

**Çalık Holding Anonim Şirketi
and its Subsidiaries**

Condensed Consolidated Interim
Financial Statements
As at and For the Six-Month Period Ended
30 June 2018
With Independent Auditor's Report on Review of
Condensed Consolidated Interim Financial Information

17 August 2018

This report includes 2 pages of independent auditor's report on review of condensed consolidated interim financial information and 60 pages of condensed consolidated interim financial statements together with their explanatory notes.

Çalık Holding Anonim Şirketi and its Subsidiaries

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KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

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 2018, 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 and for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

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



Hakkı Özgür Sivacı
İstanbul Turkey
17 August 2018

Çalık Holding Anonim Şirketi and its Subsidiaries
Condensed Consolidated Statement of Financial Position
As at 30 June 2018

(Amounts expressed in thousands of USD unless otherwise stated.)

Assets	Notes	<i>Reviewed</i> 30 June 2018	<i>Audited</i> 31 December 2017
Current assets			
Cash and cash equivalents	9	469.948	415.595
Financial investments	10	1.087.984	1.020.674
Trade receivables	11	1.366.889	1.749.627
<i>Due from related parties</i>	8	26.365	30.102
<i>Due from third parties</i>		1.340.524	1.719.525
Receivables related to finance sector operations	12	1.134.373	1.346.600
<i>Due from related parties</i>	8	38.708	161.614
<i>Due from third parties</i>		1.095.665	1.184.986
Other receivables		328.842	261.979
<i>Due from related parties</i>	8	173.684	135.499
<i>Due from third parties</i>		155.158	126.480
Inventories		302.299	362.736
Derivatives	19	9.956	3.361
Prepayments		166.862	161.892
Current tax assets	22	8.300	10.468
Other current assets		718.811	750.891
Subtotal		5.594.264	6.083.823
Assets held for sale	6	62.902	65.614
Total current assets		5.657.166	6.149.437
Non- current assets			
Trade receivables	11	329.531	431.147
<i>Due from related parties</i>	8	405	--
<i>Due from third parties</i>		329.126	431.147
Receivables related to finance sector operations	12	1.352.131	1.440.696
<i>Due from related parties</i>	8	249	--
<i>Due from third parties</i>		1.351.882	1.440.696
Other receivables		88.450	117.717
<i>Due from third parties</i>		88.450	117.717
Financial investments	10	944.738	867.473
Investments in equity-accounted investees	14	156.772	140.933
Investment properties	17	146.328	171.924
Property, plant and equipment	15	687.570	630.783
Intangible assets	16	137.759	163.627
<i>Goodwill</i>		832	1.006
<i>Other intangible assets</i>		136.927	162.621
Prepayments		41.719	38.003
Deferred tax assets		27.511	27.329
Total non-current assets		3.912.509	4.029.632
Total assets		9.569.675	10.179.069

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 2018 (continued)

(Amounts expressed in thousands of USD unless otherwise stated.)

Liabilities	Notes	<i>Reviewed</i> 30 June 2018	<i>Audited</i> 31 December 2017
Short term liabilities			
Short term loans and borrowings	18	1.778.658	2.242.707
Short term portion of long term loans and borrowings	18	83.055	15.959
Derivatives	19	11.693	2.221
Trade payables	11	498.122	647.976
<i>Due to related parties</i>	8	1.710	268
<i>Due to third parties</i>		496.412	647.708
Payables related to finance sector operations	12	3.485.963	3.327.208
<i>Due to related parties</i>	8	1.175	3.258
<i>Due to third parties</i>		3.484.788	3.323.950
Payables related to employee benefits		14.904	11.803
Other payables		78.136	49.896
<i>Due to related parties</i>	8	249	77
<i>Due to third parties</i>		77.887	49.819
Deferred revenue		853.374	946.704
Current tax liabilities		7.391	20.789
Short term provisions	20	28.618	38.470
<i>Short term employee benefits</i>		13.351	18.518
<i>Other short term provisions</i>		15.267	19.952
Other short term liabilities		73.699	78.885
Subtotal		6.913.613	7.382.618
Liabilities held for sale	6	4.304	3.313
Total short term liabilities		6.917.917	7.385.931
Long term liabilities			
Long term loans and borrowings	18	476.738	513.010
Trade payables	11	16.140	13.127
<i>Due to third parties</i>		16.140	13.127
Payables related to finance sector operations	12	393.205	392.043
<i>Due to third parties</i>		393.205	392.043
Other payables		47.269	49.848
<i>Due to third parties</i>		47.269	49.848
Deferred revenue		138.596	143.411
Long term provisions	20	10.902	11.623
<i>Long term employee benefits</i>		10.319	11.300
<i>Other long term provisions</i>		583	323
Deferred tax liabilities		75.147	67.202
Other long term liabilities		90	45.377
Total long term liabilities		1.158.087	1.235.641
Total liabilities		8.076.004	8.621.572

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 2018 (*continued*)

(Amounts expressed in thousands of USD unless otherwise stated.)

	Notes	Reviewed 30 June 2018	Audited 31 December 2017
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		(70.153)	(1.350)
Restricted reserves		551.732	453.786
Retained earnings		699.030	352.572
Profit for the period		16.699	441.602
Total equity attributable to the owners of the Company		1.400.998	1.450.300
Total non-controlling interests		92.673	107.197
Total equity		1.493.671	1.557.497
Total equity and liabilities		9.569.675	10.179.069

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 2018
(Amounts expressed in thousands of USD unless otherwise stated.)

PROFIT OR LOSS	Notes	<i>Reviewed</i> 2018	<i>Reviewed</i> 2017
Revenue		960.130	1.630.457
Cost of sales		(842.484)	(1.203.897)
Gross profit from non-finance sector operations		117.646	426.560
Revenue from finance sector operations		232.015	184.142
Cost of revenue from finance sector operations		(90.174)	(63.923)
Gross profit from finance sector operations		141.841	120.219
Gross profit		259.487	546.779
Other income from operating activities		202.667	115.857
General and administrative expenses		(106.637)	(111.513)
Selling, marketing and distribution expenses		(35.995)	(35.503)
Research and development expenses		(8.542)	(1.890)
Share of profit of equity accounted investees	14	29.677	13.888
Other expenses from operating activities		(110.448)	(79.721)
Operating profit		230.209	447.897
Gain from investing activities		52.350	12.445
Loss from investing activities		(5.133)	(8.897)
Operating profit before finance costs		277.426	451.445
Finance income		31.850	4.513
Finance costs		(242.112)	(111.884)
Net finance costs		(210.262)	(107.371)
Profit before tax from continuing operations		67.164	344.074
Current tax expense	22	(26.867)	(32.955)
Deferred tax benefit	22	(18.218)	12.417
Total tax expense	22	(45.085)	(20.538)
Profit from continuing operations		22.079	323.536
Profit for the period		22.079	323.536

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 2018 (*continued*)
(Amounts expressed in thousands of USD unless otherwise stated.)

	Notes	<i>Reviewed</i> 2018	<i>Reviewed</i> 2017
OTHER COMPREHENSIVE INCOME			
Profit for the period		22.079	323.536
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences for foreign operations and reporting currency translation differences		(67.864)	102.260
Change in fair value of available-for-sale financial assets		2.894	14.134
Deferred tax expense		(637)	(1.949)
Total other comprehensive income		(65.607)	114.445
Total comprehensive income		(43.528)	437.981
Total profit for the period attributable to:			
Owners of the Company		16.699	319.984
Non-controlling interests		5.380	3.552
Net profit for the period		22.079	323.536
Total comprehensive income attributable to:			
Owners of the Company		(52.104)	432.927
Non-controlling interests		8.576	5.054
Total other comprehensive income		(43.528)	437.981

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 2018

(Amounts expressed in thousands of 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 2017	200.302	3.388	424.033	(7.849)	(110.358)	168.760	208.666	886.942	93.693	980.635	
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	3.388	454.900	4.336	(9.600)	346.743	319.984	1.320.053	93.298	1.413.351	
Balances at 1 January 2018	200.302	3.388	453.786	(6.858)	5.508	352.572	441.602	1.450.300	107.197	1.557.497	
Effect on accounting policy changes and other adjustments (Note 3)						6.728		6.728	872	7.600	
Adjusted balance at 1 January 2018	200.302	3.388	453.786	(6.858)	5.508	359.300	441.602	1.457.028	108.069	1.565.097	
Profit for the period	--	--	--	--	--	--	16.699	16.699	5.380	22.079	
Net fair value change in financial assets available-for-sale	--	--	--	2.257	--	--	--	2.257	--	2.257	
Foreign currency translation differences for foreign operations and reporting currency translation differences	--	--	--	--	(71.060)	--	--	(71.060)	3.196	(67.864)	
Other comprehensive income	--	--	--	2.257	(71.060)	--	--	(68.803)	3.196	(65.607)	
Total comprehensive income for the period	--	--	--	2.257	(71.060)	--	16.699	(52.104)	8.576	(43.528)	
Transactions with owners, recorded directly in equity											
Change in non-controlling interest in consolidated subsidiaries without change in control	--	--	1	--	--	(3.927)	--	(3.926)	3.743	(183)	
Contribution to capital increase resulting to set power of control in a subsidiary	--	--	--	--	--	--	--	--	(19.494)	(19.494)	
Dividends paid	--	--	--	--	--	--	--	--	(8.224)	(8.224)	
Capital increase in cash	--	--	--	--	--	--	--	--	3	3	
Transfers	--	--	97.945	--	--	343.657	(441.602)	--	--	--	
Total transactions with owners	--	--	97.946	--	--	339.730	(441.602)	(3.926)	(23.972)	(27.898)	
Balances at 30 June 2018	200.302	3.388	551.732	(4.601)	(65.552)	699.030	16.699	1.400.998	92.673	1.493.671	

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 2018
(Amounts expressed in thousands of USD unless otherwise stated.)

	Notes	Reviewed 2018	Reviewed 2017
A.CASH FLOWS FROM OPERATING / (USED IN) ACTIVITIES		456.003	84.613
Profit for the period		22.079	323.536
Adjustments to reconcile cash flow generated from operating activities:		(300.096)	70.682
Adjustments for depreciation and amortisation	7	43.716	35.307
Loss/(gain) on sale of derivative financial instruments		(4.414)	3.465
Adjustments for fair value gains of financial investments		(64.023)	(10.329)
Adjustments for provision for doubtful receivables	11	5.870	3.619
Adjustments for inventory impairment, net		2.305	1.012
Adjustments for provision for long term employee benefits	20	799	1.095
Adjustments for provisions for loan impairment		1.798	17.523
Adjustments for provisions, net		(4.053)	2.032
Adjustments for vacation pay liability	20	417	823
Adjustments for share of profit of equity accounted investees	14	(29.677)	(13.888)
Adjustments for interest income and expenses		(50.678)	(67.303)
Adjustments for fair value related privileged service contracts	11	(46.991)	14.043
Unrealized foreign currency loss/(income)		(200.190)	62.608
Adjustments for tax expense	22	45.085	20.538
Adjustments for the gains and losses on sales of property, plant and equipment, net		(60)	137
Changes in working capital		643.270	(432.378)
Adjustments for change in inventories		(4.873)	11.343
Adjustments for change in trade receivables		160.183	(585.852)
Adjustments for change in payables related to employee benefits		5.741	6.938
Adjustments for change in other receivables , other current assets		(224.419)	(234.368)
Adjustments for change in assets held for sale		(9.639)	(11.573)
Adjustments for change in liabilities held for sale		1.745	89
Adjustments for change in receivables from finance sector operations		(212.883)	(341.981)
Adjustments for change in payables from finance sector operations		896.496	238.313
Change in restricted cash and cash equivalents		18.729	(25.054)
Adjustments for change in trade payables		(36.275)	58.711
Adjustments for change in prepayments		(48.283)	(6.872)
Adjustments for change in deferred income		100.899	399.207
Adjustments for change in other payables and other liabilities related with operating activities		(4.151)	58.721

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 2018 (continued)
(Amounts expressed in thousands of USD unless otherwise stated.)

