



Annual Report 2014



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Çalık Holding continues to grow.

As a well-established business group operating internationally, we are working to create a brighter future.

We are aiming to enter new regions in our strongest business areas and carrying out investments to this end.

Our strategy for the decade ahead is a business approach centered on “3D”: Değer (Value), Dayanışma (Solidarity) and Dönüşüm (Transformation).

OUR VISION AND MISSION

A professional business approach based on strong values and robust principles...

OUR VISION

TO ADD SUSTAINABLE VALUES TO THE LIVES WE TOUCHED THROUGH OUR ENTREPRENEURSHIP, INNOVATION AND RELIABILITY GUIDED BUSINESS OPERATIONS.

OUR MISSION

AT ÇALIK HOLDING, WE STRIVE TO BE AMONGST THE LEADING INTERNATIONAL GROUPS IN SOCIAL AND ECONOMIC VALUE CREATION, WITH AN EMPHASIS ON ENTREPRENEURSHIP AND LEADERSHIP IN OUR PRACTICES, WHILE HAVING HIGH REGARD FOR OUR CLIENTS, COMPETITION AND THE PHYSICAL ENVIRONMENT. WE AIM TO CONTRIBUTE TO THE ENRICHMENT AND WELL-BEING OF OUR COUNTRY AND THE REGIONS IN WHICH OPERATE.

OUR VALUES AND BUSINESS PRINCIPLES

We place our reputation above all else and never compromise it for material gain.

CORE VALUES

FAIRNESS

WE ACT WITH A SENSE OF JUSTICE AND FAIRNESS.

ETHICS

WE HAVE HIGH MORAL STANDARDS.

REPUTATION

WE KEEP OUR REPUTATION ABOVE ALL ELSE.

RESPECT

WE SEE OUR DIFFERENCES AS RICHNESS AND REJECT ALL FORMS OF DISCRIMINATION.

SOLIDARITY

WE ALWAYS SUPPORT EACH OTHER.

HUMAN FOCUS

WE BELIEVE SUCCESS IS POSSIBLE AND MEANINGFUL WITH PEOPLE.

BUSINESS PRINCIPLES

DETERMINATION

WE WORK HARD FOR WHAT WE PROMISE.

COMPETENCE

WE WORK WITH COMPETENT PEOPLE.

COURAGE

WE BELIEVE IN OURSELVES AND CAN BE ASSERTIVE.

CONSULTATION

WE VALUE DIFFERENT IDEAS.

CUSTOMER FOCUS

WE STRIVE TO BETTER UNDERSTAND OUR CUSTOMERS' NEED AND EXPECTATIONS.

SENSE OF RESPONSIBILITY

WE FEEL RESPONSIBLE TO UPHOLD VALUES OF HUMANITY, OUR SOCIETY AND COMPANY.

ALL ÇALIK GROUP MEMBERS FAITHFULLY EMBRACE THESE CORE VALUES AND BUSINESS PRINCIPLES.

MESSAGE FROM THE CHAIRMAN

At Çalık Holding, our main goal is to build Turkey's enduring strength and bright future.



Esteemed business partners and distinguished co-workers,

In 2014, the global economy grew at a slower rate than anticipated, with a downshift in emerging economies. The key developments that marked the year include the sharp drop in oil prices and the Federal Reserve's adjustment in monetary policy. As some countries saw a slowdown in economic growth in 2014, the US economy demonstrated a remarkable performance, posting its highest annual expansion rate since the financial crisis. Both the Fed's decision to end its quantitative easing program and the possibility that it might raise interest rates due to the American economic recovery had a strong impact on emerging economies around the globe.

Despite the strong rebound in the USA, the global economic environment was generally weak, especially in Europe, China, and Japan. As a result, the European Central Bank, a key global economic player, is expected to pursue policies that will support monetary easing and economic activity in the face of the US monetary policy shift.

VIBRANT PERIOD IN TURKEY

2014 was also a vibrant year for the Turkish economy. Global events had an effect on countries dependent on foreign funds, including Turkey. Even though the drop in oil prices was expected to trigger widespread economic resurgence, it also negatively affected Turkey's close trading partners in the region, thus posing a risk for the national economy.

Nevertheless, Turkey managed to become one of the few countries to rapidly bounce back from the global financial crisis, and remained relatively unscathed by economic turmoil during the year. Turkey is currently the 18th largest economy in the world, while ranking sixth in Europe and first in the Middle East.

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AHMET ÇALIK

Chairman of Çalık Holding

An OECD forecast projects the Russian economy to stay still at 0% in 2015, with Brazil expanding 1.5%, the Euro zone edging up 1.1% and Turkey achieving 3.2% growth. I believe that Turkey, which stands out with its superior economic performance, will maintain its momentum and continue to gain in importance as the strongest player in the region. To this end, we also continue to strengthen our business through long-term strategic plans in sectors in which we operate across the world in order to contribute to the development of our nation.

TURKEY TO HOST THE G-20 SUMMIT IN 2015

In a major development, Turkey will assume the G-20 Presidency in 2015. At meetings to be held in this context, the country is expected to follow up on various issues discussed in previous years, such as financial regulation, investment finance, and climate change. We believe that Turkey will demonstrate strong leadership in close cooperation and coordination with other member nations; in addition, we are, as always, ready to do our part to help propel the country forward internationally.

A GROWING POWERHOUSE WITHIN A REGIONAL LEADER

Strategically located at the intersection of three continents, Turkey sits at the center of a region rich in oil and other natural resources. The country's importance relates not only to its geopolitical position, but also its young, urban, and, most importantly, growing population, which increasingly interacts with the rest of the world. These favorable characteristics will undoubtedly bolster Turkey's position as regional leader.

We operate across an area that includes Turkey as well as Central Asia, the Balkans, Middle East and Africa – a vast geography full of challenges as well as opportunities. We have the material and moral assets needed to tap into these opportunities. Our robust financial structure, strong client references based on a track record of world-class standards, deep know-how, effective global business approach, highly skilled human capital, sustainable profitability, and uncompromising commitment to creating added value for society bring us widespread trust and prestige, which in turn bolsters our self-confidence.

In all parts of the world where we operate, we think globally and act locally. We do our utmost to comply with the values of the communities where we conduct our business operations, while fulfilling our corporate responsibilities, undertaking investments, and generating added value.

At Çalık Holding, our main goal is to build Turkey's enduring strength and bright future. I am pleased to report that all our Group companies contributed to the solid 2014 growth performance of Çalık Holding, which boasted total consolidated assets of TL 17,386 million at year's end.

NEW INVESTMENTS AND MARKETS IN 2014

Çalık Group works to maintain a competitive edge across six industries in 17 countries, and employs about 27 thousand personnel. With a robust financial structure, leading international business partners, and high quality projects, the Group is a true market force that plays a crucial role in Turkey's increasing integration with the world economy. Demonstrating an impressive performance during the year, our companies and employees helped Çalık Holding reach its strategic targets in 2014.

Our Energy Group Company, Çalık Enerji, closed 2014 with many significant achievements, after undertaking and completing various projects in diverse locations. The Al Khairat Power Plant, which we built in Iraq, was designated by New York-based "Engineering News Record" as the world's best industrial project, attracting worldwide attention to Çalık Enerji. The company also entered the African market with the 550 MW Al Khoums Power Plant in Libya, tapping into the immense economic potential of this large, promising continent. We also added new projects to the portfolio in our ancestral homeland, Turkmenistan. Very soon, we shall commence construction of new power plants in that important Central Asian market. After completion of the first phase, Çalık Enerji signed contracts for the second and third stages of the "Provision of Continuous Electricity to Ashgabat" project, and initiated work in parcels where the parcels had been handed over. Furthermore, the company executed the



MESSAGE FROM THE CHAIRMAN

With a robust financial structure, leading international business partners and high quality projects, the Group is a true market force that plays a crucial role in Turkey's increasing integration with the world economy.

pre-agreement for the construction and operation of the Alpana Hydroelectric Power Plant and Sadmeli Hydroelectric Power Plant in Georgia in October 2014.

Operating in the area of precious metals and industrial metals, Lidya Madencilik ranks among the sector's most dynamic companies thanks to its vast exploration portfolio, strong workforce, and effective corporate governance practices; and has now entered into mining operation. A joint partnership with Alacer Gold, Anagold is the first large international collaboration in the Turkish mining sector. Anagold produced 7.3 tons of gold – one-fourth of Turkey's total production – at the Çöpler Gold Mine, which is the country's second biggest gold mine with reserves of some 4.3 million ounces. In addition, we raised our stake in Polimet to 80%. At present, the company conducts over 10 mineral exploration projects. During the year, we also signed an options contract with Canada-based Mariana Resources for the Hot Maden project in Artvin and started drilling operations. Lidya Madencilik has an ambitious international vision and is currently assessing a number of potential fields in overseas locations.

Gap İnşaat is also making great strides in international markets. In Turkmenistan, we formed a consortium with our solution partners Mitsubishi Corporation and Mitsubishi Heavy Industries, breaking ground on the Garaboğaz Fertilizer Factory. In 2014, we also laid the foundations of Turkmenbashi International Seaport, consisting of six terminals and a shipyard, which will reinforce Turkmenistan's logistical power between Europe and Asia. Additionally, we broke ground on the fourth medical facility we will construct in Turkmenistan, and inaugurated four emergency healthcare centers that were completed. In Iraq, we completed one of the world's largest road and landscape design projects spread over a 1,617,752 m² area. We aim to further expand Gap İnşaat's successful business model in Central Asia and Middle East towards the Balkans and North Africa.

One of the Group's youngest companies, Çalık Gayrimenkul was established in 2010. During its short history, this newcomer already ranks third in the industry with net total assets of USD 800 million and a portfolio of USD 1.4 billion. The offices and residences in the Tarlabası 360 Project, Turkey's first urban development project designed by Çalık Gayrimenkul and constructed by Gap İnşaat, are currently up for sale.

Our financial services provider and Turkey's largest private sector investment bank, Aktif Bank has become one of the fastest growing banking institutions since it was founded in 2007 while sustaining a high rate of profitability. Within this seven-year period, the bank has grown an astounding 93-fold. In addition, our various financial subsidiaries, all with innovative business models under the umbrella of Aktif Bank, have expanded significantly in their own right. Meanwhile, BKT, our bank that operates in the Balkans, became Albania's largest bank as of end-June 2014.

One of the world's top 10 premium denim manufacturers, Çalık Denim exports its innovative and high value added products to over 40 countries. In order to further increase product quality and capture more market share, the company has invested about USD 50 million in its Malatya production facilities over the last three years. As a result of this significant capital investment – which expanded production capacity by 30% – as well as other upgrades, we believe that the company's capacity will double in a couple of years. This expanded capacity will enable us to increase our market share and gain new customers in Europe, America, and the Far East.

Albeit newly established, Çalık Cotton, our Textile Group Company, has ambitions to join the global top 10 in the cotton trade. The company began exporting to China in April 2014 and added Egypt and Bangladesh to its export markets in May and June, respectively. During the year, Çalık Cotton increased its total sales volume by 117% over 2013, to 60 thousand tons.

Having joined Çalık Holding in 2007, ALBtelecom is the biggest fixed line operator in Albania. The company introduced IPTV service to the Albanian market in 2014. Despite a 7% contraction in the fixed voice market, we increased our market share to 74% during the year. On the mobile side, we raised our market share to 13%. We are also the leading operator in number portability.

GROWING THROUGH STRONG, GLOBAL PARTNERSHIPS

Çalık Group places great importance on international collaborations. We join forces with numerous business partners, suppliers, and consulting firms while entering privatization tenders, making initial investments, issuing borrowing instruments, or constructing giant power plants. Each of these enterprises has helped us to become one of the biggest players in emerging markets today. In the coming year, we plan to expand our current partnerships and sign new agreements.

SHAPING THE FUTURE WITH OUR 3D STRATEGY

The Group's current size, the nature of an ever-changing competitive landscape, and new business opportunities across the globe make ongoing change a necessity. Çalık Group enters into a transformation phase every 10 years in order to effectively adapt to changing business models around the world. For our current transformation phase, which will cover the years 2015-2025, we have designated our business approach as "3D," after the initials of the Turkish words for value (değer), solidarity (dayanışma) and transformation (dönüşüm). We rapidly started our efforts to this end in the final quarter of 2014. Boasting operational capacities at the highest level, the Group is transitioning to a strategic management model with long term planning in the coming period. We believe that this process will take our Group to the next level by maintaining and enhancing our human resources for the future.

As a holding company, we are well aware that formulating both appropriate and effective corporate strategies will yield the best results. As a result, our top priority is to establish the corporate governance, social responsibility, human resources systems, and the integral financial systems infrastructure to support this strategic approach. Therefore, the Group continued to make organization-related investments in 2014 by preserving the values that have brought us so far since our beginnings and formulating new values.

The raison d'être of Çalık Group is to serve its country, work for the well-being of the community in all the regions where it conducts operations, and financially strengthen the Group and its stakeholders. Therefore, Çalık Group always chooses to focus on its business and take a long-term approach, establishing risk management systems and taking the measures necessary to manage any possible global or regional economic fluctuations.

Our ambition, which brought us to where we are today, has not wavered as we wait for the right opportunities that will allow us to take our experience in different sectors to other regions and create additional synergy. As a corporate policy, we value social benefit more than material gain, and ensure that our employees embrace and work in line with this principle.

In the coming year, Çalık Group executives and employees will continue to rack up exemplary achievements in all our business areas, while showing utmost respect for people and the environment, with honest, fair, people-focused and innovative approaches.

I would like to extend my gratitude to our executives and employees, business partners, and friends who have made us feel at home in many different geographic regions throughout our history, which spans over more than 30 years, each year of which is filled with so many success stories.

Kind regards,

AHMET ÇALIK
CHAIRMAN

MESSAGE FROM THE CFO

Çalık Holding closed fiscal year 2014 with success by posting better-than-targeted results.



Esteemed Stakeholders,

Even as global growth rates hovered around 1% and Euro zone growth figures averaged 0.9% due to economic turmoil around the world, the Turkish economy outperformed many others in 2014. During the year, Turkey reported 2.9% economic growth, continuing its 10-year economic expansion.

With regard to the country's key macroeconomic indicators, inflation in 2014 remained in single-digit territory, with the Consumer Price Index (CPI) at 8.17% and the Producer Price Index (PPI) at 6.36%.

Meanwhile, Turkey's budget to GDP ratio was only 0.7%, far below the 3% ceiling designated by the Maastricht criteria, which spells out the conditions necessary for European Union member states to join the Economic and Monetary Union. This was particularly impressive considering the fact that this figure averaged 3.4% among OECD nations, 2.7% among European Union countries and 2.5% among emerging markets.

