

**Çalık Holding Anonim Şirketi
and its Subsidiaries**

Condensed Consolidated Interim
Financial Statements
As at and For the Six-Month Period Ended
30 June 2017
With Independent Auditor's Report on Review of
Condensed Consolidated Interim Financial Information

21 August 2017

This report includes 2 pages of independent auditor's report on review of condensed consolidated interim financial information and 49 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 (referred altogether as "the Group") as at 30 June 2017, 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, and notes to the interim financial information ("the condensed consolidated interim financial information"). Group management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting". 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 the International 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 International 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 as at 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member of KPMG International Cooperative



Hakan Ölekli
21 August 2017
Istanbul, Turkey

Çalık Holding Anonim Şirketi and its Subsidiaries
Condensed Consolidated Statement of Financial Position
As at 30 June 2017

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

Assets	Notes	<i>Reviewed</i> 30 June 2017	<i>Audited</i> 31 December 2016
Current assets			
Cash and cash equivalents	9	656.245	502.853
Financial investments	10	830.083	851.042
Trade receivables	11	1.699.698	1.160.893
<i>Due from related parties</i>	8	39.720	33.614
<i>Due from third parties</i>		1.659.978	1.127.279
Receivables related to finance sector operations	12	1.149.428	1.062.759
<i>Due from related parties</i>	8	110.774	103.760
<i>Due from third parties</i>		1.038.654	958.999
Other receivables		268.984	156.157
<i>Due from related parties</i>	8	100.232	44.468
<i>Due from third parties</i>		168.752	111.689
Inventories		491.021	503.382
Derivatives	19	4.655	3.470
Prepayments		151.478	157.776
Current tax assets	22	10.523	3.911
Other current assets		664.601	588.719
Subtotal		5.926.716	4.990.962
Assets held for sale	6	66.814	55.235
Total current assets		5.993.530	5.046.197
Non- current assets			
Trade receivables	11	373.272	343.009
<i>Due from third parties</i>		373.272	343.009
Receivables related to finance sector operations	12	1.425.785	1.198.391
<i>Due from third parties</i>		1.425.785	1.198.391
Other receivables		102.364	56.708
<i>Due from third parties</i>		102.364	56.708
Financial investments	10	857.168	759.015
Investments in equity-accounted investees	14	113.486	89.178
Investment properties	17	156.520	154.067
Property, plant and equipment	15	621.575	588.562
Intangible assets	16	183.561	187.266
<i>Goodwill</i>		1.082	1.079
<i>Other intangible assets</i>		182.479	186.187
Prepayments		44.429	31.259
Deferred tax assets		37.057	29.172
Other non-current assets		3	--
Total non-current assets		3.915.220	3.436.627
Total assets		9.908.750	8.482.824

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

Çalık Holding Anonim Şirketi and its Subsidiaries
Condensed Consolidated Statement of Financial Position
As at 30 June 2017 (continued)

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

Liabilities	Notes	<i>Reviewed</i> 30 June 2017	<i>Audited</i> 31 December 2016
Short term liabilities			
Short term loans and borrowings	18	2.050.783	1.866.813
Short term portion of long term loans and borrowings	18	169.489	294.816
Derivatives	19	1.979	3.909
Trade payables	11	600.767	540.591
<i>Due to related parties</i>	8	2.010	2.620
<i>Due to third parties</i>		598.757	537.971
Payables related to finance sector operations	12	3.059.867	2.857.397
<i>Due to related parties</i>	8	965	681
<i>Due to third parties</i>		3.058.902	2.856.716
Payables related to employee benefits		15.930	8.992
Other payables		49.814	22.317
<i>Due to related parties</i>	8	253	394
<i>Due to third parties</i>		49.561	21.923
Deferred revenue		1.102.507	654.868
Current tax liabilities		12.829	10.140
Short term provisions	20	28.459	25.480
<i>Short term employee benefits</i>		15.649	12.744
<i>Other short term provisions</i>		12.810	12.736
Other short term liabilities		70.472	62.755
Subtotal		7.162.896	6.348.078
Liabilities held for sale	6	2.776	2.687
Total short term liabilities		7.165.672	6.350.765
Long term liabilities			
Long term loans and borrowings	18	555.073	384.288
Trade payables	11	18.441	19.296
<i>Due to third parties</i>		18.441	19.296
Payables related to finance sector operations	12	336.514	300.671
<i>Due to third parties</i>		336.514	300.671
Other payables		59.246	46.854
<i>Due to third parties</i>		59.246	46.854
Deferred revenue		269.757	318.189
Long term provisions	20	12.835	11.671
<i>Long term employee benefits</i>		12.490	11.359
<i>Other long term provisions</i>		345	312
Deferred tax liabilities		51.633	55.346
Other long term liabilities		26.228	15.109
Total long term liabilities		1.329.727	1.151.424
Total liabilities		8.495.399	7.502.189

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

Çalık Holding Anonim Şirketi and its Subsidiaries
Condensed Consolidated Statement of Financial Position
As at 30 June 2017 (*continued*)

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

	<i>Reviewed</i>	<i>Audited</i>
Notes	30 June 2017	31 December 2016
Equity		
Equity attributable to the owners of the Company		
Share capital	200.302	200.302
Adjustment to share capital	3.388	3.388
Other comprehensive income that is or may be reclassified to profit or loss	(5.264)	(118.207)
Restricted reserves	454.900	424.033
Retained earnings	346.743	168.760
Profit for the period	319.984	208.666
Total equity attributable to the owners of the Company	1.320.053	886.942
Total non-controlling interests	93.298	93.693
Total equity	1.413.351	980.635
Total equity and liabilities	9.908.750	8.482.824

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

Çalık Holding Anonim Şirketi and its Subsidiaries
Condensed Consolidated Statement of Profit or Loss and
Other Comprehensive Income
For the Six-Month Period Ended 30 June 2017

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

PROFIT OR LOSS	Notes	Reviewed 2017	Audited 2016
Revenue		1.630.457	1.248.027
Cost of sales		(1.203.897)	(934.254)
Gross profit from non-finance sector operations		426.560	313.773
Revenue from finance sector operations		184.142	164.944
Cost of revenue from finance sector operations		(63.923)	(81.351)
Gross profit from finance sector operations		120.219	83.593
Gross profit		546.779	397.366
Other income from operating activities		115.857	108.322
General and administrative expenses		(111.513)	(111.564)
Selling, marketing and distribution expenses		(35.503)	(50.984)
Research and development expenses		(1.890)	(6.894)
Share of profit of equity accounted investees	14	13.888	16.045
Other expenses from operating activities		(79.721)	(35.762)
Operating profit		447.897	316.529
Gain from investing activities		12.445	6.199
Loss from investing activities		(8.897)	(2.059)
Operating profit before finance costs		451.445	320.669
Finance income		4.513	18.083
Finance costs		(111.884)	(88.278)
Net finance costs		(107.371)	(70.195)
Profit before tax from continuing operations		344.074	250.474
Current tax expense	22	(32.955)	(23.972)
Deferred tax benefit	22	12.417	1.269
Total tax expense	22	(20.538)	(22.703)
Profit from continuing operations		323.536	227.771
Profit for the period		323.536	227.771

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

Çalık Holding Anonim Şirketi and its Subsidiaries
Condensed Consolidated Statement of Profit or Loss and
Other Comprehensive Income
For the Six-Month Period Ended 30 June 2017 (*continued*)
(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

	Notes	Reviewed 2017	Audited 2016
OTHER COMPREHENSIVE INCOME			
Profit for the period		323.536	227.771
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences for foreign operations and reporting currency translation differences		102.262	6.219
Change in fair value of available-for-sale financial assets		14.132	46.482
Deferred tax expense		(1.949)	(7.395)
Total other comprehensive income		114.445	45.306
Total comprehensive income		437.981	273.077
Total profit for the period attributable to:			
Owners of the Company		319.984	223.679
Non-controlling interests		3.552	4.092
Net profit for the period		323.536	227.771
Total comprehensive income attributable to:			
Owners of the Company		432.927	269.094
Non-controlling interests		5.054	3.983
Total other comprehensive income		437.981	273.077

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

Çalık Holding Anonim Şirketi and its Subsidiaries
Condensed Consolidated Statement of Changes in Equity
For the Six-Month Period Ended 30 June 2017