Cash flows from operating activities		90.750	122.773
Employee termination indemnity paid	20	(76)	(40)
Interest received		21.138	18.032
Collection from doubtful receivables	11	818	1.573
Interest received with finance sector activities		194.364	167.930
Interest paid on finance sector activities		(95.472)	(44.388)
Recoveries from receivables from finance operations	12	8.734	10.395
Taxes paid	22	(38.756)	(30.729)
B. CASH FLOWS USED IN INVESTING ACTIVITIES		(353.162)	(104.995)
Proceeds from sales of property, plant and equipment and intangible assets		8.110	288
Formation and capital contribution of share capital of equity accounted investees	14	--	(3.888)
Proceeds from / (repayment of) derivative financial instruments		7.405	(6.580)
Proceeds from formation of interest in subsidiaries without change in control		--	509
Proceeds from increase capital of non-controlling interests		3	1.273
Proceeds from formation and capital increase of subsidiaries without change in control		3.743	--
Acquisition of investment property	17	(4.619)	(1.854)
Net cash flow from for financial investments		(198.954)	(53.811)
Acquisition of property, plant and equipment	15	(159.690)	(38.742)
Acquisition of intangible assets	16	(9.160)	(2.190)
C. CASH FLOWS FROM FINANCING ACTIVITIES		(22.599)	148.720
Proceeds from the funding of related parties		207	610
Dividend payment		(8.224)	(7.047)
Proceeds from / (repayment of) loans and borrowings, net		54.769	217.545
Interest paid		(69.351)	(62.388)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		80.242	128.338
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	9	362.923	485.831
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)	9	443.165	614.169

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 2018
(Amounts expressed in thousands of 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 2018

(Amounts expressed in thousands of 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 is Büyükdere Caddesi No:163 Zincirlikuyu İstanbul/Turkey, on 20 March 1997.

As at 30 June 2018, Çalık Holding has 113 (31 December 2017: 84) subsidiaries (“the Subsidiaries”), 9 (31 December 2017: 9) joint ventures (“the Joint Ventures”), and 12 (31 December 2017: 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 2018 comprises Çalık Holding and its subsidiaries and the Group’s interest in associates and joint ventures.

As at 30 June 2018, the number of employees of the Group is 17.856 (31 December 2017: 18.632).

As explained in more detail in Note 7, as at 30 June 2018 the Group operates mainly under six segments:

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

As at 30 June 2018, 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 2017 are as follows:

Albatros Solar Enerji Üretim Anonim Şirketi (“Albatros”)

Albatros, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Aktepe Village in Ankara.

Attivo Bilişim Anonim Şirketi (“Attivo”)

Attivo, was established in in 2018 in Istanbul for the purpose of trading crypto-currencies.

Çöl Yıldızı Solar Enerji Üretim Anonim Şirketi (“Çöl Yıldızı”)

Çöl Yıldızı, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Aktepe Village in Ankara.

Deniz Güneş Enerjisi Üretimi Anonim Şirketi (“Deniz Güneş Enerjisi”)

Deniz Güneş Enerjisi, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

Deniz Yıldızı Solar Enerji Üretim Anonim Şirketi (“Deniz Yıldızı”)

Deniz Yıldızı, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Aktepe Village in Ankara.

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 2018

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (continued)

Duru Güneş Enerjisi Üretimi Anonim Şirketi (“Duru”)

Duru, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

Esen Güneş Enerjisi Üretim Anonim Şirketi (“Esen”)

Esen, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

Gök Safir Solar Enerji Üretim Anonim Şirketi (“Gök Safir”)

Gök Safir, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Emet in Kütahya.

İnovaban İnovasyon ve Finansal Danışmanlık Anonim Şirketi (“İnovaban İnovasyon”)

İnovaban İnovasyon, was established in 2018 in Istanbul for the purpose of providing financial consulting and developing projects in R&D fields.

İpek Güneş Enerjisi Üretim Anonim Şirketi (“İpek”)

İpek, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

Kamelya Solar Enerji Üretim Anonim Şirketi (“Kamelya”)

Kamelya, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Karahamzalı Village in Ankara.

Kasımpatı Solar Enerji Üretim Anonim Şirketi (“Kasımpatı”)

Kasımpatı, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Akkaynak Village in Ankara.

Kırlangıç Solar Enerji Üretim Anonim Şirketi (“Kırlangıç”)

Kırlangıç, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Karahamzalı Village in Ankara.

Kızılyıldız Solar Enerji Üretim Anonim Şirketi (“Kızılyıldız”)

Kızılyıldız, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Emet in Kütahya.

Kuzey Yıldız Solar Enerji Üretim Anonim Şirketi (“Kuzey Yıldız”)

Kuzey Yıldız, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Emet in Kütahya.

Martı Solar Enerji Üretim Anonim Şirketi (“Martı”)

Martı, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Akkaynak Village in Ankara.

Mehtap Güneş Enerjisi Üretim Anonim Şirketi (“Mehtap”)

Mehtap, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

Mercan Solar Enerji Üretim Anonim Şirketi (“Mercan”)

Mercan, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Akkaynak Village in Ankara.

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 2018

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (continued)

Nilüfer Solar Enerji Üretim Anonim Şirketi (“Nilüfer”)

Nilüfer, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Akkaynak Village in Ankara.

Olimpos Solar Enerji Üretim Anonim Şirketi (“Olimpos”)

Olimpos, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Yıldızlı Village in Ankara.

Pasifik Solar Enerji Üretim Anonim Şirketi (“Pasifik”)

Pasifik, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Yıldızlı Village in Ankara.

Seher Güneş Enerjisi Üretim Anonim Şirketi (“Seher”)

Seher, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

Seher Yıldızı Solar Enerji Üretim Anonim Şirketi (“Seher Yıldızı”)

Seher Yıldızı, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Emet in Kütahya.

Tanyeri Güneş Enerjisi Üretim Anonim Şirketi (“Tanyeri”)

Tanyeri, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

Ufuk Güneş Enerjisi Üretim Anonim Şirketi (“Ufuk”)

Ufuk, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

Yakamoz Güneş Enerjisi Üretim Anonim Şirketi (“Yakamoz”)

Yakamoz, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

Yakut Solar Enerji Üretim Anonim Şirketi (“Yakut”)

Yakut, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Emet in Kütahya.

Çalık Pamuk Doğal ve Sentetik Elyaf Ticaret Anonim Şirketi (“Çalık Pamuk”)

Çalık Pamuk started its operations under Çalık Holding in 2011. Çalık Pamuk beside trading cotton also provides consultancy services in all cotton related subjects. Çalık Pamuk procures cotton from both abroad and within Turkey mainly from USA and also from India, Central Asia, Africa, Greece and Turkish Southeast and provides services to cotton using textile companies both foreign and local companies.

Transfers of controlling shares within Group

Tura Moda Mağazacılık ve Elektronik Ticaret Anonim Şirketi (“Tura Moda”)

On 2 January 2018, all shares of Tura Moda (named “Tura Madencilik Anonim Şirketi” before) belonging Çalık Holding were transferred to Gap Pazarlama Anonim Şirketi (“Gap Pazarlama”) at nominal values. The name of the company has been changed to “Tura Moda Mağazacılık ve Elektronik Ticaret Anonim Şirketi” on 4 May 2018.

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 2018

(Amounts expressed in thousands of USD unless otherwise stated.)

1.1 Entities in energy segment

Company Names	Types of Partnership	Country
Adacami Enerji Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Akılcı Bilişim Hizmetleri ve Danışmanlık Anonim Şirketi (*)	Subsidiary	Turkey
Aktif Doğalgaz Ticaret Anonim Şirketi	Subsidiary	Turkey
Ant Enerji Sanayi ve Ticaret Limited Şirketi (“Ant Enerji”)	Subsidiary	Turkey
Atagas Doğalgaz Ticaret Anonim Şirketi	Subsidiary	Turkey
Atayurt İnşaat Anonim Şirketi	Subsidiary	Turkey
Atlas Petrol Gaz İthalat İhracat ve Pazarlama Ticaret Anonim Şirketi	Subsidiary	Turkey
Başak Yönetim Sistemleri Anonim Şirketi	Subsidiary	Turkey
Çalık Diamond Solar Enerji Anonim Şirketi	Subsidiary	Turkey
Çalık Elektrik Dağıtım Anonim Şirketi	Subsidiary	Turkey
Çalık Enerji Dubai FZE	Subsidiary	UAE - Dubai
Çalık Enerji Elektrik Üretim ve Madencilik Anonim Şirketi	Subsidiary	Turkey
Çalık Enerji Sanayi ve Ticaret Anonim Şirketi (“Çalık Enerji”)	Subsidiary	Turkey
Çalık Enerji Swiss AG(*)	Subsidiary	Switzerland
Çalık Gaz ve Petrol Anonim Şirketi	Subsidiary	Turkey
Çalık Georgia LLC (*)	Subsidiary	Georgia
Çalık Limak Adi Ortaklığı	Joint Venture	Turkey
Çalık NTF Elektrik Üretim ve Madencilik Anonim Şirketi	Subsidiary	Turkey
Çalık Petrol Arama Üretim Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Çalık Rüzgar Enerjisi Elektrik Üretim Limited Şirketi	Subsidiary	Turkey
Çedaş Elektrik Dağıtım Yatırımları Anonim Şirketi (“ÇEDAŞ”)	Subsidiary	Turkey
Çep Petrol Dağıtım Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Demircili Rüzgar Enerjisi Elektrik Üretim Anonim Şirketi	Subsidiary	Turkey
Doğu Akdeniz Petrokimya ve Rafineri Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Doğu Aras Enerji Yatırımları Anonim Şirketi	Joint Venture	Turkey
Enerji Sabz Pouya Pars Anonim Şirketi	Subsidiary	Iran
Gap Elektrik Dağıtım Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Granite Holding N.V. (*)	Subsidiary	Netherlands
Hamerz Green Energy (*)	Subsidiary	Iran
İkideniz Petrol ve Gaz Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Irmak Yönetim Sistemleri Anonim Şirketi	Subsidiary	Turkey
JSC Calik Georgia Wind	Subsidiary	Georgia
Kızılırmak Enerji Elektrik Anonim Şirketi	Subsidiary	Turkey
Kosova Çalık Limak Energy Sh.A.	Joint Venture	Kosovo
LC Electricity Supply and Trading d.o.o.	Joint Venture	Serbia
Mayestan Clean Energy (*)	Subsidiary	Iran
Momentum Enerji Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Onyx Trading Innovation FZE	Subsidiary	UAE - Dubai
Petrotrans Enerji Anonim Şirketi	Subsidiary	Turkey
Sembol Enerji Anonim Şirketi	Subsidiary	Turkey
TAPCO Petrol Boru Hattı Sanayi ve Ticaret Anonim Şirketi	Associate	Turkey
Technological Energy N.V.	Subsidiary	Netherlands
Technovision Mühendislik Danışmanlık ve Dış Ticaret Limited Şirketi (“Technovision”)	Subsidiary	Turkey
Türkmen’in Altın Asrı Elektrik Enerjisi Toptan Satış Anonim Şirketi	Subsidiary	Turkey
Yeşilçay Enerji Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Yeşilirmak Elektrik Dağıtım Anonim Şirketi (“YEDAŞ”)	Subsidiary	Turkey
Yeşilirmak Elektrik Perakende Satış Anonim Şirketi (“YEPAS”)	Subsidiary	Turkey

(*) 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 entities which in start up phase and are not consolidated due to the insignificance of their financial impact on the condensed consolidated interim financial statements as at and for the six-month period ended 30 June 2018.