The public debt to GDP ratio, which should be below 60% according to Maastricht criteria, averaged 112% for OECD member states, 94% among European Union countries and 41% among developing countries – versus only 34% for Turkey.

Çalık Holding closed fiscal year 2014 with unequivocal success. During the year, the Group boosted net sales by 55% to TL 6 billion, posted a gross profit margin of 24.8% and reported gross profit of TL 1.5 billion. In addition, the Group improved its EBITDA by 52% in 2014, to TL 824 million.

Operating in the energy, construction, textile, mining, finance and telecoms industries, the Group increased its total assets to about TL 17.4 billion, maintaining a robust balance sheet in 2014. Meanwhile, Çalık Holding's shareholders' equity jumped by 137% to TL 1.3 billion, up from TL 552 million a year earlier. The Group's strength in terms of total assets and shareholders' equity serves as a guarantee of the investments and operations it will undertake in the coming year.

Companies can add value for their stakeholders only with a robust balance sheet and strong shareholders' equity, with sustainable productivity underlying both.

FATİH BERK

Çalık Holding, CFO

Çalık Holding's net revenues climbed by TL 2.1 billion in 2014 to reach TL 6 billion, up 55%. During the reporting period, gross profits increased TL 556 million to TL 1.5 billion, up 60% year-on-year. The Group posted net profit of TL 788 million, while its EBITDA grew by TL 282 million to TL 824 million, rising 52%.

Çalık Enerji, the Holding's energy sector subsidiary, has operations in a wide range of business areas that include EPC, electric transmission and distribution services, infrastructure projects, oil and natural gas exploration and distribution services, refining, and pipelines. In 2014, the company reported a strong performance by increasing total assets up to TL 3.5 billion. Additionally, Çalık Enerji increased net sales by over 75%, to TL 3.5 billion, and improved EBITDA by 161%, to TL 578 million.

Çalık Holding's construction industry subsidiary, Gap İnşaat, is a building contractor in a diverse range of business areas that include superstructure, infrastructure, housing, industrial plants, as well as energy, oil and natural gas projects. During the year, the company's total assets grew TL 2.1 billion, while net sales rose to TL 713 million, up more than 120%.

Gap Güneydoğu Tekstil, the Holding's textile sector company, manufactures denim fabric in Turkey. In 2014, the company increased total assets to TL 683 million, boosted net sales by 30%, to TL 506 million, and improved EBITDA by 12%, to TL 47 million.

Çalık Holding's other textile industry subsidiary, Gap Pazarlama, operates the Turkmenistan factories Turkmenbashi Textile Complex, Turkmenbashi Jean Complex, Ruhabat Textile Complex, Balkan Weaving and Serdar Cotton Yarn, producing and marketing yarn, denim, ready-to-wear, and home textiles. For the reporting year, the company posted net sales of TL 323 million, up 14%.

Lidya Madencilik, our mining subsidiary, is active in all stages of mining, from mineral exploration to processing of metals such as gold, copper, silver and zinc. The Anagold joint venture, established by Lidya Madencilik and Alacer, is the first major international cooperation in the Turkish mining sector.

Our telecoms subsidiary, ALBtelecom & Eagle Mobile, provides fixed and mobile communications services in Albania. It is the country's largest fixed line operator and the only service provider that offers all-in-one communications services. At year-end 2014, the company reported total assets of TL 591 million, net sales of TL 219 million, EBITDA of TL 34 million and an EBITDA margin of 16%.

Operating in investment banking in the Turkish market, Aktif Bank reported total assets of TL 6.3 billion at end-2014, up 22.7% over the prior year. The bank also boosted its corporate loan portfolio by 33.5%, to TL 2.7 billion; as a result, it posted operating revenues of TL 626 million for the year.

Çalık Holding's bank subsidiary in Albania, BKT is the only Albanian company to receive the country's highest corporate governance rating of AAA (Alb). At year's end, the bank posted total assets of TL 6.4 billion, net sales of TL 337 million, EBITDA of TL 126 million and an EBITDA margin of 21%.

On behalf of Çalık Holding, one of Turkey's strongest business groups operating internationally, I would like to thank our customers, business partners, employees, and all other stakeholders for their immense support in helping us realize these many achievements. In the coming years, our Company plans to continue making significant contributions to our country, the regions in which it operates, and all stakeholders by generating more and more added value.

Yours sincerely,

FATİH BERK
CFO

BOARD OF DIRECTORS



AHMET ÇALIK
CHAIRMAN

A member of a family active in the textile industry since 1930, Ahmet Çalık began his first business initiative in this sector in 1981, followed by investments in construction, finance, energy, telecoms and mining, thereby laying the foundations of Çalık Holding, one of the leading companies in Turkey and its neighborhood.

Ahmet Çalık made the first large private sector industrial investment in Eastern Anatolia in the second half of the 1980s by founding Gap Güneydoğu Tekstil in Malatya. Today, that company is among the world's top ten premium denim manufacturers. After the Turkic Republics gained their independence in the 1990s, Mr. Çalık started up commercial enterprises in these countries and became one of the first foreign businessmen to invest in Turkmenistan by setting up textile factories there.

In the latter half of the 1990s, Ahmet Çalık restructured Gap İnşaat and geared up its business development efforts to focus on projects generating value for society-at-large. Specializing in superstructure, infrastructure, industry and energy plants, healthcare facility, real estate development, and urban transformation projects in challenging regions, Gap İnşaat has implemented over 100 major projects during its history. The company has also assumed the construction of the Turkmenbashi International Seaport, which is designed to boost Turkmenistan's logistical importance as a link between Europe and Asia. Meanwhile, Gap İnşaat's real estate sector subsidiary Çalık Gayrimenkul has launched the project "Tarlabası 360," which received the first prize in the "Urban Transformation" category at Europe's most renowned real estate award event, the European Property Awards in 2013.

Mr. Çalık first entered the energy industry, a sector of critical importance today, in the second half of the 1990s, and founded Çalık Enerji, which currently operates in two business areas: energy systems and oil and gas. Recently, the company signed contracts for seven power plants with a total capacity of 1,500 MW in Central Asia. Having become Georgia's largest EPC contractor with the Gardabani project, Çalık Enerji has also completed two power plants with a total capacity of 2,000 MW in Iraq. Çalık Enerji's Turkey portfolio includes wind, coal-fired, natural gas and hydroelectric power plants with an aggregate capacity of close to 2,000 MW. In addition, Çalık Enerji and Gap İnşaat were featured in the "Top 250 International Contractors" list published every year by the esteemed "Engineering News Record."

Çalık Holding acquired YEDAŞ in 2010, Kosovo Energy Distribution and Supply Company (KEDS) in 2012, and ARAS EDAŞ in 2013, all through privatization tenders, thus making a strong entry into the energy distribution sector.

Thanks to an expanding business volume, Ahmet Çalık entered the financial services industry in 1999, setting up Aktif Bank in Turkey and acquiring BKT, which became one of the two biggest banks in Albania under the Group's management. Aktif Bank was given the grand prize for its "Aktif Nokta" project in the "Physical Distribution Channels" category during the event held by the European Financial Management and Marketing Association (EFMA). BKT was recognized for the fifth time in 2014 as "The Best Bank" by The Banker, one of the most prestigious magazines on international financial markets.

One of the largest Turkish investors in the Balkans, Mr. Çalık acquired Albania's largest fixed line operator and Internet service provider ALBtelecom in 2007, thus entering the telecoms business. In 2008, Çalık Holding entered the GSM market in Albania by establishing Eagle Mobile.

Ahmet Çalık set up Lidya Madencilik in 2010 to enter the mining business and capitalize on Turkey's underground natural resources. The company's mine site portfolio makes it one of the leading mining enterprises in Turkey. A joint venture between Lidya Madencilik and Alacer Gold, Anagold is the first large international collaboration in the Turkish mining industry.

With a vision to create significant added value and enrich countries in which the Group companies operate, Mr. Çalık, established Çalık Holding in 1997 to bring all of them together under a single banner. Today, the Holding conducts business operations with 27 thousand employees across 17 countries, in such diversified areas as energy, construction and real estate, mining, textile, telecoms, and finance. According to the Emerging Markets Global Player 2010 report, the Holding is one of the largest Turkish groups in terms of overseas investments.

With a business model focused on the region near Turkey, which is home to 60% of the world's entire hydrocarbon (oil and gas) reserves on one end and the wealthy countries with ample financial resources on the other, the Holding reported total consolidated assets of TL 17,386 million as of year-end 2014.

BUSINESS LINES

- Energy
- Construction
- Mining
- Textile
- Telecom
- Finance

SIGNIFICANT INVESTMENTS

- Orta Doğu Tekstil, 1981
- Gap Güneydoğu Tekstil, 1987
- Gap Pazarlama, 1994
- Gap İnşaat, 1996
- Çalık Holding, 1997
- Çalık Enerji, 1998
- Aktif Bank, 1999
- TTK, Turkmenistan Textile Investment, 2000
- EKent, 2002
- Bursagaz, 2004
- BKT, 2006
- Kayserigaz, 2007
- ALBtelecom ve Eagle Mobile, 2007
- Lidya Madencilik, 2010
- Yeşilirmak Elektrik Dağıtım (YEDAŞ), 2010
- Çalık Gayrimenkul, 2010
- Kosova Elektrik Dağıtım (KEDS), 2012
- Aras Elektrik Dağıtım (ARAS EDAŞ), 2013

AWARDS AND BADGES

- Mahdum Guli Award, 1997
- Order of State of Turkmenistan, 1997
- Best Industrial Enterprise of the Year, GESIAD, 1997
- Entrepreneur of the Year Award, Para Magazine, 1997
- İpek Yolu Foundation Service Award, 1998
- Order of Merit of Turkish Republic, 1999
- Turkmenistan "Gayrat" Medal, 1999
- Turkmenistan Golden Century Medal, 2001
- Order of Merit of the Ministry of Foreign Affairs of Turkish Republic, 2002
- National Productivity Center Businessman of the Year Award, 2004
- Faculty of Business Administration, Istanbul University, Dünya Newspaper National Business Manager of the Year, 2005
- Dünya Newspaper National Business Manager of the Year, 2006
- Order of Merit of Turkish Grand National Assembly, 2006
- Turgut Özal Economy Award, 2008
- Turkey in Europe - Franco Nobili, 2010
- Turkish Red Crescent, Gold Medal Certificate, 2012
- Ellis Island Medal of Honor, 2014
- Matsumoto Dental University, Japan, Honorary PhD Title, 2014
- Tiran University, Honorary PhD Title, 2014

SOCIAL RESPONSIBILITY PROJECTS

- Malatya Educational Foundation
- Malatya Hasan Çalık Hospital
- Mahmut Çalık Education Complex
- Ankara Oncology Hospital
- Restoration of Atatürk Köşkü, Yalova
- Significant social aid projects in Van, Pakistan and Somali
- "İftarımızı Anadolu'da Açıyoruz" Activity
- "İlk İşim Girişim" Competition
- "El Ele Elden Eve" Aid Campaign

MISSIONS ON STATE LEVEL

- Deputy Minister of Turkmenistan Textile and Industrial Ministry, 1997-2004
- Bursa Honorary Consulate of Republic of Kazakhstan, 2012

PERSONAL

- 1958, Malatya
- Married and father of 4 children

BOARD OF DIRECTORS



MEHMET ERTUĞRUL GÜRLER
DEPUTY CHAIRMAN

Mehmet Ertuğrul Gürler was born in 1958. He graduated from Marmara University's School of Business Administration. He has 37 years of experience in business. Mr. Gürler served in several positions as Financial Director and Board Member from 1987 to 1994 for Dow Türkiye A.Ş. Having served at Total Oil Türkiye A.Ş. as Deputy General Manager and Secretary General between the years of 1994 and 1998, Mr. Gürler joined Çalık Holding A.Ş. as General Manager in 1998. Mr. Gürler currently serves as Deputy Chairman of Çalık Holding, Banka Kombetare Tregtare (BKT), and Gap Güneydoğu Tekstil. He also holds the positions of Board Member in Aktif Bank, ALBtelecom, Gap İnşaat and Gap Pazarlama, as well as Chairman of the Board in YEPAŞ.



AHMET YILDIRIM
BOARD MEMBER

Ahmet Yıldırım graduated from Istanbul University's Department of Economics (English) in 1991. In the same year, he joined Yapı Kredi Bank as a Management Trainee and went on to serve in various posts at the bank, before being appointed Director of the Treasury Department. Subsequently, Ahmet Yıldırım became CEO and Board Member at Yapı Kredi Bank Germany. In June 2006, he returned to Istanbul and served as CEO at Yapı Kredi Investment and as Board Member at other companies of the same group. Mr. Yıldırım continued his career as General Manager and Board Member at Alternatif Yatırım A.Ş. As of 2014, Ahmet Yıldırım serves as Board Member and President of Financial Affairs and Strategic Planning Group at Çalık Holding.



İZZET SERHAT DEMİR
BOARD MEMBER

İzzet Serhat Demir, born in 1974, has 17 years of professional experience. Prior to the commencement of his tenure at Çalık Holding, Mr. Demir served in a number of senior roles in Finar Enformasyon Derecelendirme ve Danışmanlık Hizmetleri A.Ş. (Dun&Bradstreet Turkey) and Yıldız Holding A.Ş. (Ülker Group). Mr. Demir holds a bachelor's degree in law from Istanbul University Faculty of Law and a master of business administration degree. He serves as a Board Member of Çalık Holding, Aktif Bank, Banka Kombetare Tregtare (BKT), and ALBtelecom, and continues as Legal Affairs Director of Çalık Holding, a position he has held since joining the company in 2007.





* Partnership with Limak Holding A.Ş.

** Partnership with Kiler Holding A.Ş.

MINING

LİDYA MADENCİLİK



POLİMETAL MADENCİLİK



TELECOM

ALBTELECOM & EAGLE MOBILE



FINANCE

AKTİF BANK



BKT



Çalık Holding has undertaken global investments through successful partnerships with multinational companies.

ÇALIK HOLDING IN BRIEF

www.calik.com

DATE OF ESTABLISHMENT: 1981

SHAREHOLDING STRUCTURE: Ahmet Çalık 100%

BUSINESS AREAS: Holding Company with operations in six sectors

NUMBER OF EMPLOYEES: 27,000 persons

OPERATING REGIONS: 17 countries

STRENGTHS

- Çalık Holding operates in emerging markets, concentrating on sectors with the highest growth potential.
- Çalık Holding is strategically located in a region with 22% of the global population and 35% of the world's GDP within a five-hour flight distance.
- According to Global Players 2010, Çalık Holding is the fifth largest multinational enterprise operating in emerging markets.
- According to 2013 data, Çalık Holding is Turkey's 15th largest business group in terms of sales revenue, seventh largest in workforce, and fifth largest in total assets.
- Çalık Holding has carried out global investments through successful partnerships with multinational companies.