(Amounts expressed in thousands of United States Dollar ("USD") 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				
	Paid-in capital	Adjustment to share capital	Legal reserves	Fair value reserve of financial assets available-for-sale	Translation reserve	Retained earnings	Profit / for the period	Total		
Balances at 1 January 2016	200.302	3.388	263.384	(7.269)	(141.259)	236.487	94.033	649.066	80.071	729.137
Total comprehensive income for the period										
Profit for the period	--	--	--	--	--	--	223.679	223.679	4.092	227.771
Other comprehensive profit /(loss)	--	--	--	39.087	6.328	--	--	45.415	(109)	45.306
Total comprehensive income for the period	--	--	--	39.087	6.328	--	223.679	269.094	3.983	273.077
Transactions with owners, recorded directly in equity										
Change in non-controlling interest in consolidated subsidiaries without change in control	--	--	--	--	--	940	--	940	(4.815)	(3.875)
Disposal of interests in consolidated subsidiaries resulting loss of control	--	--	(92)	--	--	92	--	--	(6.615)	(6.615)
Formation of subsidiary with non-controlling interests	--	--	--	--	--	--	--	--	1.019	1.019
Transfers	--	--	143.448	--	--	(49.415)	(94.033)	--	--	--
Total transactions with owners	--	--	143.356	--	--	(48.383)	(94.033)	940	(10.411)	(9.471)
Balances at 30 June 2016	200.302	3.388	406.740	31.818	(134.931)	188.104	223.679	919.100	73.643	992.743
Balances at 1 January 2017	200.302	3.388	424.033	(7.849)	(110.358)	168.760	208.666	886.942	93.693	980.635
Total comprehensive income for the period										
Profit for the period	--	--	--	--	--	--	319.984	319.984	3.552	323.536
Other comprehensive profit	--	--	--	12.185	100.758	--	--	112.943	1.502	114.445
Total comprehensive income for the period	--	--	--	12.185	100.758	--	319.984	432.927	5.054	437.981
Transactions with owners, recorded directly in equity										
Change in non-controlling interest in consolidated subsidiaries without change in control (Note 5.1)	--	--	17	--	--	167	--	184	(184)	--
Formation of subsidiaries with non controlling interest	--	--	--	--	--	--	--	--	509	509
Contribution to capital increase by non controlling interests in subsidiaries with non controlling share	--	--	--	--	--	--	--	--	1.273	1.273
Dividend distribution to non-controlling interest	--	--	--	--	--	--	--	--	(7.047)	(7.047)
Transfers	--	--	30.850	--	--	177.816	(208.666)	--	--	--
Total transactions with owners	--	--	30.867	--	--	177.983	(208.666)	184	(5.449)	(5.265)
Balances at 30 June 2017	200.302	3.888	454.900	4.336	(9.600)	346.743	319.984	1.320.053	93.298	1.413.351

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

Çalık Holding Anonim Şirketi and its Subsidiaries
Condensed Consolidated Statement of Cash Flows
For the Six-Month Period Ended 30 June 2017

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

	Notes	Reviewed 2017	Audited 2016
A.CASH FLOWS FROM OPERATING / (USED IN) ACTIVITIES		84.613	(85.757)
Profit for the period		323.536	227.771
Adjustments to reconcile cash flow generated from operating activities:		70.682	(23.239)
Adjustments for depreciation and amortisation	7	35.307	35.336
Loss/(gain) on sale of derivative financial instruments		3.465	1.551
Adjustments for fair value gains of financial investments		(10.329)	(12.112)
Adjustments for provision for doubtful receivables	11	3.619	3.633
Adjustments for inventory impairment, net		1.012	2.980
Adjustments for provision for long term employee benefits		1.095	855
Adjustments for provisions for loan impairment	12	17.523	1.439
Adjustments for provisions, net		2.032	1.489
Adjustments for vacation pay liability		823	758
Adjustments for share of profit of equity accounted investees	14	(13.888)	(16.045)
Adjustments for interest income and expenses		(67.303)	(67.722)
Adjustments for fair value related privileged service contracts	11	14.043	17.761
Net gain on disposal of financial investments		--	1.033
Unrealized foreign currency loss/(income)		62.608	(16.697)
Adjustments for tax expense	22	20.538	22.703
Adjustments for the gains and losses on sales of property, plant and equipment, net		137	(201)
Changes in working capital		(432.378)	(394.244)
Adjustments for change in inventories		11.343	(103.232)
Adjustments for change in trade receivables		(585.852)	(170.135)
Adjustments for change in payables related to employee benefits		6.938	8.432
Adjustments for change in other receivables , other current assets		(234.368)	(270.810)
Adjustments for change in assets held for sale		(11.573)	2.373
Adjustments for change in liabilities held for sale		89	(134)
Adjustments for change in receivables from finance sector operations		(341.981)	(271.649)
Adjustments for change in payables from finance sector operations		238.313	141.853
Change in restricted cash and cash equivalents		(25.054)	(1.387)
Adjustments for change in trade payables		58.711	79.692
Adjustments for change in prepayments		(6.872)	(37.883)
Adjustments for change in deferred income		399.207	156.450
Adjustments for change in other payables and other liabilities related with operating activities		58.721	72.186

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

Çalık Holding Anonim Şirketi and its Subsidiaries
Condensed Consolidated Statement of Cash Flows
For the Six-Month Period Ended 30 June 2017 (*continued*)
(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

Cash flows from operating activities		122.773	103.955
Employee termination indemnity paid	20	(40)	(389)
Interest received		18.032	13.891
Collection from doubtful receivables	11	1.573	2.428
Interest received with finance sector activities		167.930	131.848
Interest paid on finance sector activities		(44.388)	(30.520)
Recoveries from receivables from finance operations		10.395	5.454
Taxes paid	22	(30.729)	(18.757)
B. CASH FLOWS USED IN INVESTING ACTIVITIES		(104.995)	(52.116)
Proceeds from sales of property, plant and equipment and intangible		288	1.290
Formation and capital contribution of share capital of equity accounted investees	14	(3.888)	(4.272)
Acquisition of non-controlling interests in entities under common control	5	--	(3.875)
Proceeds from / (repayment of) derivative financial instruments		(6.580)	(6.034)
Proceeds from sale of subsidiaries		--	9.330
Proceeds from sale of interest in subsidiaries without change in control		509	--
Proceeds from increase capital of non-controlling interests		1.273	--
Acquisition of held to maturity financial investments		(24.458)	41.745
Acquisition of investment property	17	(1.854)	(4.229)
Divident income from associates and jointly controlled entities		--	150
Net cash flow from available for sale financial investments		(29.353)	(49.110)
Acquisition of property, plant and equipment	15	(38.742)	(30.424)
Acquisition of intangible assets	16	(2.190)	(6.687)
C. CASH FLOWS FROM FINANCING ACTIVITIES		148.720	188.765
Proceeds from the funding of related parties		610	142.407
Proceeds from / (repayment of) loans and borrowings, net		217.545	92.217
Dividend payment		(7.047)	--
Interest paid		(62.388)	(45.859)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		128.338	50.892
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	9	485.831	335.676
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)	9	614.169	386.568

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 2017

(Amounts expressed in thousands of United States Dollar (“USD”) 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 2017

(Amounts expressed in thousands of United States Dollar (“USD”) 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 İstanbul/Türkiye, on 20 March 1997.

As of 30 June 2017, Çalık Holding has 86 (31 December 2016: 82) subsidiaries (“the Subsidiaries”), 10 (31 December 2016: 8) joint ventures (“the Joint Ventures”), 1 (31 December 2016: 1) joint operation (“the Joint Operation”) and 12 (31 December 2016: 12) 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 2017 comprises Çalık Holding and its subsidiaries and the Group’s interest in associates and joint ventures and operations.

As at 30 June 2017, the number of employees of the Group is 24.716 (31 December 2016: 21.063).

As explained in more detail in Note 7, as at 30 June 2017 the Group operates mainly under six segments:

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

As at 30 June 2017, the list of the subsidiaries, the joint ventures, the joint operation and the associates included in the consolidated financial statements of Çalık Holding, the details of the subsidiaries, the joint ventures, the joint operation and the associates included or excluded to the consolidated financial statement of Çalık Holding after 31 December 2016 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 2017

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

1 Reporting entity (continued)

Akılcı Bilişim Çözümleri ve Danışmanlık A.Ş. (“Akılcı Bilişim”)

Akılcı Bilişim was established in Istanbul in 2017 for the purpose of providing hardware supply and information technology services.

Aktif Halk Enerji Yatırımları A.Ş. (“Aktif Halk Enerji”)

Aktif Halk Enerji was established in 2017 in İstanbul for the purpose of establishment of electrical energy production facilities and the maintenance, repair and engineering services of the installed facilities.

Amethyst Holding N.V. (“Amethyst”)

Amethyst was established in the Netherlands in 2017 as a holding company.

Çalık Enerji Swiss AG (“Çalık Swiss”)

Çalık Swiss was established in Switzerland in 2017 for the purpose of providing services for the procurement, management and use of concessions or other rights, as well as for the construction and maintenance of power plants and for the development and financing of other group companies operating in the energy sector, particularly in the electricity sector.

Demircili Rüzgâr Enerjisi Elektrik Üretim A.Ş. (“Demircili Rüzgâr”)

Demircili Rüzgar was established in Istanbul in 2017 for the purpose of establishing electric energy production facilities, operating, renting, generating electricity and / or selling it to its customers.

Granite Holding N.V. (“Granite Holding”)

Granite Holding was established in the Netherlands in 2017 as a holding company.

Halk Yenilebilir Enerji A.Ş. (“Halk Enerji”)

Halk Enerji was established in 2017 in Ankara for the purpose of providing maintenance, repair and engineering services for the installations of the electrical energy production facilities.