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 2018

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (continued)

1.2 Entities in construction segment

Company Names	Types of Partnership	Country
Çalık Emlak ve Gayrimenkul Yatırımları Anonim Şirketi (“Çalık Emlak”)	Subsidiary	Turkey
Çalık İnşaat Anonim Şirketi (“Çalık İnşaat”)	Subsidiary	Turkey
Gap Construction Co.	Subsidiary	Libya
Gap Construction Investment and Foreign Trade LLC-Qatar (“Gap İnşaat Qatar”)	Subsidiary	Qatar
Gap İnşaat Construction and Investment Co. Ltd. (“Gap İnşaat Sudan.”)	Subsidiary	Sudan
Gap İnşaat Dubai FZE	Subsidiary	UAE-Dubai
Gap İnşaat Saudi Arabia Ltd.	Subsidiary	S. Arabistan
Gap İnşaat Ukraine Ltd. (“Gap İnşaat Ukraine”)	Subsidiary	Ukraine
Gap İnşaat Yatırım ve Dış Ticaret Anonim şirketi (“Gap İnşaat”)	Subsidiary	Turkey
Gapyapı İnşaat Anonim Şirketi (“Gapyapı”)	Subsidiary	Turkey
Innovative Construction Technologies Trading FZE (“Innovative Construction”)	Subsidiary	UAE-Dubai
Kentsel Dönüşüm İnşaat Anonim Şirketi	Subsidiary	Turkey
White Construction N.V.	Subsidiary	Netherlands

1.3 Entities in textile segment

Company Names	Types of Partnership	Country
Balkan Dokuma TGPJ	Associate	Turkmenistan
Calik Denim B.V.	Subsidiary	Netherlands
Çalık Alexandria For Readymade Garments	Subsidiary	Egypt
Çalık Denim Tekstil Sanayi ve Ticaret Anonim şirketi (“Çalık Denim”)	Subsidiary	Turkey
Gap Türkmen-Türkmenbaşı Jeans Kompleksi	Associate	Turkmenistan
Malatya Boya ve Emprime Fabrikaları Anonim Şirketi (“Malatya Boya”)	Subsidiary	Turkey
Serdar Pamuk Egrigi Fabriği ÇJB	Associate	Turkmenistan
Türkmenbaşı Tekstil Kompleksi	Associate	Turkmenistan

1.4 Entities in marketing segment

Company Names	Types of Partnership	Country
Gap Pazarlama Anonim Şirketi	Subsidiary	Turkey
Gap Pazarlama FZE Jebel Ali Free Zone	Subsidiary	UAE – Dubai
Gappa Textile Inc.	Subsidiary	USA
Synergy Marketing N.V.	Subsidiary	Netherlands
Synchron Global Trading FZE	Subsidiary	UAE – Dubai
Tura Moda Mağazacılık ve Elektronik Tic. Anonim Şirketi	Subsidiary	Turkey

1.5 Entities in telecommunication segment

Company Names	Types of Partnership	Country
Albtelecom Sh.a.	Subsidiary	Albania
Cetel Telekom İletişim Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey

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 2018

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (continued)

1.6 Entities in banking and finance segment

Company Names	Types of Partnership	Country
Aktif Yatırım Bankası Anonim Şirketi	Subsidiary	Turkey
Albania Leasing Company	Associate	Albania
Banka Kombetare Tregtare Sh.a	Subsidiary	Albania
Çalık Finansal Hizmetler Anonim Şirketi	Subsidiary	Turkey
Haliç Finansal Kiralama Anonim Şirketi	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 Anonim Şirketi	Subsidiary	Turkey
Sigortayeri Sigorta ve Reasürans Brokerlığı Anonim Şirketi	Subsidiary	Turkey

1.7 Entities in other segments

Company Names	Types of Partnership	Country
Aktif Halk Enerji Yatırımları Anonim Şirketi	Joint Venture	Turkey
Aktif Yatırım Bankası Sukuk Varlık Kiralama Anonim Şirketi	Associate	Turkey
Albatros Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Amethyst Holding N.V.	Subsidiary	Netherlands
Artmin Madencilik Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Attivo Bilişim Anonim Şirketi	Subsidiary	Turkey
Çalık Dijital ve Bilişim Hizmetleri Anonim Şirketi	Subsidiary	Turkey
Çalık Pamuk Doğal ve Sentetik Elyaf Ticaret Anonim Şirketi	Subsidiary	Turkey
Çalık Hava Taşımacılık Turizm Sanayi ve Ticaret Anonim Şirketi (“Çalık Hava”)	Subsidiary	Turkey
Çalık Tarım Ürünleri Lisanlı Depoculuk Anonim Şirketi (“Çalık Tarım”)	Subsidiary	Turkey
Çöl Yıldızı Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Deniz Güneş Enerjisi Üretimi Anonim Şirketi	Subsidiary	Turkey
Deniz Yıldızı Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Duru Güneş Enerjisi Üretimi Anonim Şirketi	Subsidiary	Turkey
E-Kent Elektronik Ücret Toplama Sistemleri Anonim Şirketi	Subsidiary	Turkey
Emlak Girişim Danışmanlığı Anonim Şirketi (“Emlak Girişim”)	Subsidiary	Turkey
Esen Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Turkey
E-Post Elektronik Perakende Otomasyon Satış ve Ticaret Anonim Şirketi (“E-post”)	Subsidiary	Turkey
Gök Safir Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Halk Yenilenebilir Enerji Anonim Şirketi	Joint Venture	Turkey
IFM İstanbul Finans Merkezi İnşaat Taahhüt Anonim Şirketi	Associate	Turkey
İnovaban İnovasyon ve Finansal Danışmanlık Anonim Şirketi	Subsidiary	Turkey
İpek Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Turkey
Kamelya Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Kartalpe Madencilik Sanayi ve Ticaret Anonim Şirketi	Joint Venture	Turkey
Kasımpa Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Kırlangıç Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Kızılyıldız Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Kuzey Yıldızı Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Lidya Madencilik Sanayi ve Ticaret Anonim Şirketi (“Lidya Madencilik”)	Subsidiary	Turkey
Martı Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey

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 2018

(Amounts expressed in thousands of USD unless otherwise stated.)

1 Reporting entity (continued)

1.7 Entities in other segments (continued)

Mehtap Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Turkey
Mercan Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Nilüfer Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
N-Kolay Ödeme Kuruluşu Anonim Şirketi	Subsidiary	Turkey
Olimpos Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Pasifik Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Pavo Teknik Servis Elektrik ve Elektronik Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi	Joint Venture	Turkey
Polimetal Mineral Madencilik Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkey
Seher Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Turkey
Seher Yıldızı Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey
Tanyeri Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Turkey
Tunçpınar Madencilik Sanayi ve Ticaret Anonim Şirketi	Joint Venture	Turkey
Ufuk Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Turkey
UPT Ödeme Hizmetleri Anonim Şirketi	Subsidiary	Turkey
Yakamoz Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Turkey
Yakut Solar Enerji Üretim Anonim Şirketi	Subsidiary	Turkey

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 2018

(Amounts expressed in thousands of 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 2017 (“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.

This is the first set of the Group’s financial statements where IFRS 15, IFRS 9 and IFRIC 22 have been applied. Changes to significant accounting policies are described in Note 3.

(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,
- financial assets measured at fair value and amortised costs
- 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 2018, 31 December 2017 and 30 June 2017 are as follows:

	30 June 2018	31 December 2017	30 June 2017
<u>Reporting date rates</u>			
TL / USD	4,5607	3,7719	3,5071
<u>Average rates for the periods</u>			
TL / USD	4,0860	3,6445	3,6356

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 2018

(Amounts expressed in thousands of USD unless otherwise stated.)

2 Basis of preparation (continued)

(d) Changes in accounting policies, estimates and error

Except as described below, 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 management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements as at and for the year ended 31 December 2017, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15, IFRS 9 and IFRIC 22 which are described in Note 3.

3 Significant accounting policies

(a) Changes in significant accounting policies

Except as described below, the significant accounting policies have been applied consistently by the Group in the preparation of these condensed consolidated interim financial statements as at and for the six month period ended 30 June 2018 with those consolidated financial statements as at and for the year ended 31 December 2017.

The condensed consolidated interim financial statements as at and for the six month period ended 30 June 2018 should be read together with the consolidated financial statements as at and for the year ended 31 December 2017.

The Group has initially adopted IFRS 15 Revenue from Contracts with Customers, IFRIC 22 Foreign Currency Transactions and Advance Considerations and IFRS 9 Financial Instruments from 1 January 2018. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretation.

General model for revenue recognition

IFRS 15 requires revenue recognition for all contracts with customers to follow the five-step approach to revenue recognition.

Step 1: Identifying the contract

A contract exists only if it is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved and the parties are committed to their obligations.

If either contracts were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Group accounts the contracts as a single contract.

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 2018

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

(a) Changes in significant accounting policies (continued)

IFRS 15 Revenue from contracts with customers (continued)

General model for revenue recognition (continued)

Step 2: Identifying the performance obligations

The Group defines ‘performance obligation’ as a unit of account for revenue recognition. The Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either a good or service that is distinct; or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. A contract may contain promises to deliver a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

Step 3: Determining the transaction price

In order to determine the transaction price, the Group assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Group considers variable elements of consideration, as well as the existence of a significant financing component.

Significant financing component

The Group revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects what the cash selling price of the promised good or service. As a practical expedient, the Group does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. In cases where advance for the services are received and the payment scheme is broadly aligned with the Group’s performance throughout the period, the Group concludes that the period between performance and payment is never more than 12 months, therefore the expedient is applied.

Variable consideration

The Group identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

Step 4: Allocating the transaction price to performance obligations

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

Step 5: Recognition of revenue

The Group recognises revenue over-time if any of the following conditions is met:

- Customer simultaneously receives and consumes the benefits as the entity performs, or
- The customer controls the asset as the entity creates or enhances it, or
- Group’s performance does not create an asset for which the entity has an use; and alternative there is a right to payment for performance to date.

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 2018

(Amounts expressed in thousands of USD unless otherwise stated.)

3 Significant accounting policies (continued)

(a) Changes in significant accounting policies (continued)

IFRS 15 Revenue from contracts with customers (continued)

General model for revenue recognition (continued)

Step 5: Recognition of revenue (continued)

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Group uses a method that measures the work performed reliably. The Group uses cost incurred to measure the progress towards to completion of the project where the input method is used and uses units transferred to measure the progress towards to completion of the project where the output method is used. If a performance obligation is not satisfied over time, then the Group recognises revenue at the point in time at which it transfers control of the good or service to the customer.

The Group recognises a provision in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits.