FINANCIAL SUMMARY

Net Sales 2014	TL 6,007 million
EBITDA 2014	TL 824 million
Total Assets 2014	TL 17,386 million



ÇALIK HOLDING CONTINUES TO ADD VALUE TO ITS BUSINESS AREAS

Çalık Holding's foundations were laid in 1981 by Ahmet Çalık, a member of the Çalık family, which has been engaged in commerce since the 1930s. Çalık Holding currently operates in the energy, mining, construction and real estate, finance, textile, and telecoms industries. One of the largest industrial enterprises in Turkey, Çalık Holding employs some 27 thousand personnel in 17 countries. The Holding is one of the pioneering Turkish investors in Central Asia, the Balkans, Middle East and Africa.

Standing out from the competition with its reliability and unique approach to business, Çalık Holding's Energy Group continued to expand its business within the world energy markets in 2014 and was ranked among the most preferred companies in the energy-rich regions of Central Asia, Middle East and Africa. Çalık Enerji completed construction of three power plants in Turkmenistan in 2014, in the regions of Mary, Lebap and Ahal. The 1,250 MW Al-Khairat Power Plant built in Iraq was designated by "Engineering News Record" as the "Best Global Project" in the industry. Additionally, Çalık Enerji entered the African market with the 525 MW Al Khums Power Plant Project in Libya.

The Energy Group's electricity distribution companies ARAS EDAŞ, YEDAŞ and the Kosovo-based KEDS are currently expending significant efforts to deliver uninterrupted and high quality electricity to consumers and upgrading their infrastructure with cutting edge technologies.

Named one of the world's "Top 250 International Contractors," Gap İnşaat broke ground on the Garaboğaz Fertilizer Factory, and the Turkmenbashi International Seaport, which consists of six terminals and a shipyard in Turkmenistan, in 2014. In addition, the company has completed one of the world's largest road and landscape design projects covering a 1,617,752 m² area.

Designed by Çalık Gayrimenkul and constructed by Gap İnşaat in Üsküdar, the Şehrizar Mansions development has already become a vibrant community. One of Turkey's first urban renewal projects, Tarlabası 360 has received widespread praise for its architectural style that is in harmony with Istanbul's historic character; the development's office and residential units are currently being sold.

Aktif Bank is the Group's financial services provider and Turkey's largest private sector investment bank. The financial subsidiaries established with the bank's innovative business model have expanded significantly in their own right. Banka Kombetare Tregtare (BKT), a Çalık Group subsidiary in the Balkans, has become Albania's largest bank as of end-June 2014.

Founded in 2006, Lidya Madencilik joined forces with Alacer Gold in 2009 to create the first large-scale international partnership in the Turkish mining sector. Lidya Madencilik holds a 20% stake in Çöpler Gold Mine and owns 50% of the concern's mineral exploration portfolio. The company has shifted its focus from investment to mining operations, becoming the operator of the Polimetall Company and the Dursunbey Project. With strong exploration and development teams, offices in Istanbul and Ankara, and projects and operations located across Turkey, Lidya Madencilik is one of the country's foremost mining enterprises. After signing an options contract together with Mariana Resources for the Hot Maden project in Artvin, the company started drilling operations in late 2014. Lidya Madencilik continues to closely monitor emerging opportunities in Turkey and the region.

The Group's company operating in the Albanian telecoms market, ALBtelecom & Eagle Mobile increased its share in the fixed voice market in 2014 to 74%. The leading operator in terms of number portability, the company also boosted its prepayment figures on the mobile side by 40% over the prior year.

As one of the world's top 10 premium denim manufacturers, Çalık Denim placed a well-experienced representative in the Los Angeles market in 2014 and opened up an office in Bangladesh. Çalık Denim's total capital investments since 2012 amount to USD 46 million. With these targeted investments, the company plans to increase production capacity by 50% within the next three years. Although it was set up recently, Çalık Cotton aims to become one of the world's top 10 cotton traders in the next decade. The company added China to its export destinations in April 2014, followed by Egypt and Bangladesh in May and June 2014, respectively. During the year, Çalık Cotton increased its total sales volume by 154% over 2013, to 60,000 tons. Gap Pazarlama, operating in international textile trade and supply, launched its brand new denim collection GAPP DENIM in 2014.

Considered one of the most successful examples of Turkish entrepreneurship with its organizational and corporate structure, Çalık Holding initiated major social responsibility projects in 2014 in order to enhance the entrepreneurial ecosystem and provide support to the nation's societal development. As part of the "My First Job: Enterprise" initiative, developed in collaboration with Yıldız Technical University, entrepreneurial projects from across the country were evaluated and winning projects provided with funding of up to TL 1 million by Çalık Holding company Aktif Bank as well as joint investment opportunities.

With a deep-rooted corporate structure, highly qualified human capital, pioneering investments, an innovative business approach and market-appropriate strategies, Çalık Holding sits at the forefront of the industries in which it operates as a leading and dynamic player.

MILESTONES

Throughout its 34-year history, Çalık Holding has adopted sound business strategies and followed a sustainable growth trajectory.



FROM THE 1930s TO THE 1980s...

A member of the Çalık Family, whose involvement in textiles dates back to the 1930s, Ahmet Çalık initiates his first personal investment in this sector, Ortadoğu Tekstil, in 1981.

1980s

Ahmet Çalık continues to undertake new ventures in the textile industry in the 1980s. In 1987, he founds Gap Güneydoğu Tekstil, which today is widely regarded as one of world's leading manufacturers of denim.

1994

Gap Pazarlama is founded to expand the Group's market share in international textile trade.

1995

The Group starts work in Ashgabat, Turkmenistan to establish its first denim factory in Central Asia and becomes one of the first foreign companies to invest in Turkmenistan.

1996

Initially set up to construct the Group's textile factories, Gap İnşaat is restructured with a broader focus on business development.

1997

Çalık Holding is established and all Group subsidiaries are reorganized under a single banner.



1998

Çalık Enerji is established.

1999

The Holding enters the financial services industry.

2004

Bursagaz, the natural gas distribution company of the city of Bursa, is acquired by Çalık Enerji through a privatization tender.

2006

Çalık Holding acquires a 60% stake in Banka Kombetare Tregtare (BKT), one of Albania's two biggest banks.

2007

Çalık Holding issues five-year Eurobonds worth USD 200 million.

Çalık Holding acquires ALBtelecom, Albania's largest fixed line operator and Internet service provider, by winning the privatization tender.

Çalık Enerji acquires Kayserigaz, a natural gas distribution and operating company in Kayseri.

2008

In line with its growth strategy and restructuring initiative, Çalık Enerji sells off some of its shares in Bursagaz and Kayserigaz to the Germany-based international energy company EWE.



Çalık Holding completes the legal processes for the takeover of the media group ATV-Sabah Commercial and Economic Entity with a bid of USD 1.1 billion at the tender held by the Turkish Savings Deposit Insurance Fund.

Çalık Holding sells a 25% stake in the ATV-Sabah Media Group to the Qatar Investment Authority.

The Group's financial services industry subsidiary is restructured and renamed Aktif Bank.

Eagle Mobile enters the Albanian GSM market as the newest operator, and commences operations in March after completing launch preparations in a record time of six months.

2009

Çalık Holding enters the mining sector via a joint venture with the Canada-based Anatolia Minerals, a Toronto Stock Exchange-listed concern.

Çalık Holding becomes the sole owner of Banka Kombetare Tregtare (BKT) by purchasing the remaining 40% stake from the EBRD and IFC.

Çalık Enerji wins privatization tender for Yeşilirmak Electricity Distribution, which distributes electricity to the Turkish provinces of Samsun, Amasya, Çorum, Ordu and Sinop.

2010

The Group's mining sector subsidiary is restructured and named Lidya Madencilik.

Handover procedure of Yeşilirmak Electric Distribution Company (YEDAŞ) is completed and the Company was incorporated in Çalık Enerji.

2012

Lidya Madencilik increases its stake in Anagold from 5% to 20%.

Geological survey begins in June on the sites in Polimetall Madencilik's portfolio.

Çalık Holding and Limak Holding consortium win the tender of privatized electric distribution company in Kosovo with a price of 26.3 million Euros and signs the contract in November.

2013

Çalık Cotton becomes the first Turkish company to get AQSIQ Certificate required to export cotton to China.

Çalık Holding, in partnership with Kiler Holding, acquires Aras Electricity Distribution, which distributes electricity to seven provinces in Eastern Anatolia.

EKent becomes the Central System Integrator by winning the e-ticket tender of Turkish Football Federation (TFF).

Çalık Holding sells off the ATV-Sabah Commercial and Economic Entity (Turkuvaz Medya).

Lidya Madencilik raises its stake in Polimetall Madencilik, a joint venture with Alacer Gold, from 50% to 80%.

2014

In mid-2014, BKT reaches its target of becoming the largest bank in Albania by year-end 2015, 18 months ahead of schedule.

Çalık Denim opens an office in Bangladesh and appoints a company representative to Los Angeles to boost its market shares in the Far East and America.

Çalık Cotton adds China, Egypt, and Bangladesh to its cotton export destinations in 2014.

Çalık Enerji's 1,250 MW Al Khairat Power Plant project is named by Engineering News Record as the "World's Best Project" in the industry category.

Çalık Enerji ventures into the African market with the 550 MW Al Khoums Power Plant project in Libya.

Gap İnşaat breaks ground on the turnkey project for Turkmenbashi International Seaport, which will become a key logistics hub in the Caspian region, widely considered the new "Silk Road."

Foundations are laid for the Garaboğaz Fertilizer Factory, to be built by a consortium between Gap İnşaat and Japan's Mitsubishi Corporation for USD 1.3 billion.

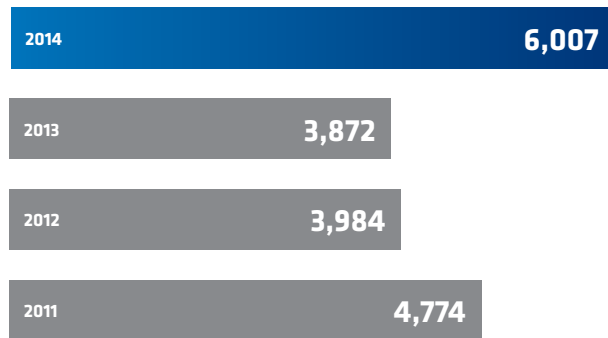
KEY FINANCIAL INDICATORS

Çalık Holding currently operates in the energy, construction and real estate, mining, textile, telecoms, and financial services industries.

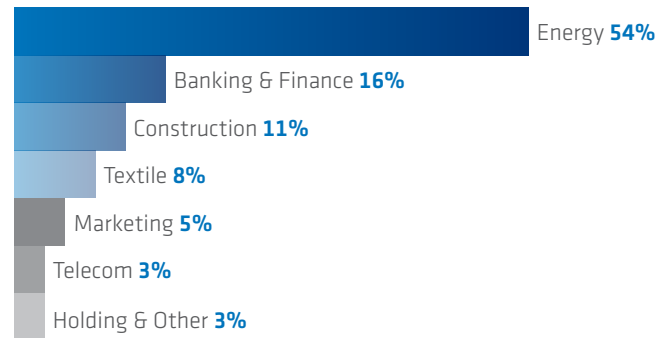
NET SALES

(TL MILLION)

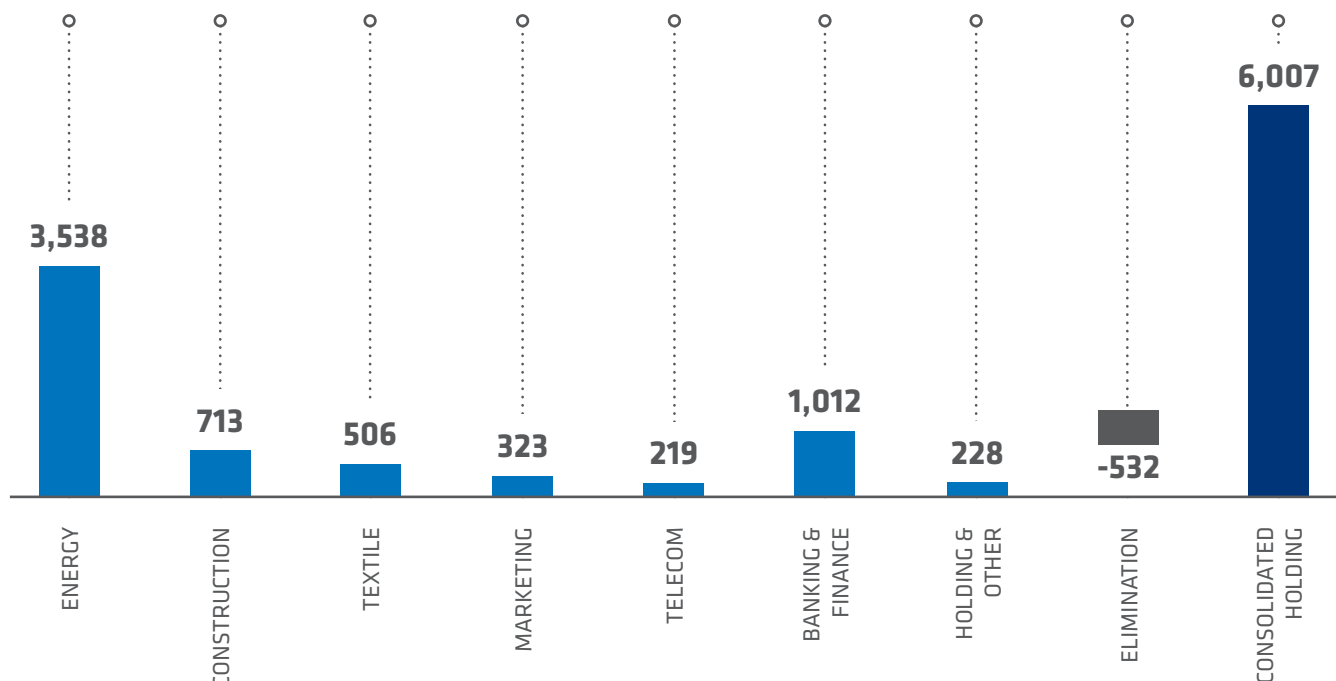
- As of year-end 2014, the Holding's consolidated net sales amounted to TL 6 billion, up 55% over the prior year.
- The Holding's net sales figure has demonstrated a compound annual growth rate (CAGR) of 23% since 2012.