Çalık Denim B.V. (“Çalık Denim”)

Çalık Denim was established in the Netherlands in 2017 for the purpose of carrying out the development activities of other group companies operating in the textile, trading, marketing and textile sectors.

Mergers

In accordance with the merger agreement dated 20 February 2017, Cetel Çalık Telekomünikasyon Hizmetleri A.Ş. (“Cetel Çalık”), a consolidated subsidiary operating in the telecom sector, was merged with Telemed Telekom A.Ş. (“Telemed”) under Telemed by transferring all of its rights and obligations to Telemed. As a result of this transaction, Cetel Çalık has been disincorporated.

In accordance with the merger agreement dated 14 March 2017, Telemed, a consolidated subsidiary operating in the telecom sector, was merged with Çalık Holding under Çalık Holding by transferring all of its rights and obligations to Çalık Holding. As a result of this transaction, Telemed has been disincorporated.

The subsidiaries, joint ventures, joint ventures and associates of Çalık Holding included in the scope of consolidation and their countries and areas of activity 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 2017

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

1.1 Entities in energy segment

Company names	Type of partnership	Country
Adacami Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Akılci Bilişim Çözümleri ve Danışmanlık A.Ş.	Subsidiary	Turkey
Aktif Doğalgaz Ticaret A.Ş.	Subsidiary	Turkey
Amethyst Holding N.V. (**)	Subsidiary	Holland
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 Diamond Solar Enerji A.Ş.	Subsidiary	Turkey
Calik Enerji Swiss AG (**)	Subsidiary	Switzerland
Çalık Elektrik Dağıtım A.Ş. (“ÇEDAS”)	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 Gaz ve Petrol 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
Çedaş Elektrik Dağıtım Yatırımları A.Ş.	Subsidiary	Turkey
Çep Petrol Dağıtım Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Demircili Rüzgar Enerjisi Elektrik Üretim 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
Granite Holding N.V. (**)	Subsidiary	Holland
Hamerz Green Energy (**)	Subsidiary	Iran
İrmak Yönetim Sistemleri A.Ş.	Subsidiary	Turkey
İkideniz 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	Kosova
LC Electricity Supply and Trading d.o.o.	Joint venture	Serbia
Mayestan Clean Energy (**)	Subsidiary	Iran
Momentum Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Onyx Trading Innovation FZE	Subsidiary	UAE – Dubai
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 Japan International Enerji Network A.Ş. (*)	Subsidiary	Turkey
Technovision Mühendislik Danışmanlık ve Dış Ticaret Limited Şirketi	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. (“YEDAS”)	Subsidiary	Turkey
Yeşilirmak Elektrik Perakende Satış A.Ş. (“YEPAŞ”)	Subsidiary	Turkey

(*) These companies are under liquidation.

(**) Amethyst Holding N.V., Çalık Energy AB, Çalık Georgia LLC, Calik Enerji Swiss AG, Granite Holding N.V., Hamerz Green Energy and Mayestan Green Energy, subsidiaries of the Group are non operating of in start up 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 2017.

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1 Reporting entity (continued)

1.2 Entities in construction segment

Company names	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 (“GAP Qatar”)	Subsidiary	Qatar
Gap İnşaat Construction and Investment Co. Ltd. (“GAP Invesment Cons.”)	Subsidiary	Sudan
Gap İnşaat Dubai FZE	Subsidiary	Dubai
Gap İnşaat Saudi Arabia Ltd.	Subsidiary	S. Arabia
Gap İnşaat Ukraine Ltd. (“Gap Insaat Ukraine”)	Subsidiary	Ukraine
Gap İnşaat Yatırım ve Dış Ticaret A.Ş.	Subsidiary	Turkey
Gapyapı İnşaat A.Ş.	Subsidiary	Turkey
Innovative Construction Technologies Trading FZE (“Innovative Construction”)	Subsidiary	Dubai
Kefeli Gayrimenkul Geliştirme İnşaat Sanayi ve Ticaret A.Ş.-GAP İnşaat Yatırım ve Dış Ticaret A.Ş.(*)	Joint operation	Turkey
Kentsel Dönüşüm İnşaat A.Ş.	Subsidiary	Turkey
White Construction N.V.	Subsidiary	Holland

(*)Varyap-Gap Ortak Girişimi was founded on 14 April 2010 for the purpose of construction of “Metropol İstanbul” 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 the participation rate of 50% equally. In accordance with the amendment agreement between Kefeli Gayrimenkul Geliştirme İnşaat Sanayi ve Ticaret A.Ş. (“Kefeli”) and the Group on 15 June 2017, net profit derived from Metropol İstanbul Project at completion date will be shared among the Group, Kefeli and VARYAP by 50%, 49.9% and 0.1%, respectively. Kefeli ultimately shares revenue with Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş. and get 56.85% portion take total sales proceeds as the land was provided by Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş.

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1 Reporting entity (continued)

1.3 Entities in textile segment

Company names	Type of partnership	Country
Balkan Dokuma TGPJ	Associate	Turkmenistan
Calik Denim B.V.	Subsidiary	Holland
Çalık Alexandria For Readymade Garments	Subsidiary	Egypt
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

1.4 Entities in marketing segment

Company names	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

1.5 Entities in telecommunication segment

Company names	Type of partnership	Country
Albtelecom Sh.a.	Subsidiary	Albania
Cetel Telekom İletişim Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey

1.6 Entities in banking and finance segment

Company names	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
Haliç Finansal Kiralama A.Ş.	Associate	Turkey
Kazakhstan Ijara Company KIC Leasing	Associate	Kazakhstan
Euro-Mediterranean Investment Company Limited	Associate	TRNC
Euroasian Leasing Company	Associate	Tatarstan-Russia
Mükafat Portföy Yönetimi A.Ş.	Subsidiary	Turkey
Sigortayeri Sigorta ve Reasürans Brokerliği A.Ş.	Subsidiary	Turkey

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1 Reporting entity (continued)

1.7 Entities in other segments

Company names	Type of partnership	Country
Aktif Halk Enerji Yatırımları A.Ş.	Joint venture	Turkey
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
Echo Bilgi Yönetim Sistemleri A.Ş.	Subsidiary	Turkey
Emlak Girişim Danışmanlığı A.Ş.	Subsidiary	Turkey
E-Post Elektronik Perakende Otomasyon Satış ve Ticaret A.Ş.	Subsidiary	Turkey
Halk Yenilebilir Enerji A.Ş.	Joint venture	Turkey
IFM İstanbul Finans Merkezi İnşaat Taahhüt A.Ş.	Associate	Turkey
Kartaltepe Madencilik Sanayi ve Ticaret A.Ş.	Joint venture	Turkey
Lidya Madencilik Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
N-Kolay Ödeme Kuruluşu A.Ş.	Subsidiary	Turkey
Pavo Teknik Servis Elektrik ve Elektronik Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Polimetal Mineral Madencilik Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Polimetal Madencilik Sanayi ve Ticaret A.Ş.	Joint venture	Turkey
Tunçpınar Madencilik Sanayi ve Ticaret A.Ş.	Joint venture	Turkey
Tura Madencilik A.Ş.	Subsidiary	Turkey
UPT Ödeme Hizmetleri A.Ş.	Subsidiary	Turkey

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(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

2 Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting”, and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2016 (“last annual financial statements”). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s consolidated financial position and consolidated performance since the last annual financial statements.

(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 2005, except for the following:

- derivative financial instruments are measured at fair value,
- available-for-sale financial assets are measured at fair value,
- financial assets at fair value through profit or loss
- 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 United States Dollar (“USD”) whereas the Company’s functional currency is TL. Unless otherwise indicated, all financial information presented in USD has been rounded to the nearest thousand.

Equity items are translated to USD at exchange rates at the dates of the transactions. All assets and liabilities are retranslated to USD at the exchange rate at the reporting date. All profit or loss and other comprehensive income items are translated to USD at average exchange rates of the corresponding period.

The foreign exchange rates used by conversion of the Group’s condensed consolidated interim financial statements as at 30 June 2017, 31 December 2016 and 30 June 2016 are as follows:

	30 June 2017	31 December 2016	30 June 2016
<u>Reporting date rates</u>			
TL / USD	3,5071	3,5192	2,8936
<u>Average rates for the periods</u>			
TL / USD	3,6356	3,0181	2,9181

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(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

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 2016.

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 2017 with those consolidated financial statements as of and for the year ended 31 December 2016.

The condensed consolidated interim financial statements as of and for the six month period ended 30 June 2017 should be read together with the consolidated financial statements as of and for the year ended 31 December 2016.

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 2017 is USD 164.357 (2016: USD 294.544).

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 2017. There is no material seasonality change in the operations of other segments.

Çalık Holding Anonim Şirketi and its Subsidiaries

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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 2017

Gap İnşaat

In accordance with the General Assembly held on 7 March 2017, Çalık Holding participated in the capital increase of Gap İnşaat amounting to USD 15.300 unilaterally after the abdication of the other shareholders for their right to preference. As a result of this transaction, the Group’s ownership interest in Gap İnşaat increased to 99,42% from 99,32%.