Contract modifications

The Group recognises a contract modification as a separate contract if the modification results in a promise to deliver additional goods or services that are distinct and an increase in the price of the contract by an amount of consideration that reflects the entity's stand-alone selling price of those goods or services adjusted to reflect the circumstances of the contract. If the goods or services are distinct, then the entity accounts for the modification as if it were a termination of the existing contract and the creation of a new contract. If the modification to the contract does not add distinct goods or services, then the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract.

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various goods and services are set out below:

Group recognises revenue based on the five principles as below:

- Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue when the performance obligations are satisfied

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

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3 Significant accounting policies (continued)

(a) Changes in significant accounting policies (continued)

IFRS 15 Revenue from contracts with customers (continued)

Electricity sales

Due to the fact that the electricity could not be stored, the purchase and sales realises at the same time and accordingly revenue and cost of revenue are recognised at the transaction time. Monthly invoicing is made at the month ends, when the Group prepares invoices for rendering services rendered to its customers during one month period. The Group management monitors closely at period ends and the delays of 5-10 days in electricity usage count do not have a significant impact on the accompanying financial statements. Revenue from the sale of electricity to subscribers is stated net of returns. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the subscribers. Transfer of risk and rewards depends on the consumption of electricity by subscribers.

Transmission system utilisation

The transmission tariff is prepared by the Türkiye Elektrik İletim Anonim Şirketi (“TEİAŞ”) and includes prices, terms and conditions for the provision of transmission service to all users benefiting from the transmission of generated, imported or exported electricity over the transmission facilities, which will be employed on the basis of non-discriminatory conduct principle in accordance with the Electricity Market Law Article 13. Grid investments made by TEİAŞ and transmission surcharges are included in the transmission tariff. Transmission system utilisation fees charged to the customers are the unit prices allocated by the entities holding electricity distribution license in order to compensate the transmission tariff charges invoiced by TEİAŞ to those entities.

Distribution system utilisation

Distribution activities covers establishing, operating and maintaining distribution facilities in order to transport the electricity through 36 kilowatt (“kW”) or lower lines.

The distribution tariff includes prices, terms and conditions for the distribution service to all real persons and legal entities benefiting from the distribution of electricity through distribution facilities, which will be employed on the basis of non-discriminatory conduct principle in accordance with the Electricity Market Law Article 13. Distribution fee including distribution system utilisation price is calculated based on the costs of capital expenditures related to the distribution system, operating and maintenance expenses and collected from each distribution system users. Distribution fee does not include costs of energy, electricity retail sale service, meter reading and transmission.

Meter reading

Meter reading fee is determined in accordance with the Electricity Market License Communiqué and Electricity Market Tariffs Communiqué and includes cost of meter reading. The mentioned fee is calculated based on reading frequency depending on the connection status and subscriber groups and charged to the distribution system users.

Electricity dissipation and theft

Electricity dissipation and theft cost is calculated using electricity dissipation and theft ratio applied to the projected electricity transfer quantity based on each distribution region and charged to each electricity consumers including the industrial plants connected to the electricity network as electricity dissipation and theft income.

Price balancing

A price balancing mechanism is applied by Energy Market Regulatory Authority (“EMRA”) to protect the consumers purchasing electricity over the regulated tariffs from the price differences partially or wholly due to the cost differences among the distribution regions. The amount to be provided to or collected from the entities holding electricity distribution license is calculated in accordance with a formula determined by EMRA for each distribution region and informed to the parties. These amounts are recognised in profit or loss.

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3 Significant accounting policies (continued)

(a) Changes in significant accounting policies (continued)

IFRS 15 Revenue from contracts with customers (continued)

Revenue from sales of goods and services

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances and trade discounts. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sale is recognised.

Indefeasible right of use (“IRU”) contracts of the Group are adjusted for significant financing component. The Group previously was not adjusting for significant financing component under IAS 18. Under IFRS 15, consideration is adjusted to reflect the financing component of the transaction and related financing component is recognized as interest expense in financial expenses and presented separately from revenue from customers in profit or loss.

The following table summarizes the impact, net of tax, of transition to IFRS 15 on retained earnings at 1 January 2018:

	Impact of adopting IFRS 15 at 1 January 2018
Retained earnings	
Significant financing component	(5.987)
Deferred tax	1.317
Impact at 1 January 2018	(4.670)

IFRS 9 Financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Classification of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (“FVOCI”) – debt investment; FVOCI – equity investment; or fair value through profit or loss (“FVTPL”). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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3 Significant accounting policies (continued)

(a) Changes in significant accounting policies (continued)

IFRS 9 Financial instruments (continued)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

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3 Significant accounting policies (continued)

(a) Changes in significant accounting policies (continued)

IFRS 9 Financial instruments (continued)

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 January 2018.

Under IAS 39			Under IFRS 9	
31 December 2017			1 January 2018	
Financial assets	Classification category	Carrying amount	Classification category	Carrying amount
Cash and cash equivalents	Loans and receivables	415.595	Amortised cost	415.595
Trade receivables	Loans and receivables	2.180.774	Amortised cost	2.177.674
Receivables from financial operations	Loans and receivables	2.787.296	Amortised cost	2.775.953
Other receivables	Loans and receivables	379.696	Amortised cost	379.540
Financial investments	Available for sale financial assets ^(*)	8.598	Financial assets at fair value through profit or loss	30.038
Financial investments	Available for sale financial assets ^(*)	1.446.803	Changes in fair value attributable to other comprehensive income	1.446.671
Financial investments	Marketable securities to be held until maturity	241.946	Amortised cost	241.527
Financial investments	Financial assets at fair value through profit or loss	190.800	Financial assets at fair value through profit or loss	190.800
Derivative financial assets	Financial assets at fair value through profit or loss	3.361	Financial assets at fair value through profit or loss	3.361

^(*) On initial recognition of an equity investment, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, and corporate debt securities.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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3 Significant accounting policies (continued)

(a) Changes in significant accounting policies (continued)

IFRS 9 Financial instruments (continued)

Impairment of financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has been increased considerably if it is more than 360 and 730 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

Impact of the new impairment model

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional impairment allowance as follows.

Impact of adopting IFRS 9 at 1 January 2018

<u>Impairment</u>	
Energy	(2.911)
Marketing	(570)
Banking and finance	(12.470)
	(15.951)
<u>Value increase</u>	
Energy	22.189
Telecom	272
	22.461
Deferred tax	(603)
Total IFRS 9 Effect	5.907

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3 Significant accounting policies (continued)

(a) Changes in significant accounting policies (continued)

IFRIC 22 Foreign currency transactions and advance considerations

IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt.

The Group has initially adopted IFRIC 22 Foreign currency transactions and advance considerations with a date of initial application of 1 January 2018. As a result, the Group has changed its accounting policy as detailed below. IFRIC 22 applies to foreign currency transactions in which an entity recognizes a non-monetary asset or liability arising from the payment or receipt of consideration in advance of recognizing the related asset, expense or income. The interpretation does not apply if the related asset, expense or income is measured at its fair value or at the fair value of the consideration paid or received if this is measured at a date different from the date of recognition of the non-monetary asset or liability relating to the advance consideration - e.g. financial assets and financial liabilities, goodwill. In addition, an entity is not required to apply the interpretation to insurance contracts that it issues or income taxes.

Impacts on the consolidated financial statements

The following table summarizes the impact, net of tax, of transition to IFRIC 22 on retained earnings at 1 January 2018:

	Impact of adopting IFRIC 22 at 1 January 2018
Retained earnings	
Advances received	8.158
Related tax	(1.795)
Impact at 1 January 2018	6.363

The effects of IFRS 15 and IFRIC 22 on the Consolidated Statements of Financial Position

The following table summarizes the items of the Group's application of IFRS 15 and IFRIC 22 that are impacted on the financial statements as at 30 June 2018 in the interim condensed consolidated financial statements:

30 June 2018	Reported	IFRS 15 adjustments	IFRIC 22 adjustments	Before applying IFRS 15 and IFRIC 22
<u>Assets</u>				
Current assets	5.657.166	--	--	5.657.167
Non-current assets	3.912.509	--	--	3.912.508
Total assets	9.569.675	--	--	9.569.675
<u>Liabilities</u>				
Short term liabilities	6.917.917	--	--	6.917.917
Deferred income	138.596	(9.417)	51.627	180.806
Deferred tax liability	75.147	2.072	(11.358)	65.861
Long term liabilities	1.158.087	(7.345)	40.269	1.191.011
Total liabilities	8.076.004	(7.345)	40.269	8.108.928
<u>Equity</u>				
Retained earnings	699.030	4.671	(6.363)	697.338
Foreign currency translation differences	(70.153)	(1.359)	5.366	(66.146)
Net period profit or (loss)	16.699	4.033	(39.272)	(18.540)
Total Equity	1.493.671	7.345	(40.269)	1.460.747
Total liabilities and equity	9.569.675	--	--	9.569.675

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3 Significant accounting policies (continued)

(a) Changes in significant accounting policies (continued)

IFRIC 22 Foreign currency transactions and advance considerations (continued)

The following table summarizes the items of the Group's application of IFRS 15 and IFRIC 22 that are impacted on the condensed consolidated interim statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2018:

For the six-month period ended 30 June 2018	Reported	IFRS 15 adjustments	IFRIC 22 adjustments	Before applying IFRS 15 and IFRIC 22
Other operating income	202.667	--	(50.349)	152.318
Operating profit	230.209	--	(50.349)	179.860
Finance costs (-)	(242.112)	5.170	--	(236.942)
Finance costs, net	(210.262)	5.170	--	(205.092)
Profit or (loss) before tax	67.164	5.170	(50.349)	21.985
Deferred tax (expense) / income	(18.218)	(1.137)	11.077	(8.278)
Net period (loss) / profit	22.079	4.033	(39.272)	(13.160)

(b) Standards and interpretations issued but not yet effective

Standards issued but not yet effective and not early adopted

New standards, interpretations and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group has not early adopted are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, after the new standards and interpretations become in effect.

IFRS 16 Leases

On 13 January 2016, IASB issued the new leasing standard which will replace IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives, and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and consequently changes to IAS 40 Investment Properties. IFRS 16 Leases eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice. IFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted provided that an entity also adopts IFRS 15 Revenue from Contracts with Customers. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16.

IFRS Interpretation 23 –Uncertainty Over Income Tax Treatments

On 17 June 2017, IASB issued IFRIC 23 Uncertainty over Income Tax Treatments to specify how to reflect uncertainty in accounting for income taxes. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. IFRIC 23 is effective from 1 January 2019, with earlier application is permitted. The Group does not expect that application of these amendments to IFRS Interpretation 23 will have significant impact on its consolidated financial statements.

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3 Significant accounting policies (continued)

(b) Standards and interpretations issued but not yet effective (continued)

Annual Improvements to IFRSs 2015-2017 Cycle

Improvements to IFRSs

IASB issued Annual Improvements to IFRSs - 2015–2017 Cycle for applicable standards. The amendments are effective as at 1 January 2019. Earlier application is permitted. The Group does not expect that application of these improvements to IFRSs will have significant impact on its consolidated financial statements.

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements IFRS 3 and IFRS 11 are amended to clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business. If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value. If a party maintains (or obtains) joint control, then the previously held interest is not remeasured.

IAS 12 Income Taxes

IAS 12 is amended to clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income (OCI) or equity.