(TL MILLION)



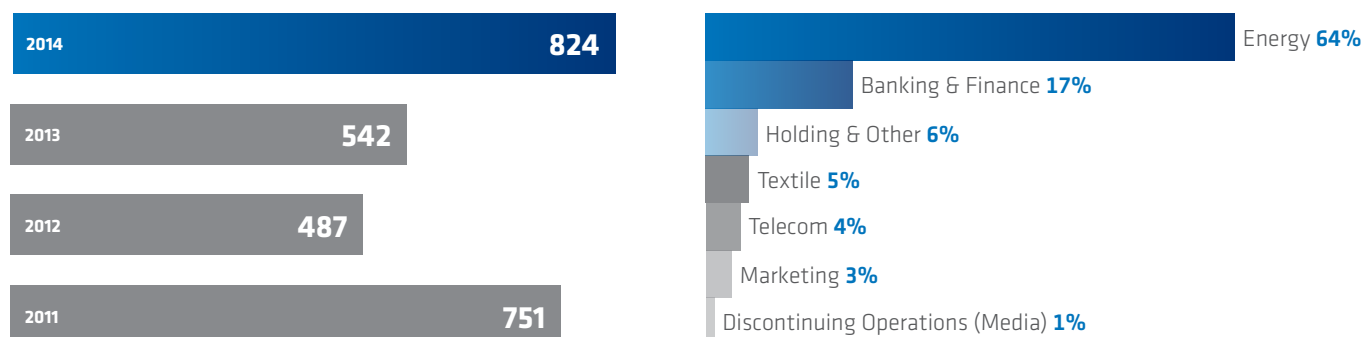
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EBITDA

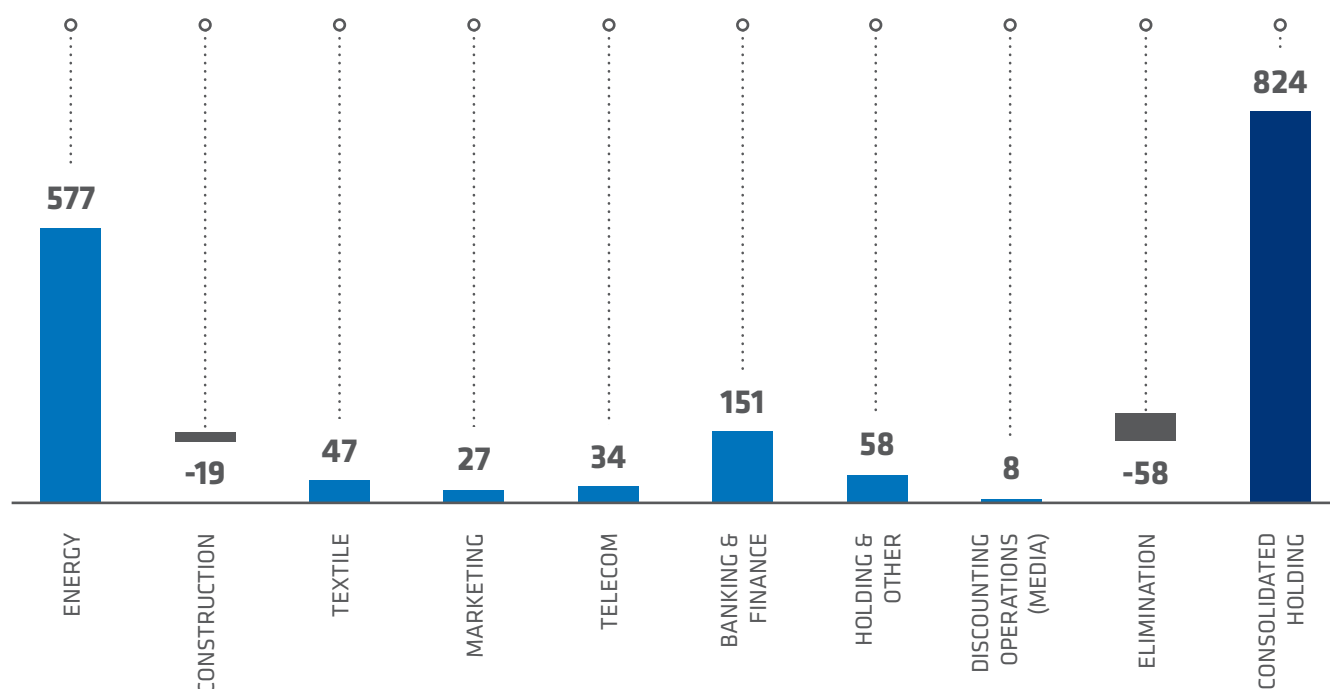
(TL MILLION)

- The Holding's consolidated EBITDA rose 52% over 2013 to TL 824 million as of end-2014.
- The Holding's EBITDA performance has improved steadily since 2012, with a CAGR of 30%.



(TL MILLION)

**Except eliminations and construction*

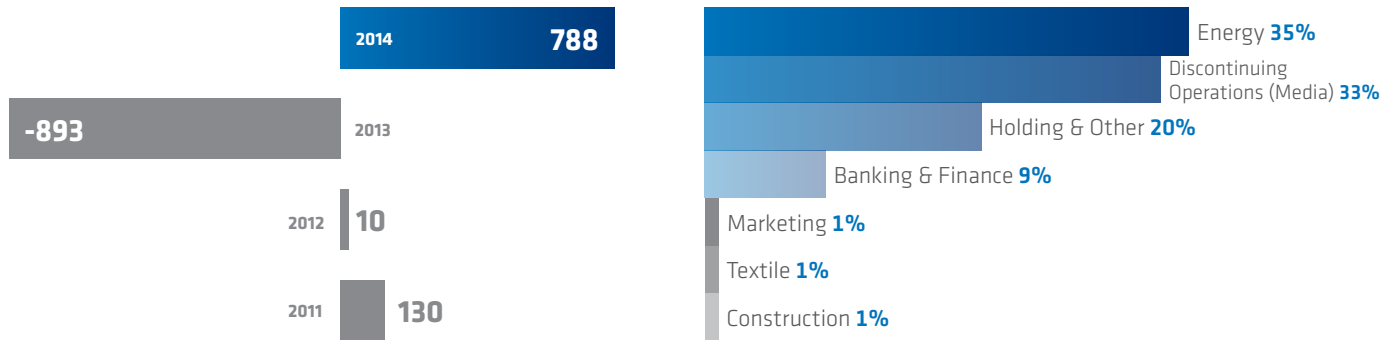


KEY FINANCIAL INDICATORS

NET PROFIT

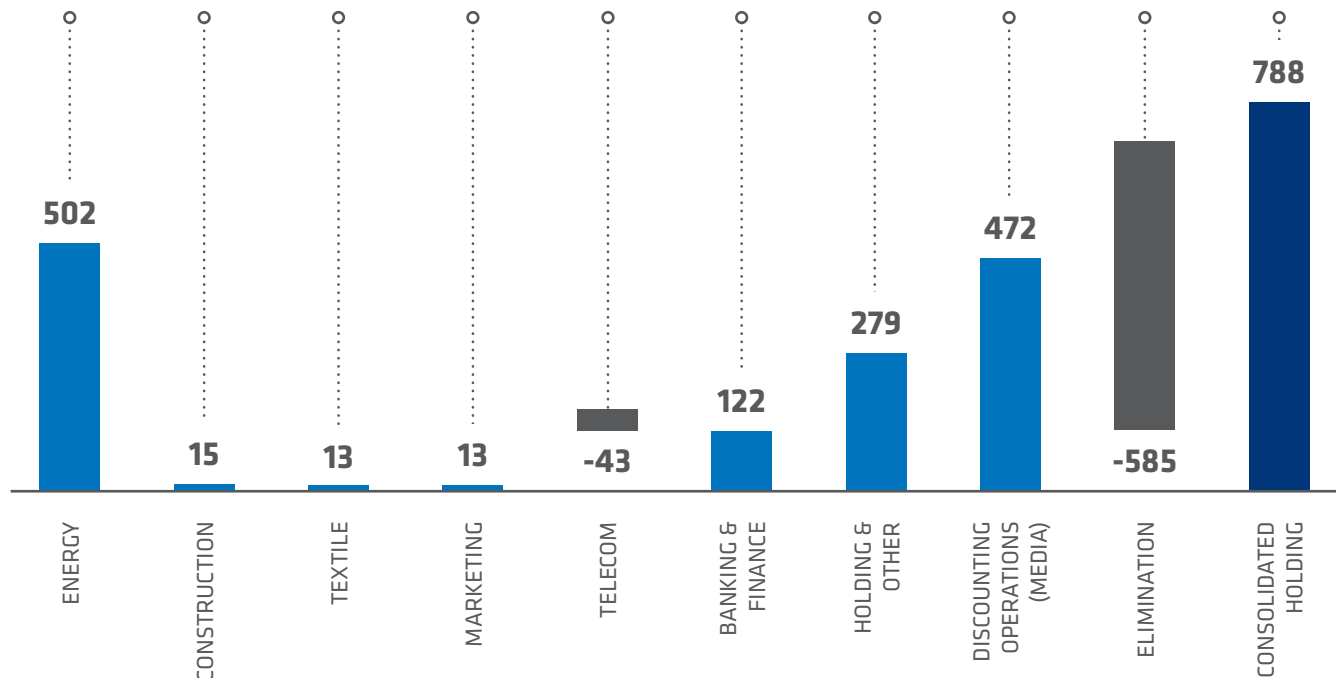
(TL MILLION)

- The Holding's net profit jumped sharply over the previous period to TL 788 million, which translates into a 13% net profit margin on a consolidated basis.



(TL MILLION)

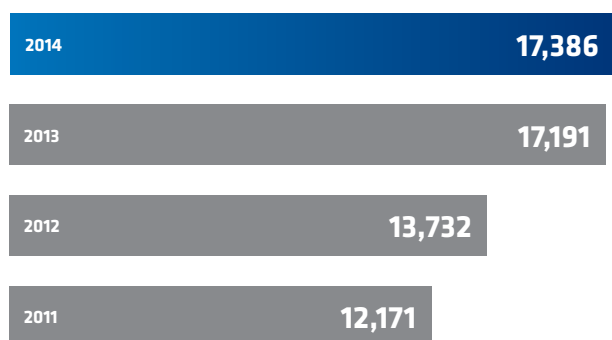
*Except eliminations and telecom



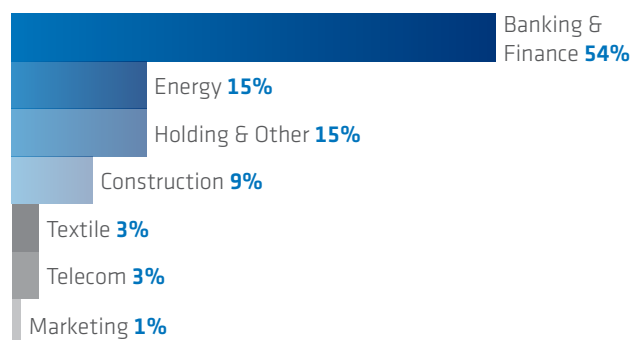
TOTAL ASSETS

(TL MILLION)

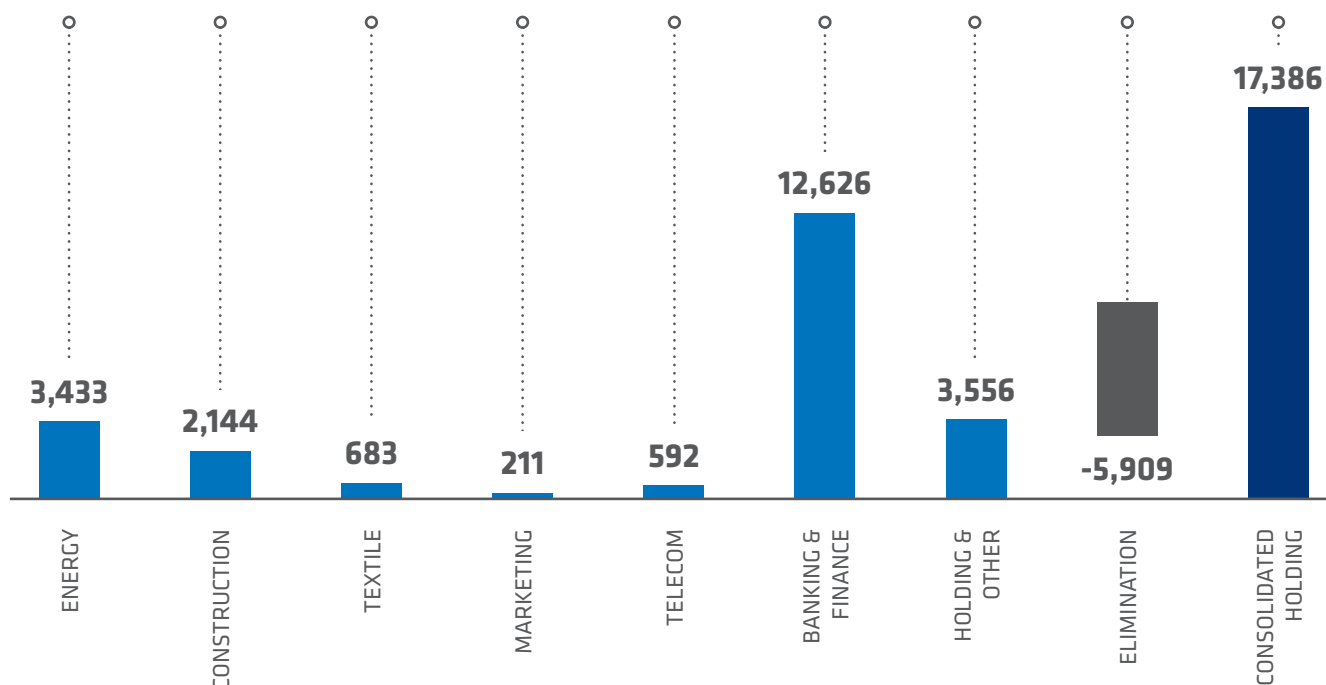
- The Holding's total assets grew 1% over the previous year, to TL 17,386 million.