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

Doğu Akdeniz

The Group acquired interest of Doğu Akdeniz from Select Investments Pte. LTD on 1 February 2016. Interest with a nominal value of USD 3.800 representing to 15,00% of the interest of Doğu Akdeniz’s all shares were acquired for a consideration of USD 3.802 and the Group’s ownership interest increased from 84,40% to 99,40% in Doğu Akdeniz.

5.3 Disposal of the subsidiary during 2016

Çalık Pamuk

On 30 June 2016, the share of Çalık Denim with a nominal value of USD 5.702 representing %55,00 of Çalık Pamuk’s capital have been sold for a total consideration of USD 9.409. As a result of this transaction a net profit of USD 1.041 have been recognized in the profit or loss.

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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 2017, assets and liabilities held for sale are USD 66.814 and USD 2.775 (31 December 2016: USD 55.235 and USD 2.687), respectively, and details are as follows:

Assets held for sale	30 June 2017	31 December 2016
Inventories	742	687
Property, plant and equipment ^(*)	66.040	54.516
Intangible assets	16	18
Other assets	16	14
Total	66.814	55.235
Liabilities held for sale		
Trade payables	2.775	2.687
Total	2.775	2.687

^(*)Property, plant and equipment consist of properties classified as held for sale of the subsidiaries in textile sector amounting to USD 8.917 (31 December 2016: USD 8.917), land and buildings with a carrying value of USD 857 (31 December 2016: USD 855) obtained against the doubtful receivables in marketing sector and properties amounting to USD 56.266 (31 December 2016: USD 44.744) 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, maintenance and repair services, exploration-production of these resources and sale and transportation of these resources to international markets.

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.

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 energy licence 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 2016.

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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 2017								
	Energy	Construction	Textile	Marketing	Tele-communication	Banking and finance	Other	Eliminations	Total
Revenue	681.456	743.505	79.084	63.415	33.478	251.248	18.174	(55.761)	1.814.599
Gross profit	228.954	133.552	30.885	16.099	11.391	148.061	12.432	(34.595)	546.779
Share of profit/(loss) of equity accounted investees	15.548	--	--	--	--	64	(1.724)	--	13.888
Interest income	13.834	271	2.397	11	--	939	589	(10)	18.031
Other income/(expenses), net	(36.962)	(6.443)	(11.152)	(4.913)	(12.843)	(83.871)	(15.534)	40.917	(130.801)
Results from operating activities	221.374	127.380	22.130	11.197	(1.452)	65.193	(4.237)	6.312	447.897
Gains /(loss) from investing activities	(127)	34	177	--	(146)	(7.884)	187.590	(176.096)	3.548
Interest expense	(15.841)	(166)	(5.286)	(2.983)	(5.192)	(2.362)	(44.344)	13.784	(62.390)
Finance income/(expenses), net	2.460	2.457	(6.322)	(2.537)	4.065	(14.568)	(29.529)	(1.007)	(44.981)
Consolidated income/(loss) before tax	207.866	129.705	10.699	5.677	(2.725)	40.379	109.480	(157.007)	344.074
Tax benefit/(expense)	2.775	387	(1.764)	(448)	(48)	(20.026)	(1.414)	--	(20.538)
Net profit/(loss) for the period	210.641	130.092	8.935	5.229	(2.773)	20.353	108.066	(157.007)	323.536

	Energy	Construction	Textile	Marketing	Tele-communication	Banking and finance	Other	Eliminations	Total
Segment assets	2.049.502	1.961.475	352.012	153.760	233.508	6.144.434	1.934.141	(2.920.082)	9.908.750
Segment liabilities	(1.528.940)	(1.522.998)	(283.533)	(114.878)	(207.040)	(5.471.955)	(1.372.555)	2.006.500	(8.495.399)
Capital expenditure	7.720	5.012	11.215	149	4.292	13.990	408	--	42.786
Depreciation and amortisation	(9.325)	(5.977)	(3.521)	(96)	(7.060)	(7.547)	(1.781)	--	(35.307)

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7 Operating segments (continued)

30 June 2016^(*)									
	Energy	Construction	Textile	Marketing	Tele- communication	Banking and finance	Other	Eliminations	Total
Revenue	484.493	434.044	167.586	93.559	38.789	251.650	16.622	(73.772)	1.412.971
Gross profit	152.476	92.063	30.161	20.256	14.988	110.627	12.541	(35.746)	397.366
Share of profit/(loss) of equity accounted investees	22.019	--	--	--	--	(21)	(5.950)	(3)	16.045
Interest income	31.301	16	247	(8)	--	623	108	--	32.287
Other income/(expenses), net	(47.986)	(12.040)	(19.890)	(9.051)	(13.389)	(50.818)	(9.799)	33.804	(129.169)
Results from operating activities	157.810	80.039	10.518	11.197	1.599	60.411	(3.100)	(1.945)	316.529
Gains /(loss) from investing activities	(57)	(252)	1.574	5	(15)	(832)	6.760	(3.043)	4.140
Interest expense	(12.338)	(2.152)	(9.551)	(3.731)	(6.720)	(2.770)	(52.578)	45.959	(43.881)
Finance income/(expenses), net	4.754	(1.957)	258	1.352	649	(9.340)	3.503	(25.533)	(26.314)
Consolidated income/(loss) before tax	150.169	75.678	2.799	8.823	(4.487)	47.469	(45.415)	15.438	250.474
Tax benefit/(expense)	(14.185)	1.848	2.269	(9)	(49)	(10.939)	(1.040)	(598)	(22.703)
Net profit/(loss) for the period	135.984	77.526	5.068	8.814	(4.536)	36.530	(46.455)	14.840	227.771
	Energy	Construction	Textile	Marketing	Tele- communication	Banking and finance	Other	Eliminations	Total
Segment assets	1.422.599	1.497.483	306.502	181.561	220.219	5.709.373	1.749.719	(2.604.632)	8.482.824
Segment liabilities	(1.011.893)	(1.204.832)	(247.483)	(147.977)	(202.926)	(5.114.344)	(1.292.664)	1.719.930	(7.502.189)
Capital expenditure	59.611	13.519	13.455	124	5.556	13.764	45.692	(110.381)	41.340
Depreciation and amortisation	(6.900)	(5.497)	(3.602)	(84)	(6.956)	(10.465)	(1.832)	--	(35.336)

(*) Items related to profit or loss of income are presented as of 30 June 2016, while items related to the statements of financial position are presented as of 31 December 2016.

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8 Related party disclosures

The joint ventures and associates of the Group have been accounted for using the equity method in the consolidated financial statements. Accordingly, the transactions of Group's subsidiaries with joint ventures and the balances from joint ventures and associates are not subject to elimination.

Related party balances

As at 30 June 2017 and 31 December 2016, the Group had the following balances outstanding from its related parties:

30 June 2017					
	Shareholders	Associates	Joint ventures	Other	Total
Trade receivables	--	28.947	234	10.539	39.720
Other receivables	87.962	--	1.632	10.638	100.232
Receivables related to financial sector operations	--	96.454	--	14.320	110.774
Borrowings	--	(7.494)	--	(18.757)	(26.251)
Deferred income (*)	--	(9)	(23)	(108.760)	(108.792)
Other payables	(253)	--	--	--	(253)
Trade payables	--	(672)	(220)	(1.118)	(2.010)
Payables related to finance sector operations	(29)	(10)	--	(926)	(965)
Total	87.680	117.216	1.623	(94.064)	112.455

31 December 2016					
	Shareholders	Associates	Joint ventures	Other	Total
Trade receivables	--	31.452	2.037	125	33.614
Other receivables	27.382	55	1.367	15.664	44.468
Receivables related to finance sector operations	--	89.539	--	14.221	103.760
Borrowings	--	(6.935)	(257)	(19.863)	(27.055)
Trade payables	--	(2.046)	(111)	(463)	(2.620)
Payables related to finance sector operations	(312)	(86)	(240)	(43)	(681)
Other payables	(374)	--	--	(20)	(394)
Total	26.696	111.979	2.796	9.621	151.092

(*)As at 30 June 2017, deferred revenue amounting to USD 106.613 consist of advances received from Mitsubishi Corporation related to power plant construction which started in 2017 in Uzbekistan (31 December 2016: None).

No impairment losses have been recognised against balances outstanding as at 30 June 2017 (31 December 2016: None) and no specific allowance has been made for impairment losses on balances with the related parties.