IAS 23 Borrowing Costs

IAS 23 is amended to clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool.

Amendments to IAS 28- Long-term Interests in Associates and Joint Ventures

On 12 October 2017, IASB has issued amendments to IAS 28 to clarify that entities also apply IFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. An entity applies IFRS 9 to such long-term interests before it applies related paragraphs of IAS 28. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted.

The Group does not expect that application of these amendments to IAS 28 will have significant impact on its consolidated financial statements.

Amendments to IFRS 9 - Prepayment Features With Negative Compensation

On 12 October 2017, IASB has issued amendments to IFRS 9 to clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. Under IFRS 9, a prepayment option in a financial asset meets this criterion if the prepayment amount substantially represents unpaid amounts of principal and interest, which may include 'reasonable additional compensation' for early termination of the contract. The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted.

The Group does not expect that application of these amendments to IAS 28 will have significant impact on its consolidated financial statements.

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3 Significant accounting policies (continued)

(b) Standards and interpretations issued but not yet effective (continued)

Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement

On 7 February 2018, IASB issued Plan Amendment, Curtailment or Settlement (Amendments to IAS 19). The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs. A company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI). The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted. The Group does not expect that application of these amendments to IAS 19 will have significant impact on its consolidated financial statements.

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 Group for the 12 month-period ended 30 June 2018 is USD 197.568 (2017: USD 164.357).

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 2018. There is no material seasonality change in the operations of other segments.

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5 Acquisitions and disposals of subsidiaries and non controlling interests

5.1 Acquisitions of non-controlling interests without change in control during 2018

Technovision

In General Assembly Meetings of Technovision held on 31 May 2018, Çalık Enerji participated in capital increase amounting to USD 2.119 with USD 2.108 (TL equivalents are 9.500 and 9.450 respectively). As a result of this transaction Group's ownership interest increased to 95,47% from 85,87% in Technovision.

Ant Enerji

On 3 January 2018, 50% of the shares of Ant Enerji which belongs to other shareholders were transferred to Çalık Enerji free of charge and the Group's ownership interest increased to 95,42% from 47,71% in Ant Enerji.

5.2 Acquisitions of non-controlling interests with change in control during 2018

Çalık Pamuk

On 4 June 2018, Çalık Holding A.S. individually participated in capital increase amounting to USD 41.483 (TL equivalent is 190.500) of Çalık Pamuk, which was a subsidiary of the group before it was sold to outside of the Group, whereas the other shareholders of Çalık Pamuk did not use their right of preferences. As a result of this transaction the controlling shares of Çalık Pamuk was transferred to the Group with 86,39%.

5.3 Acquisitions of non-controlling interests without change in control during 2017

Gap İnşaat

In General Assembly Meetings of Gap İnşaat held on 7 March 2017, Çalık Holding A.S. individually participated in capital increase amounting to USD 15.265 whereas the other shareholders of Gap İnşaat did not use their right of preferences. As a result of this transaction Group's ownership interest increased to 99,42% from 99,32% in Gap İnşaat.

Çalık Denim

In General Assembly Meetings of Çalık Denim held on 27 December 2017, Çalık Holding A.S. individually participated in capital increase amounting to USD 88.774 whereas the other shareholders of Çalık Denim did not use their right of preferences. As a result of this transaction Group's ownership interest increased to 99,72% from 99,18% in Çalık Denim

Cetel Telekom

In General Assembly Meetings of Çetel Telekom held on 1 November 2017, Çalık Holding A.S. individually participated in capital increase amounting to USD 30.143 whereas the other shareholders of Çetel Telekom did not use their right of preferences. As a result of this transaction Group's ownership interest increased to 93,16% from 80,00% in Cetel Telekom

Alb Telekom

In General Assembly Meetings of Alb Telekom held on 27 July 2017, Çalık Holding A.S. individually participated in capital increase amounting to Albanian Lek 3.250.000 whereas the other shareholders of Alb Telekom did not use their right of preferences. As a result of this transaction Group's ownership interest increased to 80,27% from 76,00% in Alb Telekom

Malatya Boya ve Emprime Fabrikaları Anonim Şirketi

Çalık Denim acquired interest of Malatya Boya ve Emprime Fabrikaları Anonim Şirketi with 12.000.000 shares having per value of TL 1 each from Zentist AG amounting to USD 9.181.

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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 2018, assets and liabilities held for sale are USD 62.902 and USD 4.304 (31 December 2017: USD 65.614 and USD 3.313), respectively, and details are as follows:

Assets held for sale	30 June 2018	31 December 2017
Inventories	351	711
Property, plant and equipment (*)	62.353	64.870
Intangible assets	36	15
Other assets	162	18
Total	62.902	65.614
Liabilities held for sale		
Trade payables	4.304	3.313
Total	4.304	3.313

(*)Property, plant and equipment consist of properties classified as held for sale of the subsidiaries in textile sector amounting to USD 8.948 (31 December 2017: USD 8.924), land and buildings with a carrying value of USD 659 (31 December 2017: USD 797) obtained against the doubtful receivables in marketing sector and properties amounting to USD 52.746 (31 December 2017: USD 55.149) 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 2017 except IFRS 15, IFRS 9 and IFRIC 22 as explained note 3a.

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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 2018								
	Energy	Construction	Textile	Marketing	Tele-communication	Banking and finance	Other	Eliminations	Total
Revenue	523.603	212.676	107.752	30.853	37.155	274.483	54.349	(48.726)	1.192.145
Gross profit	132.482	(96.685)	36.368	5.557	13.712	150.486	20.998	(3.431)	259.487
Share of profit/(loss) of equity accounted investees	32.472	--	--	--	--	(1.516)	(1.277)	(2)	29.677
Interest income	17.670	926	69	1	--	796	2.884	(1.208)	21.138
Other income/(expenses), net	(43.515)	42.662	4.265	2.490	(13.983)	(58.010)	(18)	(13.984)	(80.093)
Results from operating activities	139.109	(53.097)	40.702	8.048	(271)	91.756	22.587	(18.625)	230.209
Gains /(loss) from investing activities	1.174	--	3	(1)	103	6.674	209.841	(170.577)	47.217
Interest expense	(12.347)	(4.733)	(7.833)	(2.706)	(4.704)	(1.684)	(44.705)	9.361	(69.351)
Finance income/(expenses), net	(6.552)	(13.036)	(22.042)	(6.491)	7.486	(10.601)	(103.189)	13.514	(140.911)
Consolidated income/(loss) before tax	121.384	(70.866)	10.830	(1.150)	2.614	86.145	84.534	(166.327)	67.164
Tax benefit/(expense)	(15.275)	(6.495)	(967)	(207)	(19)	(20.107)	(2.015)	--	(45.085)
Net profit/(loss) for the period	106.109	(77.361)	9.863	(1.357)	2.595	66.038	82.519	(166.327)	22.079

	Energy	Construction	Textile	Marketing	Tele-communication	Banking and finance	Other	Eliminations	Total
Segment assets	1.607.483	1.465.980	340.922	118.680	236.042	6.473.887	1.545.032	(2.218.351)	9.569.675
Segment liabilities	(995.442)	(1.160.063)	(211.901)	(86.325)	(178.542)	(5.756.634)	(1.076.636)	1.389.539	(8.076.004)
Capital expenditure	18.805	4.872	31.581	13	2.310	95.577	15.374	84	168.616
Depreciation and amortisation	(14.364)	(6.194)	(4.746)	(83)	(8.734)	(7.976)	(1.465)	(154)	(43.716)

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7 Operating segments (continued)

<i>30 June 2017^(*)</i>									
	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	1.872.352	1.896.014	367.809	131.362	235.586	6.620.637	1.609.131	(2.553.822)	10.179.069
Segment liabilities	(1.177.539)	(1.463.404)	(221.504)	(96.418)	(182.352)	(5.909.858)	(1.167.362)	1.596.865	(8.621.572)
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)

^(*) Items related to profit or loss of income are presented as at 30 June 2017, while items related to the statements of financial position are presented as at 31 December 2017.

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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 2018 and 31 December 2017, the Group had the following balances outstanding from its related parties:

30 June 2018					
	Shareholders	Associates	Joint ventures	Other	Total
Trade receivables	--	25.730	178	862	26.770
Other receivables	169.370	--	29	4.285	173.684
Receivables related to financial sector operations	--	204	32.486	6.267	38.957
Borrowings	--	(4.416)		(51.938)	(56.354)
Other payables	(224)	--	(24)	(1)	(249)
Trade payables	--	(1.142)	(214)	(354)	(1.710)
Payables related to finance sector operations	(23)	--	(40)	(1.112)	(1.175)
Total	169.123	20.376	32.415	(41.991)	179.923

31 December 2017					
	Shareholders	Associates	Joint ventures	Other	Total
Trade receivables	--	26.968	2.009	1.125	30.102
Other receivables	135.294	--	205	--	135.499
Receivables related to finance sector operations	--	107.400	40.640	13.574	161.614
Borrowings	--	(5.323)	(102)	(62.903)	(68.328)
Trade payables	--	--	(265)	(3)	(268)
Payables related to finance sector operations	(30)	(4)	(2.236)	(988)	(3.258)
Other payables	(39)	--	(38)	--	(77)
Total	135.225	129.041	40.213	(49.195)	255.284

No impairment losses have been recognised against balances outstanding as at 30 June 2018 (31 December 2017: 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 2018 and 2017, the revenues earned and expenses incurred by the Group in relation to transactions with its related parties were as summarised below:

2018					
	Shareholders	Associates	Joint ventures	Other	Total
Revenue	--	4.219	1.038	46.080	51.337
Cost of sales	--	(17.294)	(158)	(1)	(17.453)
General and administrative expenses	(2)	--	(107)	(20)	(129)
Sales, marketing and distribution expenses	--	--	--	--	--
Revenue from finance sector	--	11	12.044	618	12.673
Cost of sales of finance sector	--	(318)	(3.912)	(61)	(4.291)
Income from other operations	--	--	1	(7)	(6)
Expense from other operations	1.903	--	--	--	1.903
Profit (loss) form other operations	--	--	391	1	392
Total	1.901	(13.382)	9.297	46.610	44.426

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

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 2018 amounted to USD 14.413 (2017: USD 22.359).

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9 Cash and cash equivalents

At 30 June 2018 and 31 December 2017, cash and cash equivalents comprised the following:

30 June 2018	Finance^(*)	Non-finance^(**)	Total
Cash on hand	46.641	287	46.928
Cash at banks	321.525	96.618	418.143
-Time deposits	137.398	73.564	210.962
-Demand deposits	184.127	23.054	207.181
Balances at central bank (excluding statutory reserve)	3.409	--	3.409
Other cash and cash equivalents ^(***)	531	937	1.468
Cash and cash equivalents	372.106	97.842	469.948
Restricted amounts	(8.582)	(18.201)	(26.783)
Cash and cash equivalents in cash flow statement	363.524	79.641	443.165

31 December 2017	Finance^(*)	Non-finance^(**)	Total
Cash on hand	49.872	356	50.228
Cash at banks	209.428	137.445	346.873
-Time deposits	98.740	82.784	181.524
-Demand deposits	110.688	54.661	165.349
Balances at central bank (excluding statutory reserve)	17.684	--	17.684
Other cash and cash equivalents ^(***)	295	515	810
Cash and cash equivalents	277.279	138.316	415.595
Restricted amounts	(5.081)	(47.591)	(52.672)
Cash and cash equivalents in the consolidated statement of cash flows	272.198	90.725	362.923

^(*) 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 1.065 and short-term bonds and bond funds amounting to USD 402 as at 30 June 2018 (31 December 2017: money in transit amounting to USD 495 and credit card receivables amounting to USD 315).