(TL MILLION)



*Except eliminations

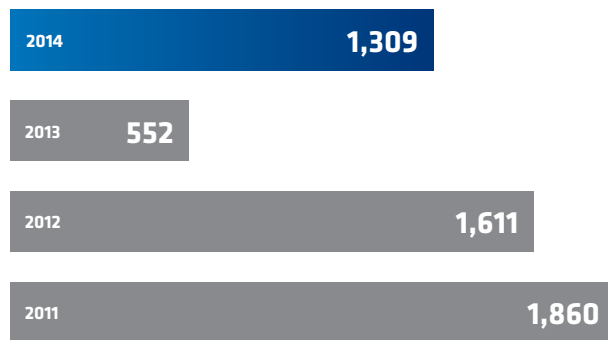


KEY FINANCIAL INDICATORS

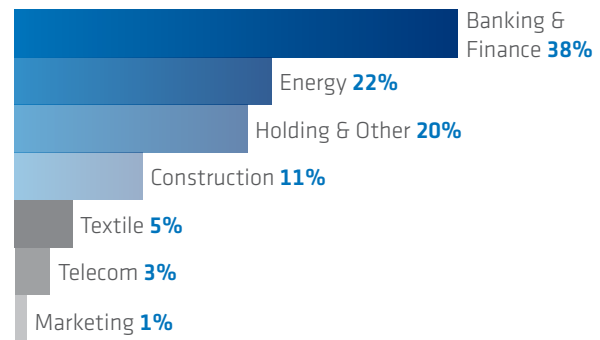
TOTAL EQUITY

(TL MILLION)

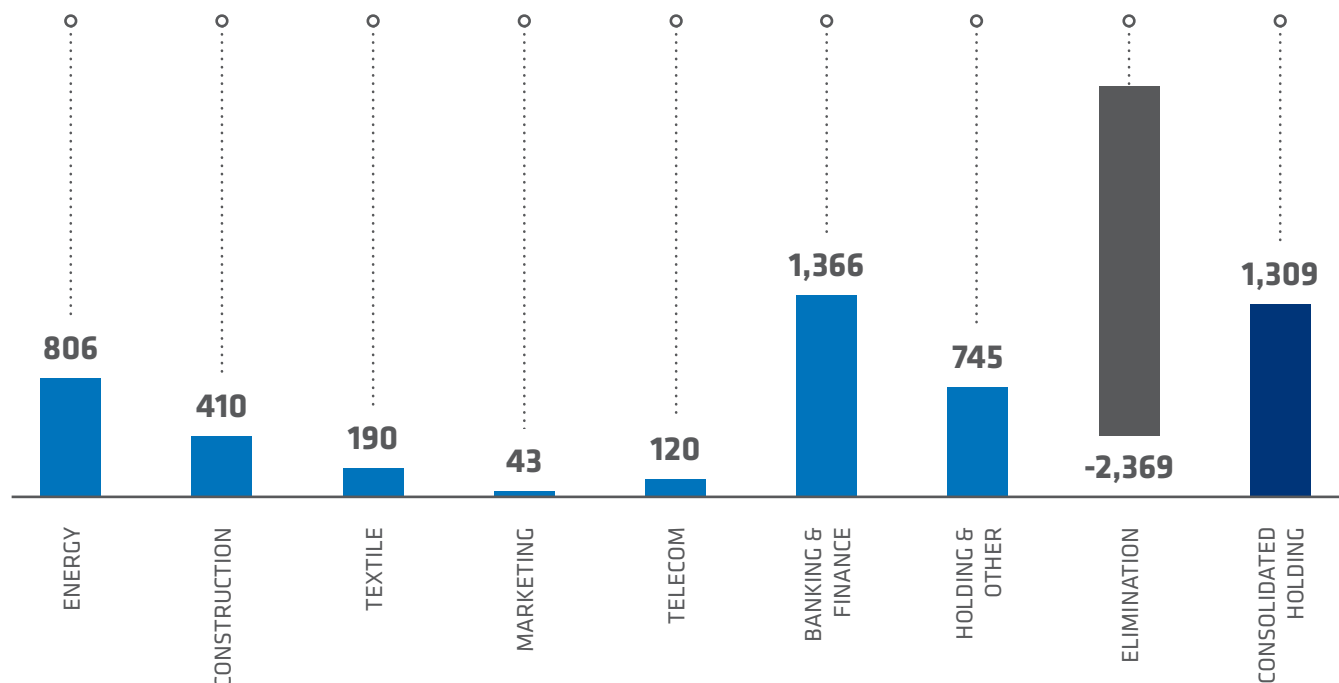
- The Holding's aggregate shareholders' equity doubled in 2014, rising to TL 757 million.



(TL MILLION)



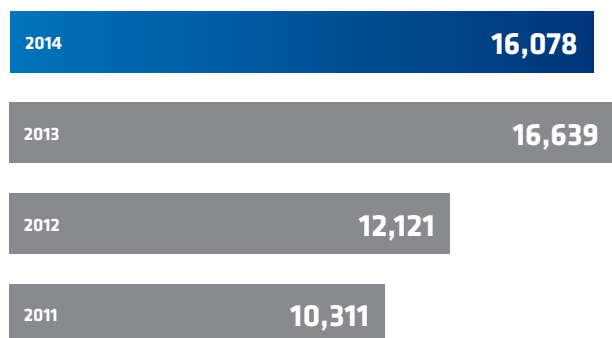
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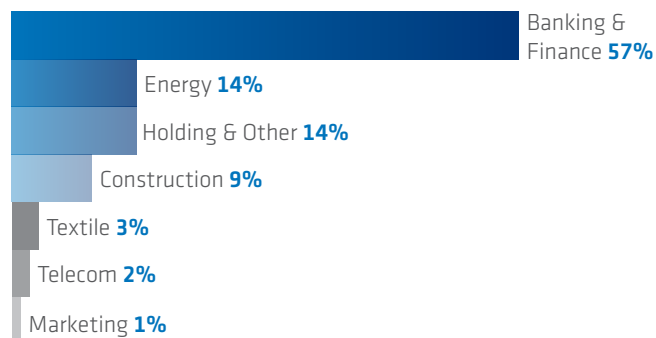
TOTAL LIABILITIES

(TL MILLION)

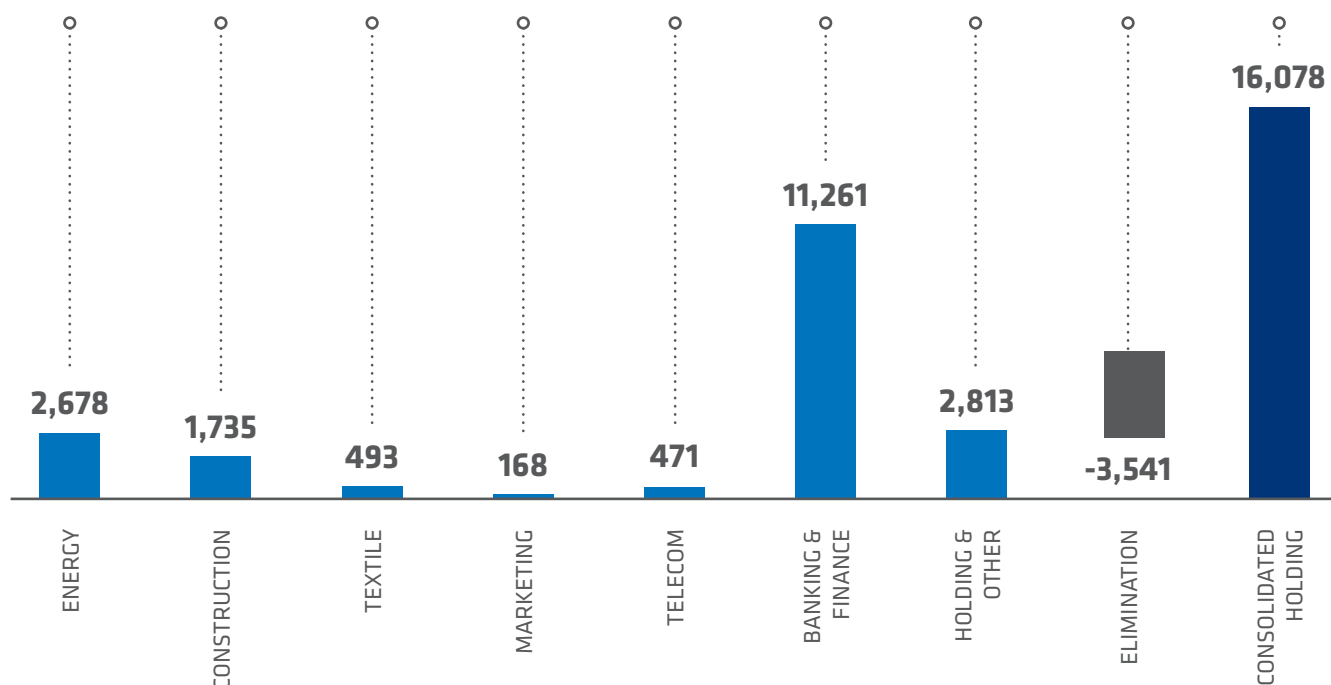
- Total liabilities, meanwhile, dropped by 11% in 2014 from the prior year.



(TL MILLION)



*Except eliminations

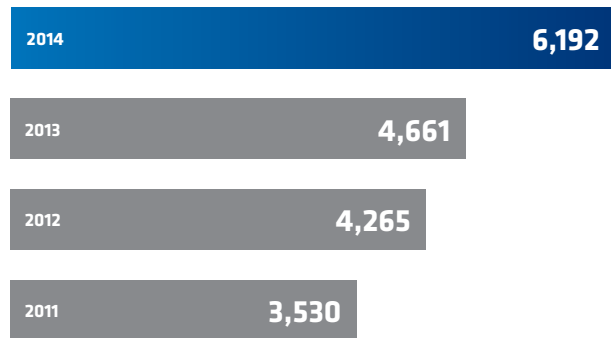


KEY FINANCIAL INDICATORS

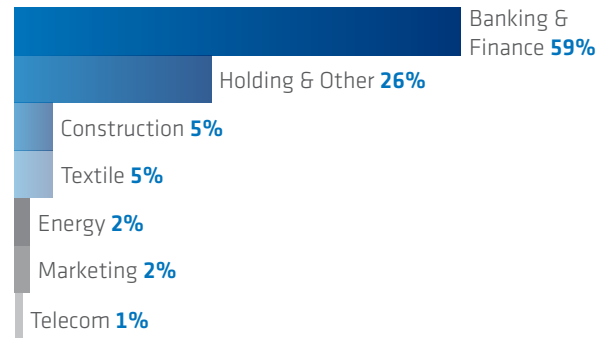
FINANCIAL LIABILITIES

(TL MILLION)

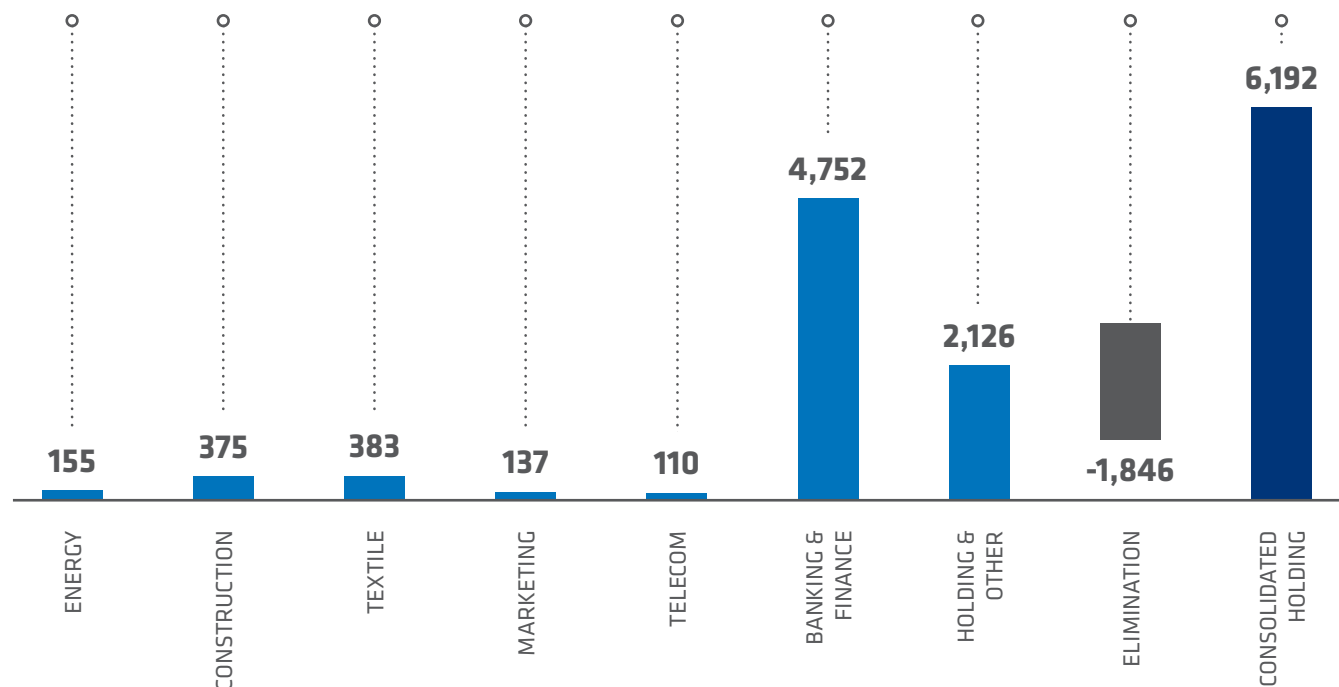
- The Holding's financial debt increased 33% year-on-year to TL 6.2 billion in 2014.



(TL MILLION)



*Except eliminations





OPERATION MAP

**A LEADING POWER IN
6 INDUSTRIES
5 CONTINENTS
17 COUNTRIES**

USA
TEXTILES (GAP PAZARLAMA,
ÇALIK COTTON)

With investments in 17 nations across Central Asia, the Balkans, Middle East and Africa, Çalık Holding employs about 27,000 staff.





*Çalık Holding operates in the energy, construction and real estate, mining, textile, telecoms and financial services industries in emerging markets, concentrating on sectors with the **highest growth potential**.*

ENERGY SECTOR

According to Engineering News Record rankings, Çalık Enerji figures among the world's largest contractors of fossil fuel power plants, ranking in the global top 10.





The demand for energy is generally on the rise globally in parallel with the increase in urbanization, population, and income. According to 2014 BP World Energy Statistics, global energy demand is expected to grow at a 2.3% annual pace, slightly below its average rate over the previous decade, and in parallel with the global economic slowdown. Energy consumption in emerging markets will remain below its recent historic average, coming in at 3.1%; however, these developing economies will continue to account for 80% of the increase in global energy consumption.

According to International Energy Agency (IEA) projections based on different scenarios, non-OECD members account for 93% of the increase in energy consumption globally. In parallel with the rise in world energy demand, global energy investments are also increasing. IEA data suggests that a total of USD 40.2 billion will be invested in the energy sector between 2014 and 2035 worldwide, with non-OECD countries accounting for two-thirds of this total amount.

2014 was marked not by a rise in energy demand, but rather a drop in oil prices. In the USA, production has reached its highest level in the last three decades, leading to an excess supply that brought oil prices down by 46% during the year. This sharp drop led to a recalculation of certain key economic indicators. On the one hand, political tensions between Russia and Ukraine created uncertainties in the energy market; on the other, interest in alternative energy resources grew day by day. Shale gas, one such new energy source, gained further in importance in 2014.

Çalık Holding's energy sector company Çalık Enerji and its subsidiaries have undertaken many ambitious projects up to today.