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8 Related party disclosures(continued)

Related party transactions

For the six month periods ended 30 June 2017 and 2016, the revenues earned and expenses incurred by the Group in relation to transactions with its related parties were as summarised below:

2017					
	Shareholders	Associates	Joint ventures	Other	Total
Revenue	--	7.756	1.119	8.740	17.615
Cost of sales	--	--	(3)	(432)	(435)
General and administrative expenses	--	--	--	(43)	(43)
Sales, marketing and distribution expenses	--	--	--	(1)	(1)
Revenue from finance sector	--	6.686	2	1.718	8.406
Cost of sales of finance sector	--	(272)	--	(1.183)	(1.455)
Income from other operations	4.231	8	34	490	4.763
Expense from other operations	--	--	--	(1)	(1)
Total	4.231	14.178	1.152	9.288	28.849
2016					
	Shareholders	Associates	Joint ventures	Other	Total
Revenue	--	3.317	1	12.961	16.279
Cost of sales	--	(1.069)	--	(4.149)	(5.218)
General and administrative expenses	(107)	--	--	(37)	(144)
Sales, marketing and distribution expenses	--	--	--	(1)	(1)
Research and development expenses	(11)	--	--	--	(11)
Income from investing activities	1.033	--	--	--	1.033
Total	915	2.248	1	8.774	11.938

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 2017 amounted to USD 8.049 (2016: USD 12.889).

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9 Cash and cash equivalents

At 30 June 2017 and 31 December 2016, cash and cash equivalents comprised the following:

30 June 2017	Finance (*)	Non-finance (**)	Total
Cash on hand	45.450	494	45.944
Cash at banks	352.175	244.221	596.396
-Time deposits	227.867	35.829	263.696
-Demand deposits	124.308	208.392	332.700
Balances at central bank (excluding statutory reserve)	330	--	330
Other cash and cash equivalents (***)	11.290	2.285	13.575
Cash and cash equivalents	409.245	247.000	656.245
Restricted amounts	(5.564)	(36.512)	(42.076)
Cash and cash equivalents in cash flow statement	403.681	210.488	614.169

31 December 2016	Finance (*)	Non-finance (**)	Total
Cash on hand	42.839	574	43.413
Cash at banks	327.979	89.572	417.551
-Time deposits	236.952	85.576	322.528
-Demand deposits	91.028	3.996	95.024
Balances at central bank (excluding statutory reserve)	40.842	--	40.842
Other cash and cash equivalents (***)	154	893	1.047
Cash and cash equivalents	411.814	91.039	502.853
Restricted amounts	(4.532)	(12.490)	(17.022)
Cash and cash equivalents in the consolidated statement of cash flows	407.282	78.549	485.831

(*) 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 USD 12.686 and short-term bonds and bond funds amounting to USD 682 as of 30 June 2017 (31 December 2016: money in transit amounting to USD 895 and reverse repo receivables amounting to USD 130).

As of 30 June 2017, the restricted cash and cash equivalents amounting to USD 42.076 (31 December 2016: USD 17.022) are not available for the Group's daily operations. The portion of USD 15.065 (31 December 2016: USD 6.270) related to the related amount is related to the related contracts for engineering services, procurement operations and construction project ("TPL") and the amount of USD 638 (31 December 2016: USD 638) in the bank in Georgia in relation to the maintenance contract and the portion of USD 17.615 (31 December 2016: USD 557) in the banks in Turkey as collateral for the used loans. The remaining amount of USD 1.309 (31 December 2016: USD 1.344) is cash collateral given to İstanbul Takas ve Saklama Bankası A.Ş. in exchange for electricity purchased from Enerji Piyasaları Anonim Şirketi A.Ş. ("EPIAŞ") USD 36 (31 December 2016: USD 38) is blocked by the court for the expropriation cases and the amount of USD 1.306 (31 December 2016: None) is blocked from the demand account for the electricity collections of the Group it consists.

Furthermore, USD 4 comprised of restricted amounts related to letters of received guarantees (31 December 2016: 2.251). The amount of mandatory restricted account is USD 5.564 (31 December 2016: USD 4.532) which is due to the Group's banking activities in Albania and Turkey. Also, there are compensating balances amounting to USD 539 (31 December 2016: None) due to the operations of the subsidiaries of the Group.

The Group's exposure to currency risks related to cash and cash equivalents are disclosed in Note 23.

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10 Financial investments

At 30 June 2017 and 31 December 2016, financial investments comprised the following:

30 June 2017			
	Current	Non-current	Total
Available-for-sale financial investments	591.819	734.363	1.326.182
Held to maturity financial investments	55.664	122.805	178.469
Financial assets at fair value through profit or loss (*)	182.600	--	182.600
Total	830.083	857.168	1.687.251
31 December 2016			
	Current	Non-current	Total
Available-for-sale financial investments	597.530	687.116	1.284.646
Held to maturity financial investments	82.112	71.899	154.011
Financial assets at fair value through profit or loss (*)	171.400	--	171.400
Total	851.042	759.015	1.610.057

(*) As at 30 June 2017, 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. For the six-month period ended, 30 June 2017 an increase in fair value for this investment amounting to USD 10.329 USD 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 2016, an increase in fair value for this investment amounting to USD 2.144 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 USD 7.400 / USD 7.600 (30 June 2016: USD 7.665 / USD 8.068), respectively.

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10 Financial investments (continued)

Available-for-sale financial investments

As at 30 June 2017 and 31 December 2016, available-for-sale financial investments comprised the following:

	30 June 2017	31 December 2016
	<u>Carrying amount</u>	<u>Carrying amount</u>
Financial investments of finance sector companies entities		
Public sector bonds, notes and bills	1.023.584	941.846
Private sector bonds, notes and bills	281.549	324.678
Equity securities – listed	7.567	7.878
Equity securities – not-listed	2.337	--
Investment funds	513	--
Total	1.315.550	1.274.402
Financial investments of non-finance sector companies entities		
Private sector bonds, notes and bills	126	120
Equity securities – non-listed		
Bursagaz Bursa Şhiriçi		
Doğal Gaz Dağıtım Ticaret ve Taahhüt A.Ş.	7.453	7.428
Kayserigaz Kayseri Doğalgaz		
Dağıtım Pazarlama Ticaret A.Ş.	1.794	1.788
JSC Calik Georgia Wind	27	17
Other	1.232	891
Total	10.632	10.244
Balance	1.326.182	1.284.646

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

As at 30 June 2017, investments in equity securities amounting to USD 12.843 (31 December 2016: USD 10.124) 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.

Held to maturity financial investments

At 30 June 2017 and 31 December 2016, held to maturity financial investments comprised the following:

	30 June 2017	31 December 2016
	<u>Carrying amount</u>	<u>Carrying amount</u>
Financial investments of finance sector companies entities		
Private sector bonds, notes and bills	98.178	97.478
Public sector bonds, notes and bills	65.765	56.533
Other ^(*)	14.526	--
Total	178.469	154.011

^(*)As of 30 June 2017, the amount consists of interbank time deposits with maturity of 30 June 2018, realized by the Group's subsidiaries operating in the banking sector with banking activities.

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11 Trade receivables and payables

Trade receivables

Short-term trade receivables

As at 30 June 2017 and 31 December 2016, short-term trade receivables comprised the following:

	30 June 2017	31 December 2016
Due from related parties	39.720	33.614
Due from third parties	1.659.978	1.127.279
Total	1.699.698	1.160.893

As at 30 June 2017 and 31 December 2016, short-term trade receivables comprised the following:

	30 June 2017	31 December 2016
Due from customers for contract work (*)	911.430	605.291
Accounts receivables (*)	693.792	475.551
Doubtful receivables	57.910	53.413
Service concession receivables	54.123	41.946
Postdated cheques received	35.440	24.686
Notes receivables	2.697	10.605
Other trade receivables	3.724	3.250
	1.759.116	1.214.742
Allowances for doubtful trade receivables (-)	(57.910)	(53.413)
Discount on trade receivables (-)	(1.508)	(436)
Total	1.699.698	1.160.893

(*) 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 USD 966.204 as of 30 June 2017 (31 December 2016: USD 737.036).

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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:

	2017	2016
Balance at 1 January	53.413	48.771
Allowance for the period	3.619	3.895
Reversal of impairment allowances no longer required (-)	--	(262)
Recoveries of amounts previously impaired (-)	(1.573)	(2.428)
Translation difference	2.451	(182)
Total	57.910	49.794

Long-term trade receivables

As at 30 June 2017 and 31 December 2016, long-term trade receivables comprised the following:

	30 June 2017	31 December 2016
Service concession receivables	229.816	225.537
Accounts receivables	143.456	117.472
Total	373.272	343.009

Maturity of the long term service concession receivables was as follows:

Redemption year	Receivables subject to redemption	
	30 June 2017	31 December 2016
2018	26.948	53.199
2019	48.232	41.985
2020	43.512	37.746
2021	35.332	30.380
2022	27.597	23.474
2023	21.718	18.296
2024	15.895	13.206
2025	9.062	7.251
2026	1.520	--
Total	229.816	225.537

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

	2017	2016
At 1 January	267.484	207.410
Additions	16.726	15.596
Redemptions related to current year investments	(17.184)	(15.951)
Fair value gain	14.043	17.761
Foreign currency translation difference	1.471	1.220
Correction at current period regarding revenue caps	(1.462)	5.522
2011- 2015 arrangements on investment	462	2.782
Other	2.399	(171)
At 30 June	283.939	234.169

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11 Trade receivables and trade payables (continued)

Short-term trade payables

As at 30 June 2017 and 31 December 2016, short-term trade payables comprised the following:

	30 June 2017	31 December 2016
Accounts payables ^(*)	567.092	517.464
Notes payable	--	6.788
Cheques given and payment orders	20.494	284
Other trade payables	13.181	16.055
Total	600.767	540.591

Long term trade payables

As at 30 June 2017 and 31 December 2016, long-term trade payables comprised the following:

	30 June 2017	31 December 2016
Accounts payables ^(*)	18.441	19.296
Total	18.441	19.296

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

The Group's exposure to currency risks related to trade receivables and trade payables are disclosed in Note 23.

