilities (10+11+12)	(6.301.138)	(1.601.277)	(435.402)	(261.732)
14. Trade payables	(7.016)	--	--	(7.016)
15. Financial liabilities	(542.942)	(186.732)	--	--
16a. Other monetary liabilities	(158.347)	(16.109)	(34.832)	(826)
16b. Other non-monetary liabilities	(761)	(10)	--	(732)
17. Long term liabilities (14+15+16)	(709.066)	(202.851)	(34.832)	(8.574)
18. Total liabilities (13+17)	(7.010.204)	(1.804.128)	(470.234)	(270.306)
19. Outside of the financial statements derivatives instruments net assets / (liability) position (19a+19b)	453.620	47.848	88.865	32.123
19a. Hedged portion of assets amount	822.188	130.339	128.963	33.421
19b. Hedged portion of liabilities amount	(368.568)	(82.491)	(40.099)	(1.298)
20. Net foreign currencies assets / (liability) position (9+18+19)	(1.360.790)	(471.729)	28.518	(79.806)
21. Monetary items Net foreign currencies assets / (liability) position (TFRS 7.b23)				
(=1+2a+5+6a+10+11+12a+14+15+16a)	(2.293.537)	(641.703)	(65.214)	(220.497)

(*) TL equivalents are given.

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23 Financial instruments – Fair values and risk management (continued)

Currency risk (continued)

Sensitivity analysis

A strengthening/weakening of the TL against the other currencies below would have increased/(decreased) the comprehensive income and profit/loss (excluding the tax effect) as of 31 December as follows:

30 June 2016	Profit / (Loss)		Equity	
	Strengthening of TL	Weakening of TL	Strengthening of TL	Weakening of TL
Increase/(decrease) 10% of USD parity				
1-US Dollar net asset / liability	305.103	(305.103)	--	--
2-Hedged portion of US Dollar amounts(-)	--	--	--	--
3-Net effect of US Dollar (1+2)	305.103	(305.103)	--	--
Increase/(decrease) 10% of EUR parity				
4-EUR net asset / liability	20.074	(20.074)	--	--
5-Hedged portion of EUR amounts(-)	--	--	--	--
6-Net effect of EUR (4+5)	20.074	(20.074)	--	--
Increase/(decrease) 10% of other parities				
7-Other foreign currency net asset / liability	(3.481)	3.481	--	--
8-Hedged portion of other foreign currency amounts(-)	--	--	--	--
9-Net effect of other foreign currencies (7+8)	(3.481)	3.481	--	--
TOTAL (3+6+9)	321.696	(321.696)	--	--

31 December 2015	Profit / (Loss)		Equity	
	Strengthening of TL	Weakening of TL	Strengthening of TL	Weakening of TL
Increase/(decrease) 10% of USD parity				
1-US Dollar net asset / liability	137.160	(137.160)	--	--
2-Hedged portion of US Dollar amounts(-)	--	--	--	--
3-Net effect of US Dollar (1+2)	137.160	(137.160)	--	--
Increase/(decrease) 10% of EUR parity				
4-EUR net asset / liability	(9.062)	9.062	--	--
5-Hedged portion of EUR amounts(-)	--	--	--	--
6-Net effect of EUR (4+5)	(9.062)	9.062	--	--
Increase/(decrease) 10% of other parities				
7-Other foreign currency net asset / liability	7.981	(7.981)	--	--
8-Hedged portion of other foreign currency amounts(-)	--	--	--	--
9-Net effect of other foreign currencies (7+8)	7.981	(7.981)	--	--
TOTAL (3+6+9)	136.079	(136.079)	--	--

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23 Financial instruments – Fair values and risk management (continued)

Fair value information

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or in its absence, the most advantageous market to which the Group has access at that date.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted market price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

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23 Financial instruments – Fair values and risk management (continued)

Fair value information (continued)

The table below shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 June 2016	Held-for trading	Designated at fair value	Loans and receivables	Available for-sale	Held to maturity	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value											
Financial investments	--	437.544	--	3.785.989	--	--	4.223.533	3.785.989	--	437.544	4.223.533
Derivatives	16.062	--	--	--	--	--	16.062	--	16.062	--	16.062
Financial assets not measured at fair value											
Financial investments	--	--	--	35.829	535.076	--	570.905	--	--	--	
Trade receivables	--	--	3.809.830	--	--	--	3.809.830	--	--	--	
Other receivables	--	--	1.137.109	--	--	--	1.137.109	--	--	--	
Cash and cash equivalents	--	--	1.197.420	--	--	--	1.197.420	--	--	--	
Receivables related to finance sector operations	--	--	6.592.207	--	--	--	6.592.207	--	--	--	
	16.062	437.544	12.736.566	3.821.818	535.076	--	17.547.066				
Financial liabilities measured at fair value											
Derivatives	(8.020)	--	--	--	--	--	(8.020)	--	(8.020)	--	(8.020)
Financial liabilities not measured at fair value											
Loans and borrowings	--	--	--	--	--	(7.484.353)	(7.484.353)	--	--	--	
Trade payables	--	--	--	--	--	(1.686.468)	(1.686.468)	--	--	--	
Payables related to finance sector operations	--	--	--	--	--	(8.455.432)	(8.455.432)	--	--	--	
Other payables	--	--	--	--	--	(574.949)	(574.949)	--	--	--	
	(8.020)	--	--	--	--	(18.201.202)	(18.209.222)				

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23 Financial instruments – Fair values and risk management (continued)

Fair value information (continued)

31 December 2015	Held-for trading	Designated at fair value	Loans and receivables	Available for-sale	Held to maturity	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets											
measured at fair value											
Financial investments	--	431.401	--	3.510.952	--	--	3.942.353	3.725.165	--	431.401	4.156.566
Derivatives	7.812	--	--	--	--	--	7.812	--	7.812	--	7.812
Financial assets											
not measured at fair value											
Financial investments	--	--	--	38.359	611.043	--	649.402				
Trade receivables	--	--	3.382.873	--	--	--	3.382.873				
Other receivables	--	--	635.598	--	--	--	635.598				
Cash and cash equivalents	--	--	1.058.907	--	--	--	1.058.907				
Receivables related to finance sector operations	--	--	5.883.848	--	--	--	5.883.848				
	7.812	431.401	10.961.226	3.549.311	611.043	--	15.560.793				
Financial liabilities											
measured at fair value											
Derivatives	(12.851)	--	--	--	--	--	(12.851)	--	(12.851)	--	(12.851)
Financial liabilities not measured at fair value											
Loans and borrowings	--	--	--	--	--	(7.274.711)	(7.274.711)				
Trade payables	--	--	--	--	--	(1.453.918)	(1.453.918)				
Payables related to finance sector operations	--	--	--	--	--	(8.041.491)	(8.041.491)				
Other payables	--	--	--	--	--	(22.944)	(22.944)				
	(12.851)	--	--	--	--	(16.793.064)	(16.805.915)				

Çalık Holding Anonim Şirketi and its Subsidiaries
Notes to Consolidated Financial Statements
As at and for the Six-Month Period Ended 30 June 2016
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

24 Subsequent events

None.