Turkey lies between oil-rich countries that account for three-quarters of global oil and gas reserves (Middle East and the Caspian Region) and the largest consumers of energy (Europe). In addition to this key strategic location, Turkey also plays an increasingly larger role on the global stage. As a result, the country has seen its role in the global energy sector expand significantly. To this end, Turkey geared up efforts for harmonization with EU energy policies in 2014 and prioritized important issues such as increasing energy efficiency and diversifying energy resources. Renewable energy has also ranked high on the country's agenda.

Demand for electricity in Turkey continues to rise quickly, in parallel with the rapid economic growth and urbanization. According to estimates by the Economic Intelligence Unit, electricity consumption in the country has ticked up 4% on an annualized basis between 2012-2014, in step with a slight slowdown in the economy's growth rate. Demand for electricity is expected to expand at the same pace in the coming decade, roughly doubling over that period. According to Ministry of Energy and Natural Resources data, electricity distribution has been completely handed over to the private sector in Turkey, and significant efforts are currently being expended to likewise increase the private sector's share in electricity generation.

Turkey's ambitious steps in the energy sector are not limited to electricity; the country also has giant projects in the area of natural gas pipelines in the works. The Trans-Anatolian Natural Gas Pipeline (TANAP) is one of the top energy projects carried out jointly by Turkey and Azerbaijan with great success. Immensely important for both nations, the TANAP Project is designed to meet the natural gas demand of Europe and Turkey while increasing gas supply diversification in the region. Natural gas from the Shah Deniz field in Azerbaijan will pass through a 1,850-km pipeline across 20 Turkish provinces to reach Europe. Ground was broken on this key project in 2015.

Çalık Holding's energy sector company Çalık Enerji and its subsidiaries have carried out many ambitious projects up to today.



ENERGY SECTOR

Çalık Enerji is capable of operating in challenging regions thanks to its efficient procurement organization and strong ties to reputable equipment suppliers.

ÇALIK ENERJİ

www.calikenerji.com

DATE OF ESTABLISHMENT: 1998

SHAREHOLDING STRUCTURE: Çalık Holding 95.423%, Kirmızı Elmas Enerji ve Alt Yapı San. ve Ticaret A.Ş. 4.48%

BUSINESS AREAS:

- Turn-key contracting services (EPC)
 - Power plants
 - Simple and combined cycle power plants
 - Renewable energy power plants
 - Switching plants
- Electricity transmission and distribution services
- Infrastructure projects
- Oil & natural gas exploration and distribution
- Refinery and pipelines
- Telecoms services

STRATEGY:

To become the company of choice in every segment of the sector through a simple yet efficient organizational approach by closely monitoring new opportunities, continuously sharpening its competitive edge, maximizing customer satisfaction in all projects, and fulfilling responsibilities and promises in a timely fashion.

NUMBER OF EMPLOYEES: 1,707 persons

OPERATING REGIONS: Seven countries in such diverse geographic regions as the Middle East, Central Asia, Africa, and the Balkans.



STRENGTHS:

- Çalık Enerji is a pioneer in the energy industry, having successfully completed projects in highly challenging regions of the world.
- The company's investment and service philosophy pursues a win-win strategy based on creating value.
- Çalık Enerji boasts a highly efficient business model that allows for swift decision-making.
- The company is capable of operating in challenging regions thanks to its efficient procurement and logistics organization and strong, long-term ties to major international equipment suppliers.
- Çalık Enerji is capable of forging strong ties with local authorities and influencing markets by prioritizing the needs of the customers in every local market.
- The company has a highly competent management team and well-trained employees specialized in their respective fields.
- Çalık Enerji has immense growth potential, thanks to the growing markets in which it operates.
- The company has the infrastructure required to take over new projects in numerous business areas that can add value to the Group as a whole.

FINANCIAL SUMMARY

TL MILLION	2012	2013	2014
TOTAL ASSETS	2,194	3,273	3,483
NET SALES	2,452	2,005	3,538
TOTAL EQUITIES	859	935	806
EBITDA	247	221	578
EBITDA MARGIN (%)	10	11	16

We continue to harvest the fruits of our efforts. Engineering News Record selected Çalık Enerji's Al-Khairat Power Plant Project in Iraq as the "Best Global Project" in the industry category.

DR. OSMAN SAİM DİNÇ

Çalık Enerji



ÇALIK ENERJİ

A Çalık Holding company and one of Turkey's pioneering energy concerns, Çalık Enerji conducts operations in four main areas: EPC power systems; electricity transmission and distribution; oil and natural gas exploration and distribution; refinery and pipelines. As part of its EPC power systems business, the company delivers turn-key contracting services, as well as coal-fired power plants, hydroelectric power plants, and wind and solar energy power plants. Çalık Enerji also engages in domestic and international electricity and natural gas distribution and trade. Under the oil and gas business, the company provides exploration, production

and field services, as well as gas storage, in addition to oil and oil derivatives trading services. As part of its refinery and pipelines business, the company conducts operations within the scope of its licenses.

Ever since it was founded, Çalık Enerji has expanded steadily in Turkey as well as Turkmenistan, Uzbekistan, Georgia, Iraq, Libya and Kosovo. The company ranks high on Engineering News Record's "Top 250 International Contractors" list. Additionally, it enjoys a strong position among the top 10 global companies that build fossil fuel power plants.

In 2014, Çalık Enerji ranked 33rd in the “Fortune 500 Turkey Company Ranking.”

Infrastructure and energy projects continue in Turkmenistan

Çalık Enerji has conducted business operations in Turkmenistan for many years with the mission of meeting the energy demand of this Central Asian market with advanced and appropriate technologies. The company has always achieved great success in a wide range of projects in Turkmenistan including power plants, oil and gas, electric transmission, switching centers and infrastructure.

Since the early 2000s, Çalık Enerji has completed 10 power plants, two switching facilities, and an electricity distribution project in Turkmenistan by capitalizing on its vast engineering, construction, supply and logistics capabilities. To date, the company has put 1,830 MW of installed power to the service of the country.

The LM 6000 Simple Cycle Power Plants in Turkmenistan’s Ahal, Lebap and Mary provinces, with a total capacity of 450 MW, were built by Çalık Enerji in only 10 months and started to generate electricity in 2014. In addition to these facilities, the company constructed the 252 MW Ahal Two Power Plant in 2014, which commenced operations towards the end of the year. The total installed capacity of the power plants built in Turkmenistan in 2014 amounted to 700 MW.

The other projects ongoing in Turkmenistan include the 504 MW Derveze Simple Cycle Power Plant, which will be delivered in 2015, and the 254 MW Watan Power Plant in Lebap province, the contract for which was executed at the beginning of this year.



With regard to electricity infrastructure projects, Çalık Enerji is currently working on the “Provision of Continuous Electricity to the City of Ashgabat,” which is planned for completion prior to the Asian Olympic Games to be held in the Turkmen capital in 2017.

The three-stage project continues across an area with a diameter of 35 km, in over 200 locations across Ashgabat and with over 1,250 employees. Under this project, Çalık Enerji is building a main control center, 27 high voltage switching and transformer buildings, 169 medium voltage transformer buildings, 90 km of high voltage overhead transmission lines, five km of medium voltage overhead transmission lines, 25.5 km of high voltage underground cables and 620 km of medium voltage underground cables.

In light of these achievements, the company closely monitors the Turkmen energy sector and possible new projects.

Çalık Enerji's Combined Cycle Plant in Georgia

In 2014, Çalık Enerji broke ground on Georgia’s first combined cycle power plant in the capital city Tbilisi – the 230 MW Gardabani Combined Cycle Power Plant. This project is conducted jointly by Çalık Enerji, Georgia Investment and the Georgian Ministry of Energy.

The first turn-key EPC combined cycle power plant built by Çalık Enerji, the Georgia project has a total worth of USD 250 million. The company commenced construction in October 2013, and 95% of it was complete by year’s end 2014.



While that project was underway, a memorandum of understanding was signed in Tbilisi for the construction and operation of the Alpana and Sadmeli Hydroelectric Power Plants. As Çalık Enerji's first hydroelectric investment in Georgia and its first renewable energy project overseas, the Alpana and Sadmeli Hydroelectric Power Plants are planned to have capacities of 60 MW and 135 MW, respectively. The project's total investment cost will be around USD 360 million. The projects are expected to generate 1 billion Kwh of energy annually, and are scheduled to be commissioned in 2021.

Once the projects become operational, Georgia's foreign dependence on energy will shrink to a significant extent. These projects make Çalık Enerji Georgia's largest EPC contractor.

Çalık Enerji's first power plant in Africa

In 2014, Çalık Enerji broke ground on its first project in Africa, which has a total population of 1.1 billion, 70% of whom are under 35, and is rich in underground resources such as diamonds, oil, brown coal, and copper. In this attractive market, Çalık Enerji took over the 526 MW Simple Cycle Power Plant Project in the city of Khoums, which lies 100 km east of the capital Tripoli. Çalık Enerji has resumed all the work – including engineering, construction, installation, testing and commissioning – on this turn-key project. The capacity of the power plant to be established corresponds to 8% of the total installed capacity in Libya and will largely resolve Libya's energy problems.

Çalık Enerji completed 2014 with many successes and awards

- Widely known as one of the world's most prestigious institutions in contracting and engineering, the New York-based Engineering News Record named Çalık Enerji's Al-Khairat Power Plant Project in Iraq as the "Best Global Project" in the industry category.
- Çalık Enerji's Derweze Project in Turkmenistan received the "Occupational Health and Safety Achievement Certificate" by the Turkmen Institute for State Standards.
- Oil was discovered in the Batı Çalıktepe-1 field in Diyarbakır.
- The 252 MW Ahal-2 Power Plant was inaugurated in Turkmenistan.
- The 450 MW ALMS LM 6000 power plants were inaugurated in Turkmenistan.
- Agreements were signed for the AST Project Second and Third stages in Turkmenistan.
- In the Turkmenistan projects, 11,300,000 man hours of construction and installation were performed without a single occupational accident.
- The company started work on its first African project, a 526 MW power plant in the Libyan city of Khoums.
- In 2014, Çalık Enerji ranked 33rd in "Fortune 500 Turkey Company Ranking."
- In 2014, Çalık Enerji's subsidiary YEDAŞ was presented with the "Quality Platinum Crown" at the annual International Quality Awards held by Business Initiative Directions (BİD).
- Agreements were signed for the 71 MW Alpana HEPP and 135 MW Sadmeli HEPP, the company's first HEPP projects in Georgia.
- Çalık Enerji's Recruitment and Process Development Department was named "The Year's HR Team" at the Stevie Awards.
- Çalık Enerji's Recruitment and Process Development Department won Kariyer.net's "Respect for People Award."

ENERGY SECTOR

SUBSIDIARIES AND ACTIVITIES OF ÇALIK ENERJİ

	EPC	IPP	OIL AND GAS
BUSINESS AREAS	Turn-key power systems contracting (simple and combined cycle power plants, electric transmission and distribution projects, infrastructure projects, renewable energy projects, surface facilities for oil and gas)	Electricity generation	Oil and gas exploration and production in Turkey and overseas
HISTORY	Having commissioned its first overseas power plant in 2003 in Turkmenistan, Çalık Enerji has completed to date 13 plants, two switching facilities and one electricity distribution project in Turkmenistan, Uzbekistan and Iraq, and operationalized power plants with an aggregate capacity of 4,300 MW. In 2014, Çalık Enerji commissioned power plants with a total capacity of 700 MW and has ongoing EPC projects with a capacity of 1,500 MW. Meanwhile, the three-stage project "Provision of Continuous Electricity to Ashgabat" is ongoing.	The company completed its first investment, Adacami HEPP, in August 2013 and started electricity generation. The other ongoing investment projects for electricity generation in Turkey include: the 150 MW Çankırı Orta coal-fired power plant; the 150 MW Kızkayası HEPP; the 72 MW Demircili and Sarpıncık wind energy power plants; and solar power plants that are currently in the preliminary study phase. In Georgia, the company signed pre-agreements for the construction and operation of the 60 MW Alpna HEPP and 135 MW Sadmeli HEPP projects in October 2014.	Çalık Enerji started its oil and gas operations in 2003 with drilling activities in Turkmenistan. Some 27 wells were dug for Turkmenneft. In 2006, the company started oil and gas operations in Turkey with two exploration licenses in the Thrace region. In 2010, the company collaborated with Canada-based Anatolia Energy with regard to its 11 exploration licenses in Turkey. Between 2011-14, the company conducted 500 km of 2D and 230 km² of 3D seismic surveys on its licenses and processed the resulting data. As part of the Bismil license activities, the company discovered oil in the Çalıktepe-1 and Çalıktepe-2 wells and continues to assess the structure of the area. In the West Çalıktepe structure, oil was found in the West Çalıktepe-1 well; production began in June 2014 at 120 barrels/day. The West Çalıktepe-2 well was dug and commissioned. The field produces a total of 135 barrels/ day. Drilling continues in the West Çalıktepe-3 well; production is expected to start in May 2015. 13 more wells are planned for this area. In 2014, the collaboration with Anatolia Energy was ended. Çalık Enerji, in collaboration with TPAO and local partner Bayat Group, won a tender in Afghanistan for Amu Derya-Totimaidan Gas Block Exploration and Production.

	EPC	IPP	OIL AND GAS
STRATEGY	To enter new markets in target business areas in current or new destinations, on the basis of certain financial indicators with a view to sharpen Çalık Enerji's competitive edge, enhance current partnerships, and create synergy with leading international manufacturers.	To expand the coal-fired and renewable energy-based electricity generation portfolio by increasing resource diversification.	To employ unconventional methods such as shale oil and gas production and natural gas storage in Turkey, in addition to ongoing conventional exploration and production activities
MARKET SHARE AND POSITION	Ranked 111st according to ENR's "Top 250 International Contractors" list for 2013, in terms of turnover. Ranked 26th among contractors active in power systems (2013) Ranked 9th among contractors active in fossil fuel power plants (2013).	Market share increases through new investment projects.	Çalık Enerji became one of the biggest investors with its exploration and production activities in 2010 and 2014.
MAIN COMPETITIVE ADVANTAGES	Successful EPC projects completed in emerging and challenging markets. Robust know-how and deep experience in power plants and infrastructure projects. Strategic partnerships with leading equipment manufacturers (e.g. GE, Mitsubishi, Alstom, Siemens). Efficient supply chain organization, operational productivity and flexibility. Strong ties with current customers. A business model that prioritizes customer satisfaction.	Transferring the know-how and experience in EPC power plants sector to investment projects. Diversification of electric generation portfolio via resource diversification.	Employing both conventional and unconventional methods of production technologies, and international partnerships. Synergy created by Çalık Enerji's vast experience in all other sub-sectors of the energy industry.
OPERATING REGIONS	Turkey, Turkmenistan, Uzbekistan, Iraq, Georgia, Libya, Kosovo	Adacami/Rize, Adana, Orta/Çankırı, Kızkayası/Bursa, Demircili, Sarpıncık/Izmir (Turkey)	Turkey, and emerging markets overseas

ENERGY SECTOR

YEDAŞ is the only electricity distribution company in Turkey to make comprehensive use of the international software and application system SAP in the country.