12 Receivables and payables from finance sector activities

Receivables from finance sector activities

As at 30 June 2017 and 31 December 2016, current receivables related to finance sector activities comprised the following:

Receivables related to finance sector activities	30 June 2017	31 December 2016
Loans and receivables from customers	805.896	750.944
Loans and receivables from banks	335.441	303.797
Non-performing loans and receivables	32.578	29.418
Subtotal	1.173.915	1.084.159
Provision for impairment in value of loans and receivables	(24.487)	(21.400)
Total	1.149.428	1.062.759

As at 30 June 2017 and 31 December 2016, non-current receivables related to finance sector activities comprised the following:

Receivables related to finance sector activities	30 June 2017	31 December 2016
Loans and receivables from customers	1.406.507	1.194.356
Loans and receivables from banks	70.999	51.216
Subtotal	1.477.506	1.245.572
Provision for impairment in value of loans and receivables	(51.721)	(47.181)
Total	1.425.785	1.198.391

For the six month period ended 30 June 2017, impairment losses for loans and receivables was USD 17.523, whereas the reversal and recovery of the provision for impairment in value of loans and receivables of the amount was USD 10.395. (30 June 2016: impairment expense for loans and receivables and reversal and recovery of the provision for impairment in value of loans and receivables amounting to USD 6.795 and USD 8.234, respectively)

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12 Receivables and payables from finance sector activities (continued)

Payables related to finance sector activities

As at 30 June 2017 and 31 December 2016, short term payables related to finance sector activities comprised the following:

Short term payables related to finance sector activities	30 June 2017	31 December 2016
Due to banks	36.002	63.688
<i>Time deposits</i>	34.115	60.878
<i>Current accounts</i>	1.887	2.810
Due to customers	2.247.866	2.047.226
<i>Individual</i>	1.830.344	1.651.590
<i>Private enterprises</i>	313.207	296.518
<i>Public institutions</i>	62.685	58.201
<i>Other</i>	41.630	40.917
Customer accounts (*)	358.592	367.176
Funds from repo transactions	417.407	379.307
Total	3.059.867	2.857.397

(*) 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 2017 there is no time customer account (31 December 2016: None).

As at 30 June 2017 and 31 December 2016, long term payables related to finance sector activities comprised the following:

Long term payables related to finance sector activities	30 June 2017	31 December 2016
Due to customers		
<i>Individual</i>	309.095	277.047
<i>Private enterprises</i>	24.331	20.122
<i>Public institutions</i>	3.088	3.502
Total	336.514	300.671

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 USD 4.198 (31 December 2016: USD 3.180) for as at 30 June 2017. Additionally an impairment provision amounting to USD 6 is recognised for the finished goods of Çalık Alexandria, which are recognised in assets held for sale, due to foreign exchange rate increase (30 June 2016: USD 6).

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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:

	2017	2016
Balance at 1 January	81.409	54.198
Share of profit of equity accounted investees	13.820	16.065
Dividend income from associates and jointly controlled entities	--	(150)
Formation of joint venture due to change of control in investment previously classified as available for sale	--	1.038
Capital contribution to share capital increase in joint ventures	3.301	3.234
Currency translation difference	4.974	824
Balance at 30 June	103.504	75.209
Equity accounted investees	104.595	79.299
Liabilities from equity accounted investees	--	(4.090)
	104.595	75.209

ii) Associates

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

	2017	2016
Balance at 1 January	7.769	5.861
Share of profit of equity-accounted investees	68	(20)
Capital contribution to share capital increase in associates	587	--
Currency translation difference	467	92
Balance at 30 June	8.891	5.933

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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:

	2017	2016
Net carrying value at 1 January	588.562	526.125
Additions (+)	38.742	30.424
Disposals (-)	(425)	(989)
Currency translation difference	22.213	2.247
Transfers	(156)	(164)
Depreciation for the period (-)	(27.361)	(24.040)
Net carrying value at 30 June	621.575	533.603

16 Intangible assets and goodwill

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

	2017	2016
Net carrying value at 1 January	187.266	209.775
Additions (+)	2.190	6.687
Disposals (-)	--	(99)
Currency translation difference	1.895	857
Transfers	156	164
Amortisation for the period (-)	(7.946)	(11.296)
Net carrying value at 30 June	183.561	206.088

17 Investment properties

As at 30 June 2017 and 31 December 2016, investment properties comprised the following:

	30 June 2017	31 December 2016
Investment property under development	102.259	99.618
Investment property in use	54.261	54.449
Total	156.520	154.067

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

	2017	2016
Balance at 1 January	154.067	142.191
Additions	1.854	4.229
Currency translation difference	599	723
Balance at 30 June	156.520	147.143

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17 Investment properties (continued)

As at 30 June 2017, the Group has not obtained a valuation report related to operating 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 2016.

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 IFRS 13 based on fair value hierarchy are as follows:

30 June 2017	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment properties			156.520	156.520
Total			156.520	156.520

31 December 2016	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment properties	--	--	154.067	154.067
Total	--	--	154.067	154.067

18 Loans and borrowings

As at 30 June 2017 and 31 December 2016, loans and borrowings comprised the following:

Short term loans and borrowings	30 June 2017	31 December 2016
Securities issued	916.211	885.413
Funds borrowed by the Group's banking subsidiaries	868.024	811.687
Bank loans	239.596	136.831
Current portion of long term bank loans	157.201	245.446
Factoring payables	20.040	8.435
Issued bonds	12.288	49.370
Lease obligations	6.875	6.283
Other financial liabilities	37	18.164
Total	2.220.272	2.161.629

Long term loans and borrowings	30 June 2017	31 December 2016
Bank loans	447.730	277.333
Funds borrowed by the Group's banking subsidiaries	22.845	32.537
Subordinated liabilities	28.502	26.377
Issued bonds	39.662	26.270
Securities issued	6.848	14.976
Lease obligations	10.123	7.338
Deferred interest of lease obligation	(637)	(543)
Total	555.073	384.288

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18 Loans and borrowings (continued)

As at 30 June 2017, the terms and conditions of outstanding loans and borrowings comprised the following:

30 June 2017					
	Currency	Nominal interest rate (%)	Year of maturity	Nominal value	Carrying Value
Secured bank borrowings	TL	Revolving	2018	5.196	5.196
Secured bank borrowings	TL	15,27 – 18,40	2017-2024	116.010	118.061
Secured bank borrowings	USD	Libor+4.82-8,30	2017-2020	262.517	263.220
Secured bank borrowings	EUR	3,44-8,00	2017-2025	24.200	24.200
Unsecured bank borrowings	TL	6,00 – 18,20	2017-2024	366.536	364.490
Unsecured bank borrowings	USD	0,20 – 7,50	2017-2031	311.172	311.772
Unsecured bank borrowings	USD	8,55-8,80	2017	10.592	10.592
Unsecured bank borrowings	EUR	2,90-8,30	2017-2025	656.489	656.489
Unsecured bank borrowings	TL	4,29-8,05	2017	4.063	4.063
Unsecured bank borrowings	CHF	1,13	2018	3.142	3.142
Unsecured bank borrowings	ALL	6,00	2021	1.676	1.676
Unsecured bank borrowings	ILS	1,00	2017	997	997
Debt securities	TL	11,68-17,51	2017	721.104	721.104
Debt securities	USD	Libor+5,00-7,56	2020-2021	110.281	110.281
Debt securities	EUR	4,23	2017	143.624	143.624
Factoring payables	TL	15,21-16,40	2017	1.907	1.907
Factoring payables	USD	6,50-10,00	2017	18.133	18.133
Total				2.757.639	2.758.947

At 31 December 2016, the terms and conditions of outstanding loans and borrowings were as follows:

31 December 2016					
	Currency	Nominal interest rate (%)	Year of Maturity	Nominal value	Carrying amount
Secured bank borrowings	TL	Revolving	2017	7.900	7.900
Secured bank borrowings	TL	14,50-19,30	2017	50.771	51.045
Secured bank borrowings	USD	0,06-12,00	2017-2021	408.534	411.870
Secured bank borrowings	EUR	0,13-13,30	217-2025	105.706	106.203
Unsecured bank borrowings	TL	7,00-19,00	2017-2018	85.608	64.109
Unsecured bank borrowings	USD	0,10-10,00	2017	326.392	330.628
Unsecured bank borrowings	USD	Spot	2017	26.275	26.378
Unsecured bank borrowings	EUR	0,01-8,30	2017-2031	525.595	524.232
Unsecured bank borrowings	CHF	0,50 – 1,14	2017	7.824	7.824
Debt securities issued	TL	10,50-14,00	2017	842.783	781.341
Debt securities issued	USD	3,00-Libor+5,00	2017-2020	112.428	118.579
Debt securities issued	EUR	1,80-3,28	2017	73.294	76.109
Factoring payables	TL	6,00-18,25	2017	4.431	4.432
Factoring payables	USD	6,50-10,00	2017	4.003	4.003
Total				2.581.562	2.514.676

As of 30 June 2017, there are mortgages amounting to USD 129.879 (31 December 2016: USD 129.673) and USD 200.000 (31 December 2016: USD 167.923) on investment property under construction and administrative building owned by the Group against the bank borrowings.