As at 30 June 2018, the restricted cash and cash equivalents amounting to USD 26.783 (31 December 2017: USD 52.672) are not available for the Group's daily operations.

The portion of USD 63 (31 December 2017: USD 24.921) is related to contracts for engineering services, procurement operations and construction project ("EPC") and the amount of USD 639 (31 December 2017: 639) in the bank in Georgia in relation to the maintenance contract and the portion of USD 13.131 (31 December 2017: USD 18.451) in the banks in Turkey as collateral for the used loans. and the amount of USD 3.000 (31 December 2017:None) is in bank in Uzbekistan for the partial maintenance contract.

The remaining amount of USD 1.340 (31 December 2017: USD 2.068) is cash given as a collateral to İstanbul Takas ve Saklama Bankası Anonim Şirketi in exchange for electricity purchased from Enerji Piyasaları Anonim Şirketi and as at 30 June 2018 there is no restricted cash comprised of electricity collection amounts in banks (31 December 2017: USD 1.513), and the amount of USD 28 comprises of the court restricted amount on expropriation cases. (31 December 2017:None)

The amount of mandatory restricted account is USD 8.582 (31 December 2017: USD 5.080) which is due to the Group's banking activities in Albania and Turkey.

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 2018 and 31 December 2017, financial investments comprised the following:

30 June 2018			
	Current	Non-current	Total
Financial assets at FVTOCI	699.148	795.375	1.494.523
Financial assets at amortised costs	168.743	124.520	293.263
Financial assets at FVTPL	220.093	24.843	244.936
Total	1.087.984	944.738	2.032.722

31 December 2017			
	Current	Non-current	Total
Available-for-sale financial investments	710.406	744.995	1.455.401
Held to maturity financial investments	119.468	122.478	241.946
Financial assets at FVTPL	190.800	--	190.800
Total	1.020.674	867.473	1.888.147

As at 30 June 2018 financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss and As at 31 December 2017 available for sale financial investments and financial assets at fair value through profit or loss comprised the following:

	30 June 2018	31 December 2017
	<u>Carrying amount</u>	<u>Carrying Amount</u>
Financial investments of finance sector companies entities		
Public sector bonds, notes and bills	1.193.066	1.145.283
Private sector bonds, notes and bills	214.224	231.202
Equity securities – listed	9.309	8.443
Investment funds	9.234	11.193
Asset backed securities and lease certificates	84.390	47.797
Equity securities – non-listed		
Anagold Madencilik Sanayi ve Ticaret Anonim Şirketi	201.200	190.800
Idea Farm Ventures Ltd. (*)	1.775	2.146
Bursagaz Bursa Şehiriçi		
Doğal Gaz Dağıtım Ticaret ve Taahhüt Anonim Şirketi	7.082	6.930
Kayserigaz Kayseri Doğalgaz		
Dağıtım Pazarlama Ticaret Anonim Şirketi	17.760	1.668
JSC Calik Georgia Wind(*)	34	30
Other(*)	1.385	709
Total	1.739.459	1.646.201

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10 Financial investments (continued)

(*) As at 30 June 2018 the group considers related financial assets to be valued at cost because of the lack of recent information on fair value assessments of mentioned financial assets.

As at 30 June 2018 financial assets at amortised costs and as at 31 December 2017 held to maturity financial investments comprised the following:

	30 June 2018	31 December 2017
	Carrying amount	Carrying amount
Private sector bonds, notes and bills	53.019	32.824
Public sector bonds, notes and bills	106.799	68.287
Asset backed securities and lease certificates	125.266	126.919
Investment funds	2.208	--
Other ^(*)	5.971	13.916
Total	293.263	241.946

(*)As at 30 June 2018, the amount consists of interbank time deposits with maturity of 30 June 2019, realized by the Group's subsidiaries operating in the banking sector with banking activities.

11 Trade receivables and payables

Trade receivables

Short-term trade receivables

As at 30 June 2018 and 31 December 2017, short-term trade receivables comprised the following:

	30 June 2018	31 December 2017
Due from related parties	26.365	30.102
Due from third parties	1.340.524	1.719.525
Total	1.366.889	1.749.627

As at 30 June 2018 and 31 December 2017, short-term trade receivables comprised the following:

	30 June 2018	31 December 2017
Due from customers for contract work ^(*)	887.432	1.037.742
Accounts receivables ^(*)	358.628	515.023
Doubtful receivables	56.822	57.640
Service concession receivables	81.080	69.672
Notes receivables	2.165	98.947
Postdated cheques received	35.267	28.834
Other trade receivables	3.505	3.218
	1.424.899	1.811.076
Allowances for doubtful trade receivables (-)	(56.822)	(57.640)
Discount on trade receivables (-)	(1.188)	(3.809)
Total	1.366.889	1.749.627

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11 Trade receivables and payables (continued)

Trade receivables (continued)

(*) 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 1.006.760 as at 30 June 2018 (31 December 2017: USD 678.370).

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

	2018	2017
Balance at 1 January	57.640	53.413
IFRS 9 effects as at January 1, 2018	3.208	--
Allowance for the period	2.488	3.619
Reversal of impairment allowances no longer required (-)	(94)	--
Recoveries of amounts previously impaired (-)	(818)	(1.573)
Additions through acquisitions of subsidiaries	268	--
Translation difference	(5.870)	2.451
Total	56.822	57.910

Long-term trade receivables

As at 30 June 2018 and 31 December 2017, long-term trade receivables comprised the following:

	30 June 2018	31 December 2017
Service concession receivables	263.002	291.488
Accounts receivables	66.529	139.659
Total	329.531	431.147

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

	Receivables subject to redemption	
Redemption year	30 June 2018	31 December 2017
2019	36.322	69.612
2020	57.383	58.188
2021	47.251	47.499
2022	38.245	38.089
2023	31.133	30.722
2024	24.311	23.650
2025	16.878	15.893
2026	9.187	7.835
2027	2.290	--
Total	263.002	291.488

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11 Trade receivables and payables (continued)

Trade receivables (continued)

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

	2018	2017
At 1 January	361.160	267.484
Additions	21.349	16.726
Redemptions related to current year investments	(20.868)	(17.184)
Fair value gain	46.991	14.043
Foreign currency translation difference	(67.738)	1.471
Correction at current period regarding revenue caps	3.271	(1.462)
2011- 2015 arrangements on investment	--	462
Other	(84)	2.399
At 30 June	344.081	283.939

Short-term trade payables

As at 30 June 2018 and 31 December 2017, short-term trade payables comprised the following:

	30 June 2018	31 December 2017
Accounts payables ^(*)	444.757	572.993
Notes payable	44.500	68.150
Other trade payables	8.865	6.833
Total	498.122	647.976

Long term trade payables

As at 30 June 2018 and 31 December 2017, long-term trade payables comprised the following:

	30 June 2018	31 December 2017
Accounts payables ^(*)	16.140	13.127
Total	16.140	13.127

^(*)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 2018 and 31 December 2017, current receivables related to finance sector activities comprised the following:

Receivables related to finance sector activities	30 June 2018	31 December 2017
Loans and receivables from customers	824.852	973.414
Loans and receivables from banks	296.787	357.238
Non-performing loans and receivables	47.537	50.558
Subtotal	1.169.176	1.381.210
Provision for impairment in value of loans and receivables	(34.803)	(34.610)
Total	1.134.373	1.346.600

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12 Receivables and payables from finance sector activities (continued)

As at 30 June 2018 and 31 December 2017, non-current receivables related to finance sector activities comprised the following:

Receivables related to finance sector activities	30 June 2018	31 December 2017
Loans and receivables from customers	1.345.804	1.422.990
Loans and receivables from banks	56.215	67.490
Subtotal	1.402.019	1.490.480
Provision for impairment in value of loans and receivables	(49.888)	(49.784)
Total	1.352.131	1.440.696

For the six month period ended on 30 June 2018, impairment losses for loans and receivables was USD 1.798, whereas the reversal and recovery of the provision for impairment in value of loans and receivables of the amount was USD 8.734. Remeasurement losses and foreign exchange losses for the six month period ended on 30 June 2018 were USD 11.824 and USD 11.736 respectively. (30 June 2017: impairment expense for loans and receivables and reversal and recovery of the provision for impairment in value of loans and receivables amounting to USD 17.523 and USD 10.395, respectively)

Payables related to finance sector activities

As at 30 June 2018 and 31 December 2017, short term payables related to finance sector activities comprised the following:

Short term payables related to finance sector activities	30 June 2018	31 December 2017
Due to banks	98.304	39.099
Time deposits	96.733	38.723
Current accounts	1.571	376
Due to customers	2.545.726	2.475.359
Individual	2.051.165	2.008.029
Private enterprises	386.480	364.988
Public institutions	63.053	62.408
Other	45.028	39.934
Funds and Payment Accounts (*)	317.600	404.115
Funds from repo transactions	524.333	408.635
Total	3.485.963	3.327.208

(*) The Group banking subsidiary in Turkey is not entitled to collect deposits. Funds and Payment Accounts represent the amounts held by the credit customers that is used for paying temporarily opened current accounts and paying other customers. As at 30 June 2018 there is no deposit account (31 December 2017: None).

As at 30 June 2018 and 31 December 2017, long term payables related to finance sector activities comprised the following:

Long term payables related to finance sector activities	30 June 2018	31 December 2017
Due to customers		
Individual	365.265	359.227
Private enterprises	19.736	24.177
Public institutions	5.907	8.639
Other	2.297	--
Total	393.205	392.043

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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 5.306 (31 December 2017: USD 3.919) for as at 30 June 2018.

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:

	2018	2017
Balance at 1 January	126.999	81.409
Share of profit of equity accounted investees	31.193	13.820
Capital contribution to share capital increase in joint ventures	--	3.301
Currency translation difference	(12.267)	6.065
Balance at 30 June	145.925	104.595

ii) Associates

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

	2018	2017
Balance at 1 January	13.934	7.769
Share of profit of equity-accounted investees	(1.516)	68
Capital contribution to share capital increase in associates	--	587
Currency translation difference	(1.571)	467
Balance at 30 June	10.847	8.891

15 Property, plant and equipment

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

	2018	2017
Net carrying value at 1 January	630.783	588.562
Additions (+)	154.837	38.742
Disposals (-)	(8.026)	(425)
Currency translation difference	(62.101)	22.213
Transfers	649	(156)
Additions through acquisitions	4.853	--
Depreciation for the period (-)	(33.425)	(27.361)
Net carrying value at 30 June	687.570	621.575

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16 Intangible assets and goodwill

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

	2018	2017
Net carrying value at 1 January	163.627	187.266
Additions (+)	9.160	2.190
Disposals (-)	(24)	--
Currency translation difference	(24.064)	1.895
Transfers	(649)	156
Amortisation for the period (-)	(10.291)	(7.946)
Net carrying value at 30 June	137.759	183.561

17 Investment properties

As at 30 June 2018 and 31 December 2017, investment properties comprised the following:

	30 June 2018	31 December 2017
Investment property under development	104.197	120.961
Investment property in use	42.131	50.963
Total	146.328	171.924

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

	2018	2017
Balance at 1 January	171.924	154.067
Additions	4.619	1.854
Currency translation difference	(30.215)	599
Balance at 30 June	146.328	156.520

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 2017.