YEŞİLIRMAK ELEKTRİK DAĞITIM A.Ş. (YEDAŞ)

www.yesilirmakedas.com

DATE OF ESTABLISHMENT: 2005

DATE OF PRIVATIZATION: 2010

SHAREHOLDING STRUCTURE: Çalık Elektrik Dağıtım 100%

BUSINESS AREAS: Electricity Distribution

STRATEGY:

- YEDAŞ has adopted the vision of becoming one of Europe's top 10 companies in terms of corporate and operational excellence by 2019.
- With 1.8 million subscribers in its region of responsibility, YEDAŞ aims to provide high quality, uninterrupted electricity distribution services at European standards.

NUMBER OF EMPLOYEES: The company employs 962 personnel and has 1,296 solution partners, with a total 2,258 persons.

OPERATING REGIONS: Sinop, Samsun, Çorum, Amasya, Ordu

STRENGTHS

- YEDAŞ operates in a region with cities of high growth potential.
- Following its privatization in 2010, YEDAŞ quadrupled its



capital investment budget compared to the period of public management. YEDAŞ invested some TL 400 million from 2011 to 2014, and strengthened its distribution network and technological systems infrastructure.

- Since early 2013, the company is the first in Turkey to employ the SAP IS-U system, which operates in integration with GIS and AMR throughout its live system.
- YEDAŞ is among a handful of electricity distribution companies that has its own in-house software team.
- The company has a successful demand estimation process management.

MARKET SHARE AND POSITION:

- YEDAŞ is the only electricity distribution company in Turkey to employ a comprehensive and effective SAP system at international standards.
- YEDAŞ is the first Turkish electricity distribution company to implement in a comprehensive and swift manner the "Digital Network Model Sustainable Investment Period" project by completing in 17 months the Network Master Plan initiated in 2011.
- An advanced SmartGrid user, YEDAŞ has completed the second phase of the SmartGrid systems infrastructure, the SmartGrid Application and Network Integration Project and received USD 555,000 by the USTDA.

FINANCIAL SUMMARY

(TOTAL VALUE OF YEDAŞ AND YEPAS)

TL MILLION	2012	2013	2014
TOTAL ASSETS	808	711	906
NET SALES	1,169	1,204	1,304
TOTAL EQUITIES	350	276	394
EBITDA	142	122	176
EBITDA MARGIN (%)	12.19	10.17	13.54

Aiming to deliver uninterrupted and high quality service to users in the electricity distribution sector, YEDAŞ expanded its subscriber base by 3.8% in 2014 to about 1.8 million.

NURETTİN TÜRKOĞLU

YEDAŞ CEO

YEDAŞ

Yeşilirmak Elektrik Dağıtım Anonim Şirketi, which was acquired by Çalık Elektrik Dağıtım A.Ş. on year-end 2010 within the scope of the privatization efforts in Turkey, joined the Holding with the name of Çalık YEDAŞ. The Company, which provides electricity distribution and retail sales services to almost 1.8 million customers in Anatolian cities of Samsun, Ordu, Çorum, Amasya and Sinop as well as their districts, had been transformed into two separate companies as Yeşilirmak Elektrik Dağıtım A.Ş. (YEDAŞ) and Yeşilirmak Elektrik Perakende Satış A.Ş. (YEPAS) as of 2013 based on 'Procedures and Principles Regarding the Legal Separation of Distribution and Retail Sales Operations' by obtaining Retail Sales license with the decision of Energy Market Regulatory Board on year-end 2012.

Aiming to deliver uninterrupted and high quality service to users in the electricity distribution sector, the company conducts operations with an innovative and international corporate structure centered on customer satisfaction.

Investments for high quality services continue

YEDAŞ continued efforts in 2014 to become a global brand following its privatization. Placing great emphasis on customer satisfaction and prioritizing quality and uninterrupted electricity distribution services, YEDAŞ increased its subscriber base by 3.8% in 2014, to about 1.8 million. YEDAŞ's operating region includes cities with high growth potential. In 2014, the company generated 5,434,629,041 kWh of electricity.

Closely monitoring technological advances in Europe and around the world, YEDAŞ has stepped up its investment program to bring the company's services to a larger customer base. In 2014, YEDAŞ undertook TL 120 million in capital investments.



UNDP award goes to YEDAŞ

YEDAŞ makes a point of implementing social responsibility activities designed to increase the well-being of its surrounding communities. To date, YEDAŞ has carried out 14 projects that touch upon people's lives in its operating regions. In 2014, the company received the United Nations Development Programme Special Award, viewed as the "Oscars of Communications" in Europe. In a competition held by the Turkish Public Relations Association (TÜHİD) with 113 project entries, all designed by leading Turkish companies in 23 categories, YEDAŞ was presented with the First Prize in the Corporate Social Environment category with its project "Save the White-headed Duck."

YEDAŞ reaches the summit of quality

YEDAŞ launched an "Excellence" initiative with the target of becoming one of Europe's top 10 companies in terms of operational excellence. For this effort, YEDAŞ received the "Quality Platinum Crown" at the annual International Quality Awards held by Business Initiative Directions (BİD), becoming "Europe's Best Company" in this area. Managed according to the Total Quality Management System model (EFQM, Balance Score Card), YEDAŞ holds the ISO 9001 Quality Management System, ISO 27001 IT Security Management System, ISO 10002 International Customer Satisfaction Standard, ISO 14001 Environmental Management System and OHSAS 18001 Occupational Health and Safety Management System certifications. Drawing attention from across the world and viewed as a role model, YEDAŞ was also granted designations such as "Most Qualified Leadership Award," "Local Services Award," among others.

ENERGY SECTOR

Kosovo Calik Limak Energy Sh.A. owns KEDS, the only electricity distributor in Kosovo, and KESCo, the only energy supplier to the public sector.

KOSOVO CALIK LIMAK ENERGY SH.A.

www.keds-energy.com
www.kesco-energy.com

DATE OF ESTABLISHMENT: 2012

SHAREHOLDING STRUCTURE: Kosovo Calik Limak Energy Sh.A. 100%, (Çalik Enerji A.Ş. 25% - Çalik Elektrik Dağıtım A.Ş. 25% - Limak Yatırım Enerji Ür. İşl. Hiz. ve İnş. A.Ş. 50%)

BUSINESS AREAS: Electricity Distribution and Retail

STRATEGY:

- To provide satisfactory services to its users with low costs building on the experience gained by Çalik and Limak Groups in the power industry
- To continue to execute planned maintenance and network renewal investments in order to meet the international standards in System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI) values with the purpose of improving supply safety.

NUMBER OF EMPLOYEES: 2,556 persons

OPERATING REGIONS: Kosovo



STRENGTHS:

- The Company completed preliminary work for the "10-Year Distribution System Operator Network Development Plan" (2014-2023) designed to provide reliable electricity supply with low prices.
- The Company has made significant headway on its reliable working systems and coordinated customer tracking.

MARKET SHARE AND POSITION:

- In Europe's youngest country, Kosovo, Kosovo Calik Limak Energy Sh.A. owns Kosovo Electricity Distribution Company J.s.c. (KEDS), the only authorized electricity distributor in Kosovo, and Kosovo Electricity Supply Company J.s.c. (KESCo), the only authorized energy supplier to the public sector.

FINANCIAL SUMMARY

TL MILLION	2013	2014
TOTAL ASSETS	324	368
NET SALES	402	711
TOTAL EQUITIES	108	183
EBITDA	64	42
EBITDA MARGIN (%)	16	6

Having made capital investments totaling EUR 18 million in 2014, the company strives to eliminate distribution losses and electricity theft, and radically reduce Kosovo's technical loss rate, which nears 18%.

GEORGE KARAGUTOFF

KEDS CFO

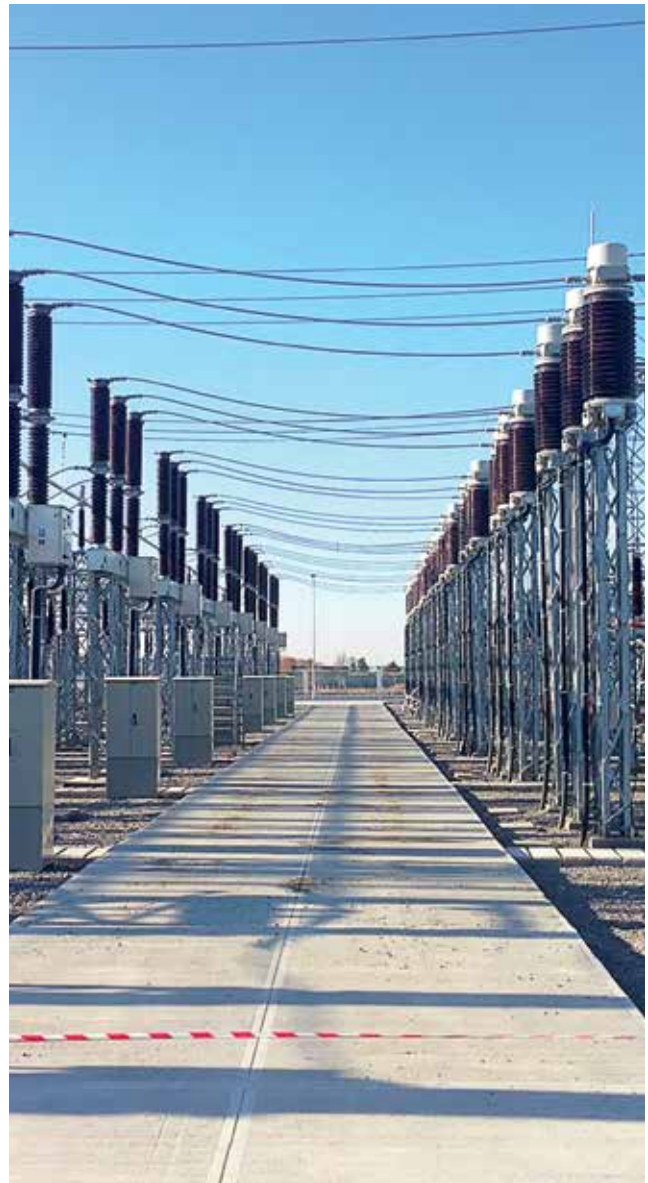
KOSOVO CALIK LIMAK ENERGY SH.A.

Acquired by Çalik Holding and Limak Holding through a tender in 2012, Kosovo Calik Limak Energy Sh.A. owns Kosovo Electricity Distribution Company J.s.c. (KEDS), the only authorized electricity distributor in Kosovo, and Kosovo Electricity Supply Company J.s.c. (KESCO), the only authorized energy supplier to the public sector. The company meets 100% of Kosovo's net demand for electricity, and continuously increases its subscriber base in this rapidly developing market by capitalizing on the energy sector know-how of Çalik Group and Limak Group.

KEDS continued to invest in 2014

KEDS expanded its subscriber base from 470,000 in 2013 to 500,000 as of end-2014, thanks to the fact that Kosovo has a young population and that the company has undertaken an ambitious investment drive since privatization. In 2014, Kosovo consumed 4,554,790 GWh of electricity.

Focusing on innovation and capacity increase related initiatives, KEDS has started to upgrade all its infrastructure and measurement capacities while stepping up modernization efforts. The company's priority is to eliminate distribution losses and electricity theft. KEDS aims to radically reduce Kosovo's technical loss rate, which nears 18%. To this end, KEDS made capital investments totaling EUR 18 million in 2014.



ENERGY SECTOR

In 2014, ARAS EDAŞ continued to increase its subscriber numbers, which climbed to 880,303 by year's end.

ARAS ELEKTRİK DAĞITIM A.Ş. (ARAS EDAŞ)

www.arasedas.com.tr

DATE OF ESTABLISHMENT: 2005

DATE OF PRIVATIZATION: 2013

SHAREHOLDING STRUCTURE: Doğu Aras Elektrik Dağıtımları A.Ş. 100% (ÇEDAŞ Elektrik Dağıtımları A.Ş. 49% – Kiler Holding A.Ş. 51%)

BUSINESS AREAS: Electricity Distribution

STRATEGY:

- To monitor technological advances in order to deliver uninterrupted, high quality and reliable power
- To become a universal brand in distribution services
- To become an exemplary electricity distribution company in its current business areas
- To establish efficient channels of communication with customers in order to provide a level of service that meets, and even exceeds, their expectations
- To ensure the happiness and loyalty of employees

NUMBER OF EMPLOYEES: Total 2,322 persons which contain 817 persons in company structure and 1,605 persons as business partner



OPERATING REGIONS: Ağrı, Ardahan, Bayburt, Erzincan, Iğdır, Kars, Erzurum (71,003 km²)

STRENGTHS

- ARAS EDAŞ has a young workforce, whose age average is under 35.
- The company is highly adapted to the regions it operates in.

MARKET SHARE AND POSITION:

- The company operates in seven provinces, which account for 9.1% of Turkey's total surface area.

FINANCIAL SUMMARY

TL MILLION	2012	2013	2014		
	Distribution	Distribution	Retail	Distribution	Retail
TOTAL ASSETS	1,176	497	454	648	347
NET SALES	656	242	312	249	368
TOTAL EQUITIES	488	291	338	233	339
EBITDA	58	67	88	24	5
EBITDA MARGIN (%)	9	28	28	10	1

ARAS EDAŞ aims to become a firm operating at European standards by completing its transformation towards a state-of-the-art technological systems infrastructure, and most importantly, to exceed customers' expectations by identifying their current and future needs.

FİKRET AKBAŞ
ARAS EDAŞ CEO

ARAS EDAŞ

Çalık Group and Kiler Group took over the management of ARAS EDAŞ and ARAS EPAŞ, following the privatization in 2013. ARAS EDAŞ distributes electricity to Ağrı, Ardahan, Bayburt, Erzincan, Iğdır, Kars and Erzurum in Eastern Anatolia, which account for 9.1% of Turkey's total surface area. The company serves 880,303 customers in this region, carrying out electricity distribution and retail sales operations. As a result of its capital investments, ARAS EDAŞ has an installed capacity of 1,524.1 MVA in terms of the company alone, and an installed capacity of 1,054.2 MVA in terms of third parties, which totals 2,578.3 MVA. Having added highly specialized experts to its staff while radically upgrading the operating system, the company has become an electricity distribution provider that delivers subscribers uninterrupted services. In addition to acquiring a world-class technological systems infrastructure, ARAS EDAŞ also carries out social responsibility initiatives. The company strives to become a customer satisfaction-oriented enterprise at European standards in order to transform the region's residential customer model to an active consumer model conducive to development.