There are pledges over Çalık Enerji's shares of YEDAŞ, YEPAŞ, ÇEDAŞ, with numbers of 85 (USD 0,024), 115 (USD 0,033), 377.622.000 (USD 107.674) respectively and ÇEDAŞ shares of YEPAŞ and YEDAŞ, with numbers of 6.358.770.388 (USD 18.131) and 35.700.685.312 (USD 101.795), as a guarantee for the bank borrowings user or will be used by Çalık Holding, ÇEDAŞ, YEDAŞ, YEPAŞ from a bank.

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19 Derivatives

The carrying values of derivative instruments held at 30 June 2017 and 31 December 2016, were as follows:

	30 June 2017		31 December 2016	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Forward transactions	178	(191)	810	(775)
Swap transactions	4.477	(1.663)	2.468	(2.943)
Currency options	--	(125)	192	(191)
Total	4.655	(1.979)	3.470	(3.909)

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 2017 and 31 December 2016, provisions comprised the following items:

	30 June 2017	31 December 2016
<u>Short term provisions</u>		
Short term employee benefits	15.649	12.744
Other short term provisions	12.810	12.736
Total short term provisions	28.459	25.480
<u>Long term provisions</u>		
Long term employee benefits	12.490	11.359
Other short term provisions	345	312
Total long term provisions	12.835	11.671
Total provisions	41.294	37.151

As at 30 June 2017 and 31 December 2016, short-term and long term employee benefits comprised the following items:

	30 June 2017	31 December 2016
<u>Short-term</u>		
Vacation pay liability	5.984	5.278
Bonus provisions	9.663	7.464
Other employee benefits	2	2
Total	15.649	12.744
<u>Long term</u>		
Employee termination benefits	12.490	11.359
Other	345	312
Total	12.835	11.671

As at 30 June 2017 and 31 December 2016, other provisions comprised the following items:

	30 June 2017	31 December 2016
<u>Short-term</u>		
Provisions for expenses	1.738	1.636
Provision for litigations	11.059	10.120
Other current provisions	13	980
Total	12.810	12.736

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20 Provisions (continued)

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

2017	1 January	Provision for the period	Recoveries/ payments during the year	Currency translation difference	30 June
Provision for litigations	10.120	1.448	(712)	203	11.059
Vacation pay liability	5.278	823	(197)	80	5.984
Bonus provisions	7.464	6.116	(4.087)	170	9.663
Reserve for severance payments	11.359	1.095	(40)	76	12.490
Other expense provisions	2.930	(476)	(60)	(296)	2.098
Total	37.151	9.006	(5.096)	233	41.294
2016					
Provision for litigations	12.257	2.316	(2.093)	74	12.554
Vacation pay liability	5.328	758	(124)	(60)	5.902
Bonus provisions	4.383	3.426	(2.806)	(401)	4.602
Reserve for severance payments	9.842	855	(389)	1.166	11.474
Other expense provisions	2.877	(213)	--	(102)	2.563
Total	34.687	7.142	(5.412)	677	37.095

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

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 2017 are as follows:

30 June 2017	Original currency (USD equivalent)			
	USD	TL	Others	Total
A Total amount of GPMs given in the name of its own legal personality	833.344	103.297	5.118	941.759
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	--	227.600	--	227.600
- Total amount of GPMs given in the name of the consolidated subsidiaries	--	227.600	--	227.600
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	833.344	330.897	5.118	1.169.359

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21 Commitments and contingencies (continued)

GPMs in respect of commitment and contingencies realised in the ordinary course of business were given as at 31 December 2016 are as follows:

31 December 2016	Original currency (USD equivalent)			
	USD	TL	Others	Total
A Total amount of GPMs given in the name of its own legal personality	386.078	354.604	19.681	760.363
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	--	226.818	--	226.818
- Total amount of GPMs given in the name of the consolidated subsidiaries	--	226.818	--	226.818
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	386.078	581.422	19.681	987.181

Litigation and claims

As at 30 June 2017, the expected cash outflow amount for the pending claims filed against to the Group is USD 11.059 (31 December 2016: USD 10.120). As at 30 June 2017, 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.

Lease commitments

As at 30 June 2017 and 31 December 2016, non cancellable operating lease commitments are payable as follows:

Operating lease commitment		
– Group as lessee and rent commitments	30 June 2017	31 December 2016
Within one year	5.358	6.436
After one year not more than five years	11.867	13.810
More than five years	3.248	3.488
Total	20.473	23.734

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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 2016: 20%) and advance tax returns are filed on a quarterly basis.

According to the new Corporate Tax Law, 75% (31 December 2016: 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.

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.

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22 Taxation (continued)

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 2016: 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 2016: 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 2017, the applicable corporate tax rate for the subsidiaries and branches operating in Iraq is 15% (31 December 2016: 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 2017, 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 2016: 25%). 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 2017, the Group has subsidiaries in 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 2017, the Group's subsidiaries operating in Dubai are not subject to corporate tax.

USA

As at 30 June 2017, the applicable corporate tax rate for the subsidiary operating in USA is 40% (31 December 2016: 40%) but additional tax applications up to 12% could be charged.

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.

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22 Taxation (continued)

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

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 2016: 15%).

The Netherlands

Corporate income tax is levied at the rate of 25% (31 December 2016: 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.

Switzerland

Corporate tax in Switzerland is a combination of Canton and Federal tax. Cantonal tax is levied at the effective rate of 23.36% (2016: 23.38%) on the net profit of the related period and at the effective rate of 0.401% (2015: 0.401%) on the shareholders' equity of the related period. Federal tax is levied at the rate of 8.50% (2016: 8.50%) on the net profit of the related period. Since the tax expenses are tax deductible, the effective net tax rate is around 24% (2016: 24%). In addition to the cantonal and federal taxes, another tax called professional tax is levied at various effective rates on the average of the last two years' gross revenue figures, rent expenses and number of employees. Under the Swiss taxation system, tax losses can be carried forward to be offset against future taxable income for seven years. Companies must file their tax returns within four months following the close of the tax year to which they relate, unless the company applies for an extension. 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:

	2017	2016
Current corporation and income taxes	32.955	23.972
Deferred tax	(12.417)	(1.269)
Total income tax expense	20.538	22.703

Taxes assets / taxes payable on income

Taxes assets / taxes payable on income as of 30 June 2017 and 31 December 2016 comprised the following:

	30 June 2017	31 December 2016
Taxes on income	20.538	80.595
Less: Deferred tax expense/ (benefit)	12.417	(35.573)
Corporation taxes paid in advance	(30.729)	(37.759)
Foreign currency translation difference	81	(1.034)
Current tax liabilities/(assets), net	2.307	6.229

As at 30 June 2017, taxes payable on income amounting to USD 12.829 (31 December 2016: USD 10.140) is not offset with prepaid taxes amounting to USD 10.523 (31 December 2016: USD 3.911) since they are related to different tax jurisdictions.

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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.

At 30 June 2017, the currency risk exposures of the Group in USD equivalents are as follows:

CURRENCY POSITION STATEMENT		30 June 2017		
	USD equivalent	USD	EURO	Other ^(*)
1. Trade Receivables	503.567	343.714	136.517	4.033
2a. Monetary financial assets	2.090.287	832.412	1.010.531	104.456
2b. Non-monetary financial assets	--	--	--	--
3. Other	14.003	7.862	5.056	370
4. Current assets (1+2+3)	2.607.857	1.183.988	1.152.104	108.859
5. Trade Receivables	111.054	74.177	32.309	--
6a. Monetary financial assets	777.144	267.767	422.517	27.117
6b. Non-monetary financial assets	--	--	--	--
7. Other	6.508	3.066	3.016	--
8. Non-current assets (5+6+7)	894.706	345.010	457.842	27.117
9. Total Assets (4+8)	3.502.563	1.528.998	1.609.946	135.976
10. Trade payables	(268.326)	(158.213)	(68.126)	(32.354)
11. Financial liabilities	(1.212.246)	(477.760)	(641.123)	(2.709)
12a. Other monetary liabilities	(1.843.745)	(496.029)	(1.099.439)	(92.818)
12b. Other non-monetary liabilities	(12.267)	(11.939)	(287)	--
13. Short term liabilities (10+11+12)	(3.336.584)	(1.143.941)	(1.808.975)	(127.881)
14. Trade payables	(2.635)	--	(2.309)	--
15. Financial liabilities	(305.379)	(218.487)	(73.407)	(3.105)
16a. Other monetary liabilities	(169.551)	(27.082)	(123.860)	(1.095)
16b. Other non-monetary liabilities	--	--	--	--
17. Long term liabilities (14+15+16)	(477.565)	(245.569)	(199.576)	(4.200)
18. Total liabilities (13+17)	(3.814.149)	(1.389.510)	(2.008.551)	(132.081)
19. Outside of the financial statements derivatives instruments net assets / (liability) position (19a+19b)	275.442	108.366	166.761	(23.264)
19a. Hedged portion of assets amount	506.167	269.685	194.467	14.518
19b. Hedged portion of liabilities amount	(230.725)	(161.319)	(27.706)	(37.782)
20. Net foreign currencies assets / (liability) position (9+18+19)	(36.144)	247.854	(231.844)	(19.369)
21. Monetary items Net foreign currencies assets / (liability) position (IFRS 7.b23)				
(=1+2a+5+6a+10+11+12a+14+15+16a)	(319.830)	140.499	(406.390)	3.525

(*) USD equivalents are given.