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 2018	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment properties	--	146.328	--	146.328
Total	--	146.328	--	146.328

31 December 2017	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment properties	--	171.924	--	171.924
Total	--	171.924	--	171.924

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18 Loans and borrowings

As at 30 June 2018 and 31 December 2017, loans and borrowings comprised the following:

Short term loans and borrowings	30 June 2018	31 December 2017
Securities issued	628.028	729.424
Funds borrowed by the Group's banking subsidiaries	747.978	1.060.632
Bank loans	384.846	425.122
Current portion of long term bank loans	48.966	3.103
Current portion of long term issued bonds	34.090	12.856
Factoring payables	12.501	17.864
Lease obligations	4.528	9.638
Other financial liabilities	776	27
Total	1.861.713	2.258.666

Long term loans and borrowings	30 June 2018	31 December 2017
Bank loans	379.067	417.675
Funds borrowed by the Group's banking subsidiaries	15.293	19.867
Subordinated liabilities	29.115	29.917
Issued bonds	--	31.877
Securities issued	41.793	4.875
Lease obligations	11.501	8.902
Deferred interest of lease obligation	(31)	(103)
Total	476.738	513.010

As at 30 June 2018, the terms and conditions of outstanding loans and borrowings comprised the following:

30 June 2018					
	Currency	Nominal interest rate (%)	Year of maturity	Nominal value	Carrying Value
Secured bank borrowings	TL	15.27-25.80	2018-2024	277.259	296.641
Secured bank borrowings	USD	2.59-8.30	2018-2024	270.751	273.696
Secured bank borrowings	EUR	2.14-5.50	2018-2025	21.127	18.559
Secured bank borrowings	Other	5.5	2019	1.176	1.176
Unsecured bank borrowings	TL	16-25.88	2018-2023	218.022	219.106
Unsecured bank borrowings	TL	Variable	2018-2019	3.515	3.579
Unsecured bank borrowings	USD	2.69-12	2018-2020	306.841	323.404
Unsecured bank borrowings	EUR	1-8.55	2018-2031	485.577	462.897
Unsecured bank borrowings	Other	1.14-5.50	2018-2021	4.735	6.207
Debt instruments	TL	17.77	2018-2019	32.890	34.090
Debt securities issued	TL	14 – 20.95	2018-2020	541.384	541.384
Debt securities issued	USD	2.25 - 5.5	2018-2021	83.261	83.261
Debt securities issued	EUR	1.5 - 3.5	2018-2019	45.176	45.176
Factoring payables	TL	22.63-24.50	2018	11.751	12.501
Total				2.303.465	2.321.677

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18 Loans and borrowings (continued)

At 31 December 2017, the terms and conditions of outstanding loans and borrowings were as follows:

31 December 2017					
	Currency	Nominal interest rate (%)	Year of Maturity	Nominal value	Carrying amount
Secured bank borrowings	TL	15,75-19,10	2018-2024	333.929	340.729
Secured bank borrowings	TL	Revolving	2018	31.080	31.080
Secured bank borrowings	USD	2,10 - 8,3	2018-2021	131.000	129.827
Secured bank borrowings	EUR	4,29 - 8,05	2018-2025	75.342	75.313
Unsecured bank borrowings	TL	4,43 - 18,60	2018	331.619	331.619
Unsecured bank borrowings	TL	Revolving	2018	4.640	4.640
Unsecured bank borrowings	USD	0,6 -12	2018	493.414	496.474
Unsecured bank borrowings	USD	Revolving	2018	257	257
Unsecured bank borrowings	EUR	1,00 - 7,5	2018-2031	542.330	544.531
Unsecured bank borrowings	GBP	1	2018	1.845	1.845
Debt securities issued	TL	1,14 - 17,23	2018 - 2020	648.036	652.796
Debt securities issued	EUR	1,5 – 3,35	2018	65.644	65.644
Debt securities issued	USD	Variable	2018-2020	60.151	60.593
Factoring payables	TL	20,82	2018	16.860	17.864
Total				2.736.147	2.753.212

As at 30 June 2018, there are mortgages amounting to USD 116.046 (31 December 2017: USD 179.536) and USD 200.000 (31 December 2017: USD 200.000) on the administrative building and investment property under construction 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 0,019), 115 (USD 0,025), 377.622.000 (USD 82.800) respectively and ÇEDAŞ shares of YEPAŞ and YEDAŞ, with numbers of 6.358.770.388 (USD 13.942) and 35.700.685.312 (USD 78.279), as a guarantee for the bank borrowings user or will be used by Çalık Holding, ÇEDAŞ, YEDAŞ, YEPAŞ from a bank.

19 Derivatives

The carrying values of derivative instruments held at 30 June 2018 and 31 December 2017, were as follows:

	30 June 2018		31 December 2017	
	Assets	Liabilities	Assets	Liabilities
Forward transactions	5.972	(6.610)	447	(454)
Swap transactions	2.358	(2.234)	2.911	(1.767)
Currency options	1.626	(2.849)	3	--
Total	9.956	(11.693)	3.361	(2.221)

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.

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20 Provisions

As at 30 June 2018 and 31 December 2017, provisions comprised the following items:

	30 June 2018	31 December 2017
<u>Short term provisions</u>		
Short term employee benefits	13.351	18.518
Other short term provisions	15.267	19.952
Total short term provisions	28.618	38.470
<u>Long term provisions</u>		
Long term employee benefits	10.319	11.300
Other long term provisions	583	323
Total long term provisions	10.902	11.623
Total provisions	39.520	50.093

As at 30 June 2018 and 31 December 2017, short-term and long term employee benefits comprised the following items:

	30 June 2018	31 December 2017
<u>Short-term</u>		
Vacation pay liability	5.236	5.879
Bonus provisions	8.115	12.639
Total	13.351	18.518
<u>Long term</u>		
Employee termination benefits	10.319	11.300
Total	10.319	11.300

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20 Provisions (continued)

As at 30 June 2018 and 31 December 2017, other provisions comprised the following items:

Short-term	30 June 2018	31 December 2017
Provisions for expenses	1.597	1.638
Provision for litigations	11.343	15.515
Other current provisions	2.910	3.122
Total	15.850	20.275

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

2018	1 January	Provision for the period	Recoveries/ payments during the year	Currency translation difference	30 June
Provision for litigations	15.515	1.342	(3.002)	(2.513)	11.343
Vacation pay liability	5.879	820	(403)	(1.060)	5.236
Bonus provisions	12.638	5.140	(8.041)	(1.622)	8.115
Reserve for severance payments	11.300	799	(76)	(1.704)	10.319
Other expense provisions	4.761	871	(362)	(763)	4.507
Total	50.093	8.972	(11.884)	(7.661)	39.520
2017					
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

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 outside the finance sector were given as at 30 June 2018 are as follows:

30 June 2018	Original currency (USD equivalent)			
	USD	TL	Others	Total
A Total amount of GPMs given in the name of its own legal personality	518.323	112.633	12.911	643.867
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	--	175.021	--	175.021
- Total amount of GPMs given in the name of the consolidated subsidiaries	--	175.021	--	175.021
C Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties	--	--	--	--
D Other GPMs given	--	28.502	--	28.502
Total	518.323	316.156	12.911	847.390

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21 Commitments and contingencies (continued)

GPMs in respect of commitment and contingencies realised in the ordinary course of business outside the finance sector were given as at 31 December 2017 are as follows:

31 December 2017	Original currency (USD equivalent)			
	USD	TL	Others	Total
A Total amount of GPMs given in the name of its own legal personality	695.376	167.478	6.695	869.549
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	--	211.622	--	211.622
- Total amount of GPMs given in the name of the consolidated subsidiaries	--	211.622	--	211.622
C Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties	--	--	--	--
D Other GPMs given	--	34.462	--	34.462
Total	695.376	413.562	6.695	1.115.633

Litigation and claims

As at 30 June 2018, the expected cash outflow amount for the pending claims filed against to the Group is USD 11.343 (30 June 2017: USD 11.059). As at 30 June 2018, 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 2018 and 31 December 2017, non cancellable operating lease commitments are payable as follows:

Operating lease commitment		
- Group as lessee and rent commitments	30 June 2018	31 December 2017
Within one year	5.572	5.351
After one year not more than five years	12.484	12.300
More than five years	4.522	3.800
Total	22.578	21.451

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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.

In Turkey, corporate tax rate is 22 percent as at 30 June 2018 (2017: 20 percent). According to the Article 91 of the Law numbered 7061 “Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation” which was published on the Official Gazette numbered 30261 on 5 December 2017 and according to the provisional clause 10 added to the Corporate Tax Law numbered 5520; corporate tax rate for the taxation periods of 2018, 2019 and 2020 is amended to 22 percent, which would later be applied as 20 percent after 2020. During these periods, Council of Ministers is entitled to decrease the corporate tax rate of 22 percent to 20 percent. The tax legislation provides for a temporary tax of 22 percent (2017: 20 percent) to be calculated and paid based on earnings generated for each quarter for the period ended 30 June 2018. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. With the amendment to the Law, corporate rate is set to 22 percent for the years 2018, 2019 and 2020.

75 percent of the income derived by entities from the sale of participation shares, immovable property, preferential rights, founders' shares and redeemed shares which are carried in assets at least for two years is exempt from corporate tax as at 30 June 2018. However, according to the amendments by Law numbered 7061, this rate is reduced from 75 percent to 50 percent and tax declarations starting from 2018 will be calculated using 50 percent for the properties held. In order to be able to benefit from the exemption, the relevant income should be kept under a fund account in the liabilities and should not be withdrawn from the enterprise for 5 years. The sales amount should be collected by the end of the second calendar year following the year of sale. However companies engaged in developing and selling or rental of properties are not entitled to this exemption.

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 percent to 15 percent. In applying the withholding tax rates on dividend payments to the non resident institutions and the individuals the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account.

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

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

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

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22 Taxation (continued)

Transfer pricing regulations

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a tax payer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

Tax applications for foreign subsidiaries and joint ventures of the Group

Republic of Albania

The applicable corporate tax rate in Republic of Albania is 15% (31 December 2017: 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 2017: 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 2018, the applicable corporate tax rate for the subsidiaries and branches operating in Iraq is 15% (31 December 2017: 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 2018, 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 22,5% (31 December 2016: 22,5%). 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 2018, 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 2018, the Group's subsidiaries operating in Dubai are not subject to corporate tax.

USA

Federal corporate income tax applicable in bands of taxable income from 15% to 35% (31 December 2017: 40%). State and local governments may also impose income taxes ranging from less than 1% to 12%.

Foreign companies are generally subject to the same corporate tax as domestic companies. However, taxable income is calculated on Effectively Connected Income (ECI) only, which is considered as all U.S.-source income derived from trade or business in the U.S. or sale of U.S. real property or inventory by a foreign entity.

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22 Taxation (continued)

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

Georgia

The applicable corporate tax rate in Georgia is 15% (31 December 2017: 15%).

Libya

The corporate tax rate is 20% (31 December 2017: 20%). In addition to the 20% tax rate, a Jihad tax is levied (4% of profits).

Turkmenistan

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

Uzbekistan

The applicable corporate tax rate in Uzbekistan is 17,20% (31 December 2017: 17,20%). As at 30 June 2018, the Group's operation in Uzbekistan aren't subject to corporate tax due to dispensation.