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

Currency risk (continued)

At 31 December 2016, the currency risk exposures of the Group in USD equivalents are as follows:

CURRENCY POSITION STATEMENT	31 December 2016			
	USD equivalent	USD	EURO	Other ^(*)
1. Trade Receivables	171.230	59.881	104.114	1.593
2a. Monetary financial assets	1.801.089	544.630	1.133.967	61.044
2b. Non-monetary financial assets	--	--	--	--
3. Other	113.128	97.273	4.294	11.328
4. Current assets (1+2+3)	2.085.447	701.784	1.242.375	73.965
5. Trade Receivables	64.653	33.198	29.562	291
6a. Monetary financial assets	669.833	247.089	391.497	10.032
6b. Non-monetary financial assets	6.907	3.545	2.032	1.220
7. Other	5.693	5.158	507	--
8. Non-current assets (5+6+7)	747.085	288.990	423.598	11.543
9. Total Assets (4+8)	2.832.532	990.774	1.665.973	85.508
10. Trade payables	(170.868)	(76.190)	(58.226)	(33.297)
11. Financial liabilities	(1.298.665)	(653.157)	(604.882)	(7.848)
12a. Other monetary liabilities	(1.504.534)	(268.779)	(1.131.249)	(43.205)
12b. Other non-monetary liabilities	(367)	(217)	(142)	--
13. Short term liabilities (10+11+12)	(2.974.434)	(998.343)	(1.794.499)	(84.350)
14. Trade payables	(3.919)	--	(3.718)	--
15. Financial liabilities	(290.714)	(224.057)	(63.231)	--
16a. Other monetary liabilities	(298.979)	(25.224)	(257.760)	(2.027)
16b. Other non-monetary liabilities	--	--	--	--
17. Long term liabilities (14+15+16)	(593.612)	(249.281)	(324.709)	(2.027)
18. Total liabilities (13+17)	(3.568.046)	(1.247.624)	(2.119.208)	(86.377)
19. Outside of the financial statements derivatives instruments net assets / (liability) position (19a+19b)	30.179	(81.137)	99.245	6.693
19a. Hedged portion of assets amount	218.219	89.264	111.181	11.749
19b. Hedged portion of liabilities amount	(188.040)	(170.401)	(11.936)	(5.056)
20. Net foreign currencies assets / (liability) position (9+18+19)	(705.335)	(337.987)	(353.990)	5.824
21. Monetary items Net foreign currencies assets / (liability) position (IFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)	(860.874)	(362.609)	(459.926)	(13.417)

(*) USD 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 30 June 2017 and 31 December 2016 as follows:

30 June 2017	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	(24.785)	24.785	--	--
2-Hedged portion of US Dollar amounts(-)	--	--	--	--
3-Net effect of US Dollar (1+2)	(24.785)	24.785	--	--
Increase/(decrease) 10% of EUR parity				
4-EUR net asset / liability	26.463	(26.463)	--	--
5-Hedged portion of EUR amounts(-)	--	--	--	--
6-Net effect of EUR (4+5)	26.463	(26.463)	--	--
Increase/(decrease) 10% of other parities				
7-Other foreign currency net asset / liability	1.936	(1.936)	--	--
8-Hedged portion of other foreign currency amounts(-)	--	--	--	--
9-Net effect of other foreign currencies (7+8)	1.936	(1.936)	--	--
TOTAL (3+6+9)	3.614	(3.614)	--	--

31 December 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	33.799	(33.799)	--	--
2-Hedged portion of US Dollar amounts(-)	--	--	--	--
3-Net effect of US Dollar (1+2)	33.799	(33.799)	--	--
Increase/(decrease) 10% of EUR parity				
4-EUR net asset / liability	37.317	(37.317)	--	--
5-Hedged portion of EUR amounts(-)	--	--	--	--
6-Net effect of EUR (4+5)	37.317	(37.317)	--	--
Increase/(decrease) 10% of other parities				
7-Other foreign currency net asset / liability	(582)	582	--	--
8-Hedged portion of other foreign currency amounts(-)	--	--	--	--
9-Net effect of other foreign currencies (7+8)	(582)	582	--	--
TOTAL (3+6+9)	70.534	(70.534)	--	--

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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 2017	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	--	182.600	--	1.313.339	--	--	1.495.939	1.313.339	--	182.600 ^(**)	1.495.939
Derivatives	4.655	--	--	--	--	--	4.655	--	4.655	--	4.655
Financial assets not measured at fair value											
Financial investments	--	--	--	12.843	178.469	--	191.312	--	--	191.312 ^(**)	191.312
Trade receivables	--	--	2.072.970	--	--	--	2.072.970	--	--	--	--
Other receivables	--	--	371.348	--	--	--	371.348	--	--	--	--
Cash and cash equivalents	--	--	656.245	--	--	--	656.245	--	--	--	--
Receivables related to finance sector operations	--	--	2.575.213	--	--	--	2.575.213	--	--	--	--
Total	4.655	182.600	5.675.776	1.326.182	178.469	--	7.367.682	1.313.339	4.655	373.912	1.691.906
Financial liabilities measured at fair value											
Derivatives	1.979	--	--	--	--	--	1.979	--	1.979	--	1.979
Financial liabilities not measured at fair value											
Loans and borrowings	--	--	--	--	--	2.775.345	2.775.345	--	--	2.775.345 ^(**)	2.775.345
Trade payables	--	--	--	--	--	619.208	619.208	--	--	--	--
Payables related to finance sector operations	--	--	--	--	--	3.396.381	3.396.381	--	--	--	--
Other payables ^(*)	--	--	--	--	--	109.060	109.060	--	--	--	--
Total	1.979	--	--	--	--	6.899.994	6.901.973	--	1.979	2.775.345	2.777.324

^(*) Deposits and guarantees given are excluded from other liabilities.

^(**) Calculated for disclosure purpose.

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

Fair value information (continued)

31 December 2016	Held-for trading	Designated at fair value	Loans and receivables	Available for-sale	Held to maturity	Other financial liabilities	Total carrying values Total	Level 1	Level 2	Level 3	Total fair values
Financial assets											
measured at fair value											
Financial investments	--	171.400	--	1.274.522	--	--	1.445.922	1.274.522	--	171.400 ^(**)	1.445.922
Derivatives	3.470	--	--	--	--	--	3.470	--	3.470	--	3.470
Financial assets not measured at fair value											
Financial investments	--	--	--	10.124	154.011	--	164.135	--	--	164.135 ^(**)	164.135
Trade receivables	--	--	1.503.902	--	--	--	1.503.902	--	--	--	--
Other receivables	--	--	212.865	--	--	--	212.865	--	--	--	--
Cash and cash equivalents	--	--	502.853	--	--	--	502.853	--	--	--	--
Receivables related to finance sector operations	--	--	2.261.150	--	--	--	2.261.150	--	--	--	--
Total	3.470	171.400	4.480.770	1.284.646	154.011	--	6.094.297	1.274.522	3.470	335.535	1.613.527
Financial liabilities											
measured at fair value											
Derivatives	3.909	--	--	--	--	--	3.909	--	3.909	--	3.909
Financial liabilities not measured at fair value											
Loans and borrowings	--	--	--	--	--	2.545.917	2.545.917	--	--	2.545.917 ^(**)	2.545.917
Trade payables	--	--	--	--	--	559.887	559.887	--	--	--	--
Payables related to finance sector operations	--	--	--	--	--	3.158.068	3.158.068	--	--	--	--
Other payables ^(*)	--	--	--	--	--	69.171	69.171	--	--	--	--
Total	3.909	--	--	--	--	6.333.043	6.336.952	--	3.909	2.545.917	2.549.826

(*) Deposits and guarantees given are excluded from other liabilities.

(**) Calculated for disclosure purpose.

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24 Subsequent events

None.