Serbia

The applicable corporate tax rate in Serbia is 15% (31 December 2017: 15%).

The Netherlands

Corporate income tax is levied at the rate of 25% (31 December 2017: 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% (2017: 23.38%) on the net profit of the related period and at the effective rate of 0.401% (2017: 0.401%) on the shareholders' equity of the related period. Federal tax is levied at the rate of 8.50% (2017: 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% (2017: 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 applications for foreign subsidiaries and joint ventures of the Group (continued)

Malawi

In Malawi, the applicable corporate tax rate is for local company and foreign 30% and 35%, respectively. As at 30 June 2018, the Group is not subject to corporate tax due to exemption for income from the activities at abroad in Malawi.

Sweden

The applicable corporate tax rate in Sweden is 22% (31 December 2017: 22%)

Iran

The applicable corporate tax rate in Iran is 25% (31 December 2017: 25%)

Tax recognised in profit or loss

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

	2018	2017
Current corporation and income taxes	26.867	32.955
Deferred tax	18.218	(12.417)
Total income tax expense	45.085	20.538

Taxes assets / taxes payable on income

Taxes assets / taxes payable on income as at 30 June 2018 and 31 December 2017 comprised the following:

	30 June 2018	31 December 2017
Taxes on income	45.085	84.209
Less: Deferred tax expense/ (benefit)	18.218	14.950
Corporation taxes paid in advance	27.883	58.577
Foreign currency translation difference	(107)	361
Current tax liabilities/(assets), net	(909)	10.321

As at 30 June 2018, taxes payable on income amounting to USD 7.391 (31 December 2017: USD 20.789) is not offset with prepaid taxes amounting to USD 8.300 (31 December 2017: USD 10.468) 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 2018, the currency risk exposures of the Group in USD equivalents are as follows:

CURRENCY POSITION STATEMENT		30 June 2018			
	USD equivalent	USD	EURO	Other^(*)	
1. Trade Receivables	164.229	119.828	36.425	1.998	
2a. Monetary financial assets	1.962.207	796.018	908.959	108.052	
2b. Non-monetary financial assets	--	--	--	--	
3. Other	174.503	20.326	131.393	1.220	
4. Current assets (1+2+3)	2.300.939	936.172	1.076.777	111.270	
5. Trade Receivables	3.188	3.188	--	--	
6a. Monetary financial assets	839.316	289.136	435.297	43.442	
6b. Non-monetary financial assets	--	--	--	--	
7. Other	4.101	2.417	1.439	9	
8. Non-current assets (5+6+7)	846.605	294.741	436.736	43.451	
9. Total Assets (4+8)	3.147.544	1.230.913	1.513.513	154.721	
10. Trade payables	(1.637.484)	(234.650)	(1.118.483)	(100.786)	
11. Financial liabilities	(943.049)	(475.313)	(396.461)	(6.208)	
12a. Other monetary liabilities	(530.950)	(328.372)	(148.527)	(29.675)	
12b. Other non-monetary liabilities	(691)	(235)	(392)	--	
13. Short term liabilities (10+11+12)	(3.112.174)	(1.038.570)	(1.663.863)	(136.669)	
14. Trade payables	(200.586)	(22.028)	(151.796)	(1.849)	
15. Financial liabilities	(292.819)	(192.796)	(67.087)	(21.926)	
16a. Other monetary liabilities	(925)	(925)	--	--	
16b. Other non-monetary liabilities	--	--	--	--	
17. Long term liabilities (14+15+16)	(494.330)	(215.749)	(218.883)	(23.775)	
18. Total liabilities (13+17)	(3.606.504)	(1.254.319)	(1.882.746)	(160.444)	
19. Outside of the financial statements derivatives instruments net assets / (liability) position (19a+19b)	(12.366)	(52.389)	11.713	26.388	
19a. Hedged portion of assets amount	440.844	185.645	162.121	66.471	
19b. Hedged portion of liabilities amount	(453.210)	(238.034)	(150.408)	(40.083)	
20. Net foreign currencies assets / (liability) position (9+18+19)	(471.326)	(75.795)	(357.520)	20.665	
21. Monetary items Net foreign currencies assets / (liability) position (IFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)	(636.873)	(45.914)	(501.673)	(6.952)	

(*) USD equivalents are given.

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

Currency risk (continued)

At 31 December 2017, the currency risk exposures of the Group in USD equivalents are as follows:

CURRENCY POSITION STATEMENT	31 December 2017			
	USD equivalent	USD	EURO	Other ^(*)
1. Trade Receivables	185.872	113.591	58.323	2.461
2a. Monetary financial assets	1.988.604	807.142	909.508	92.652
2b. Non-monetary financial assets	--	--	--	--
3. Other	181.561	26.289	129.061	767
4. Current assets (1+2+3)	2.356.037	947.022	1.096.892	95.880
5. Trade Receivables	68.422	29.743	32.309	--
6a. Monetary financial assets	862.688	287.560	441.774	46.262
6b. Non-monetary financial assets	--	--	--	--
7. Other	5.308	3.232	1.728	9
8. Non-current assets (5+6+7)	936.418	320.535	475.811	46.271
9. Total Assets (4+8)	3.292.455	1.267.557	1.572.703	142.151
10. Trade payables	(1.618.778)	(292.849)	(1.068.172)	(47.175)
11. Financial liabilities	(1.151.518)	(496.062)	(492.669)	(65.661)
12a. Other monetary liabilities	(530.226)	(296.869)	(135.707)	(70.896)
12b. Other non-monetary liabilities	(2.799)	(2.582)	(181)	--
13. Short term liabilities (10+11+12)	(3.303.321)	(1.088.362)	(1.696.729)	(183.732)
14. Trade payables	(210.477)	(53.859)	(129.632)	(1.431)
15. Financial liabilities	(286.781)	(191.089)	(79.935)	--
16a. Other monetary liabilities	(915)	(915)	--	--
16b. Other non-monetary liabilities	--	--	--	--
17. Long term liabilities (14+15+16)	(498.173)	(245.863)	(209.567)	(1.431)
18. Total liabilities (13+17)	(3.801.494)	(1.334.225)	(1.906.296)	(185.163)
19. Outside of the financial statements derivatives instruments net assets / (liability) position (19a+19b)	72.687	20.329	(3.734)	56.829
19a. Hedged portion of assets amount	393.578	181.815	114.908	74.202
19b. Hedged portion of liabilities amount	(320.891)	(161.486)	(118.642)	(17.373)
20. Net foreign currencies assets / (liability) position (9+18+19)	(436.352)	(46.339)	(337.327)	13.817
21. Monetary items Net foreign currencies assets / (liability) position (IFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)	(693.109)	(93.607)	(464.201)	(43.788)

(*) 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 at 30 June 2018 and 31 December 2017 as follows:

30 June 2018	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	7.579	(7.579)	--	--
2-Hedged portion of US Dollar amounts(-)	--	--	--	--
3-Net effect of US Dollar (1+2)	7.579	(7.579)	--	--
Increase/(decrease) 10% of EUR parity				
4-EUR net asset / liability	41.620	(41.620)	--	--
5-Hedged portion of EUR amounts(-)	--	--	--	--
6-Net effect of EUR (4+5)	41.620	(41.620)	--	--
Increase/(decrease) 10% of other parities				
7-Other foreign currency net asset / liability	(2.067)	2.067	--	--
8-Hedged portion of other foreign currency amounts(-)	--	--	--	--
9-Net effect of other foreign currencies (7+8)	(2.067)	2.067	--	--
TOTAL (3+6+9)	47.132	(47.132)	--	--

31 December 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	4.634	(4.634)	--	--
2-Hedged portion of US Dollar amounts(-)	--	--	--	--
3-Net effect of US Dollar (1+2)	4.634	(4.634)	--	--
Increase/(decrease) 10% of EUR parity				
4-EUR net asset / liability	40.384	(40.384)	--	--
5-Hedged portion of EUR amounts(-)	--	--	--	--
6-Net effect of EUR (4+5)	40.384	(40.384)	--	--
Increase/(decrease) 10% of other parities				
7-Other foreign currency net asset / liability	(1.383)	1.383	--	--
8-Hedged portion of other foreign currency amounts(-)	--	--	--	--
9-Net effect of other foreign currencies (7+8)	(1.383)	1.383	--	--
TOTAL (3+6+9)	43.635	(43.635)	--	--

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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 2018	Amortised costs	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Financial investments	293.263	226.043	1.510.223	2.029.529	1.299.865	503.621	226.043	2.029.529
Derivatives	--	9.956	--	9.956	--	9.956	--	9.956
Financial assets not measured at fair value								
Financial investments	--	3.194	--	3.194	--	--	3.194	3.194
Trade receivables	1.696.419	--	--	1.696.419	--	--	--	--
Other receivables	417.293	--	--	417.293	--	--	--	--
Cash and cash equivalents	469.948	--	--	469.948	--	--	--	--
Receivables related to finance sector operations	2.486.504	--	--	2.486.504	--	--	--	--
Total	5.363.427	239.193	1.510.223	7.112.843	1.299.865	513.577	229.237	2.042.679
Financial liabilities measured at fair value								
Derivatives	--	11.693	--	11.693	--	11.693	--	11.693
Financial liabilities not measured at fair value								
Loans and borrowings	2.338.452	--	--	2.338.452	--	--	2.421.364 ^(**)	2.421.364
Trade payables	514.261	--	--	514.261	--	--	--	--
Payables related to finance sector operations	3.879.169	--	--	3.879.169	--	--	--	--
Other payables ^(*)	46.915	--	--	46.915	--	--	--	--
Total	6.778.797	11.693	--	6.790.490	--	11.693	2.421.364	2.433.057

^(*) 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 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	--	190.800	--	1.443.919	--	--	1.634.719	1.037.783	420.618	176.318 ^(**)	1.634.719
Derivatives	3.361	--	--	--	--	--	3.361	--	3.361	--	3.361
Financial assets not measured at fair value	--	--	--	--	--	--		--	--	--	
Financial investments	--	--	--	11.482	241.947	--	253.429	--	--	253.429 ^(**)	253.429
Trade receivables	--	--	2.180.774	--	--	--	2.180.774	--	--	--	--
Other receivables	--	--	379.696	--	--	--	379.696	--	--	--	--
Cash and cash equivalents	--	--	415.595	--	--	--	415.595	--	--	--	--
Receivables related to finance sector operations	--	--	2.787.296	--	--	--	2.787.296	--	--	--	--
Total	3.361	190.800	5.763.361	1.455.401	241.947	--	7.654.870	1.037.783	423.979	429.747	1.891.509
Financial liabilities											
measured at fair value											
Derivatives	2.221	--	--	--	--	--	2.221	--	2.221	--	2.221
Financial liabilities not measured at fair value											
Loans and borrowings	--	--	--	--	--	2.771.676	2.771.676	--	--	2.771.676	2.771.676
Trade payables	--	--	--	--	--	661.103	661.103	--	--	--	--
Payables related to finance sector operations	--	--	--	--	--	3.719.251	3.719.251	--	--	--	--
Other payables ^(*)	--	--	--	--	--	13.506	13.506	--	--	--	--
Total	2.221	--	--	--	--	7.165.536	7.167.757	--	2.221	2.771.676	2.773.897

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

(**) Calculated for disclosure purpose.

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24 Subsequent events

None.