ARAS EDAŞ continued to grow its subscriber base in 2014, up to 880,303 subscribers at year's end. Some 85% of ARAS EDAŞ subscribers are in the residential category. In 2014, 2,181,735,623 kWh of electricity was consumed in the seven provinces where the company operates. The distribution loss ratio was 26.21% during the year.

In order to deliver high quality and uninterrupted services to the customers in its operating region, ARAS EDAŞ's investment program prioritizes network improvement, technological systems infrastructure and customer satisfaction. In 2014, the company focused on capital investments to ensure supply continuity and maximize technical quality. To this end, ARAS EDAŞ invested TL 125,228,335.57 in 2014.



Adapting to challenging conditions

Electricity distribution lines were adversely affected by storms and heavy snowfall in Eastern Anatolia in winter 2014, and a number of villages experienced blackouts. In order to resolve these breakdowns in the electricity grid, all ARAS EDAŞ teams were mobilized. In order to adapt to these challenging conditions and deliver uninterrupted services to subscribers, the company used snow bikes, snowmobiles and snow trucks to reach remote areas inaccessible by car and provide its services.

CONSTRUCTION SECTOR

Çap İnşaat provides land development and EPC services, and carries out superstructure, infrastructure and industrial facilities projects in both Turkey and abroad.





A Çalık Group company in operation since 1996, Çap İnşaat has undertaken over 100 major projects in eight countries the Company has regularly appeared on Engineering News Record's "Top 250 International Contractors" list since 2006.

Global economic growth remained sluggish in 2014, and unemployment is still a significant problem across the world. In addition, the Russian crisis, Federal Reserve policies, the sharp drop in oil prices, and the ongoing recession in Europe have all had a highly adverse impact on the construction industry. The uncertainties facing the sector had a negative effect on overseas contracting services in particular.

Data from the first three quarters of 2014 pointed to a slowdown in construction. Growth fell from 5.1% in the first quarter to 2.8% in the second and to 1.0% in the third, averaging 2.2% in the first nine months of the year. Given that growth was 7% in the construction industry, the loss of momentum in 2014 is significant. The underlying factors are thought to be the drop in public investment and the stagnation of private sector investment.

The markets had a tough year in 2014; however, foreign investors continued to show interest in the Turkish real estate market. Changing demographics, rising disposable income, increasing funding opportunities, a rising need to replace risky buildings, and increasing demand for urban transformation projects indicate that this interest in the Turkish real estate will continue for the next three years to come.

For the overseas contracting sector, which constitutes the most competitive segment of Turkey's service exports, and which is a driving engine of sustainable economic growth in Turkey, 2014 was one of the toughest periods in the last 42 years. The most important reason for this is the fact over 90% of Turkish contracting operations are concentrated in North Africa-Middle East and Eurasia, regions adversely affected by the political turmoil in Libya-Syria-Iraq. In addition, the economic and political crisis in Russia, home to about 19% of Turkish contracting business, has further worsened the prospects of the business.

In 2014, despite political instability in these regions, 255 new projects worth USD 22.5 billion were assumed by the sector as a whole. This figure corresponds to a 30% drop (of around USD 10 billion) in comparison with last year's actuals. As of end-of-year 2014, Turkish contractors operated in 104 countries and ran some 7,684 overseas projects worth USD 300.3 billion in total. During the year, the top five destinations for Turkey's contractors were Turkmenistan, Russia, Algeria, Qatar, and Kazakhstan.

As for the breakdown by project type assumed in 2014, the top three consist of road, bridge and tunnel projects (26.4%), railroads (12.7%) and business centers (12.3%). The average project value went up from around USD 20 million at the beginning of the 2000s to USD 80.1 million in 2013 and to USD 88.4 million in 2014. This rise in average project value is due to the fact that Turkish contractors increasingly opt for large-scale projects such as airports, metro systems, industrial facilities, natural gas and oil refineries, highways, and power plants.

**Data on the Turkish construction sector is from the January 2015 bulletin of the Association of Turkish Contractors.*



CONSTRUCTION SECTOR

Gap İnşaat powers ahead towards its target of becoming one of the world's top firms in the construction sector.

GAP İNŞAAT

www.gapinsaatt.com

DATE OF ESTABLISHMENT: 1996

SHAREHOLDING STRUCTURE: Çalık Holding A.Ş. 99.29%, Ahmet Çalık 0.6833%, Other 0.0268%

BUSINESS AREAS: Contracting in superstructure, infrastructure, residential housing, industrial facility, energy, oil and natural gas facility projects

STRATEGY:

- To focus on international operations such as infrastructure and industrial facilities in target countries that include Turkey, Turkmenistan, Kazakhstan, Iraq, Saudi Arabia and Qatar
- To closely monitor the regions of Russia, Oman and Africa
- To carefully assess investment opportunities in these regions and develop attractive projects

NUMBER OF EMPLOYEES: 4,507 persons

OPERATING REGIONS: Turkey, Turkmenistan, Kazakhstan, Iraq, Saudi Arabia, Qatar

STRENGTHS:

- Gap İnşaat has established itself as a regional player involved in large-scale projects.
- Gap İnşaat pursues an organic growth model and has a proactive business development approach that focuses on new projects together with new partners in regions where it has extensive experience.



MARKET SHARE AND POSITION:

- In 2014, the company ranked 235th on Engineering News Record's "Top 250 International Contractors" list.
- To date, the company has completed over 100 EPC projects worth USD 3.2 billion in total and is Turkey's 38th largest EPC contractor in terms of completed contracts.

FINANCIAL SUMMARY

TL MILLION	2012	2013	2014
TOTAL ASSETS	1,764	2,023	2,144
NET SALES	147	312	713
TOTAL EQUITIES	511	444	410
EBITDA	-30	-101	-19
EBITDA MARGIN (%)	-20	-32	-3

GAP İNŞAAT

Incorporated in the 90s to facilitate the establishment of textile factories both in domestic and international markets for Çalık Holding, Gap İnşaat started its operations in the construction industry after reorganization in 1996. Listed as one of the "World's Top 250 Largest International Contractors", the Company has delivered to date more than 100 significant projects as part of its operations across eight countries. Gap İnşaat entered into a restructuring process in 2013 and continues its operations to achieve its target of being one of the best companies in its sector on a global basis. Gap İnşaat focuses its international and domestic operations on infrastructure and industrial projects in countries including Turkmenistan, Kazakhstan, Iraq, Saudi Arabia and Qatar, while keeping a close eye on geographies such as Russia, Oman, and Africa.

In 2014, Gap İnşaat broke ground on the USD 1.3 billion Garabogaz Fertilizer Factory, which it will construct in a consortium with Japan's Mitsubishi Corporation.

KORHAN ÖZBAYSAL

Gap İnşaat CEO

The Company plays a key role in the contracting sector with its strong financial stand and provides construction services for large projects in Turkey. Placing great importance on quality and occupational safety, Gap İnşaat holds ISO 9001 Quality Management System Standard, ISO 14001 Environmental Management System Standard and OHSAS 18001 Occupational Health and Safety System Standard certifications. The company closed 2014 with successful results, recording only one accident in 6.5 million man/hours of work. The company has a headquarters in Istanbul as well as offices in Ashgabat, Dubai, Baghdad, Astana and Tripoli.

Gap İnşaat builds Turkmenistan's largest fertilizer factory

In 2014, Gap İnşaat broke ground on the USD 1.3 billion Garabogaz Fertilizer Factory, which it will construct in a consortium with Japan's Mitsubishi Corporation.

Having completed over 100 construction projects in Turkmenistan to date, including infrastructure, superstructure and industrial facilities, Gap İnşaat is now building the country's largest capacity fertilizer manufacturing facility. Under the agreement signed among the MC-GAP consortium members – established between Gap İnşaat and Japan's Mitsubishi Corporation (MC), and Turkmenhimiya, on behalf of Turkmenistan – a fertilizer factory will be built in the country's Garabogaz region by the Caspian Sea. The facility will boast a daily production capacity of 3,500 tons of urea and 2,000 tons of ammonia. The project also includes the construction of infrastructure and facilities for the logistics transport of the factory's end-products. In this major project, Mitsubishi Heavy Industries Ltd. (MHI) has assumed the role of engineering and process equipment supply subcontractor for Mitsubishi Corporation. The project will be financed by the Turkmenistan state (15%) and JBIC (85%). Upon completion, the Garabogaz Fertilizer Factory will employ over 700 personnel and make significant contributions to the regional and national economy.



Gap İnşaat to build Turkmenbashi International Seaport

In 2014, Gap İnşaat commenced construction on the Turkmenbashi International Seaport, which it acquired via tender. The port facility, one of the most important logistics hubs between Europe and Asia, is expected to handle the entire maritime export and import operations of Turkmenistan. Under the Turkmenbashi International Seaport Project, situated on the historic Silk Road and by the Caspian Sea, Gap İnşaat will construct a turn-key port complex including a ferry, ro-ro and passenger terminal; container terminal; general cargo terminal, dry cargo terminal; polypropylene loading terminal; and a turn-key shipyard for ship building and repairs. Expected to cost USD 1.5 billion and offer 4,000 jobs, the port project is scheduled for completion within four years.

Gap İnşaat also continues with the construction of the Education and Research Hospital and Cardiology Hospital, which was started during the year in order to expand the company's EPC contracting service volume. The company also began project work for four other hospitals – Center for Dangerous Infections, Hospital for Epidemiology, Hospital for Neurology, and Morphology Center Hospital – the contracts for which were signed in 2014.

CONSTRUCTION SECTOR

As an investment and marketing company Çalık Gayrimenkul develops projects for urban renewal, office, residential and housing markets.

ÇALIK GAYRİMENKUL TİCARET A.Ş.

www.calik.com

DATE OF ESTABLISHMENT: 2007

SHAREHOLDING STRUCTURE: Gap İnşaat Yatırım ve Dış Tic. A.Ş. 94%, Çalık Holding A.Ş. 5%, Ahmet Çalık: 1%

BUSINESS AREAS: Real estate investment and development

STRATEGY:

- To expand the company's portfolio in the sector by leveraging its experience in urban renewal projects.
- To diversify the company's portfolio and cash flow using an innovative approach, in response to new market developments.

NUMBER OF EMPLOYEES: 39 persons

OPERATING REGIONS: Istanbul

STRENGTHS:

- Gap İnşaat specializes in real estate construction, development and marketing.
- The projects in the company's portfolio are located in the most valuable locations of Istanbul.



MARKET SHARE AND POSITION:

- Gap İnşaat ranks among Turkey's top real estate companies with net assets totaling USD 800 million and an investment portfolio of USD 1.5 billion.

FINANCIAL SUMMARY

TL MILLION	2012	2013	2014
TOTAL ASSETS	82	296	328
NET SALES	4	4	3
TOTAL EQUITIES	49	155	171
EBITDA	-4	-6	-9
EBITDA MARGIN (%)	-95	-166	-355

ÇALIK GAYRİMENKUL

As a result of Çalık Holding's expanding real estate portfolio and ever rising number of construction projects, Çalık Gayrimenkul ve Tic. A.Ş. was established in 2007 to become a real estate investment trust, and commenced operations as a REIT in 2010. As a land development, investment and marketing company, Çalık Gayrimenkul develops projects in the areas of urban renewal, offices, residences, and commercial space. While managing the development, investment, and marketing processes of its domestic real estate operations, the company ensures that these projects are eco-friendly, in sync with the surrounding urban texture, and sustainable.

Çalık Gayrimenkul conducts its operations by developing reliable and innovative real estate projects, which capitalize on Gap İnşaat's vast experience in contracting.

Our priority is developing sustainable, eco-friendly projects in harmony with the existing urban texture, which add value to their surrounding area.

ABİŞ HOPIKOĞLU

Çalık Gayrimenkul CEO

Projects completed or ongoing in 2014

ŞEHRİZAR MANSIONS	METROPOL ISTANBUL	TARLABAŞI 360 PROJECT	FENER-BALAT-AYVANSARAY RENEWAL PROJECT
Developed jointly by Çalık Gayrimenkul and TOKİ subsidiary Emlak Konut REIT via a revenue sharing model, the Şehrizar Mansions project was completed in third quarter 2014 and residential units were delivered to their owners. The Şehrizar Mansions development consists of 38 blocks and 209 luxurious apartment units. Built on a parcel of 49 thousand 500 m² and with a total construction area of 108 thousand m², Şehrizar Mansions includes apartments varying between 180-626 m². Şehrizar Mansions provides a peaceful and pleasant space for large families with natural landscaping featuring flora specific to the Istanbul and a cozy neighborhood environment.	Situated within the Istanbul International Finance Center, Metropol Istanbul is a world class development with a unique and ambitious urban design, architectural style and technical features and with a prime location. One of the largest mixed use developments in the world, the project features residence towers, shopping centers and recreational space. Rising over a single construction area of 750 thousand m², Metropol Istanbul includes three high-rise buildings and some 1,500 independent areas and commercial units. Metropol Istanbul attracts for the attention of investors with its excellent location within the city's burgeoning financial center, and the development's many attractive feature and unique qualities.	Tarlabaşı 360 Project is the very first urban renewal project built by a public private partnership (PPP) in Turkey. Gap İnşaat's subsidiary Çalık Gayrimenkul is in charge of the development of the project, created under the leadership of Beyoğlu Municipality in order to establish a safe and modern residential area worthy of Istanbul in the city's Tarlabaşı district. Named Europe's best "Urban Renewal" project at the European Property Awards, Tarlabaşı 360 is a development designed to protect the area's historic urban texture while meeting current day needs and standards. Tarlabaşı 360 Urban Renewal Project is set to transform the area into the prestigious district it was in the 19th century, in terms of history, architecture, sociology, economic dynamism and tourism.	The second urban renewal project built through the public private partnership model in Turkey, the Fener-Balat-Ayvansaray Renewal Project covers the district between Fener, Ayvansaray and the Golden Horn and behind the city walls on Istanbul's historical peninsula. Located along the city's beloved Golden Horn, the project will renovate buildings in the area, improve the landscape, and preserve the cultural and historical heritage of this ancient district. This urban renewal project will renovate for future generations the original structures that have survived to date and that define the city's famed silhouette.

TEXTILE SECTOR

Turning their attention to new markets, Turkish textile exporters have significantly increased exports to the Middle East, Eastern Europe, and Africa.





In 2014, Turkey exported ready-to-wear and apparel valued at USD 18.7 billion. The textile industry's exports stood at 8% more than a year earlier, making the sector the country's second largest exporter after automotives.



During the year, the world economy was primarily affected by the Fed's decision to end its quantitative easing program; the Ukraine crisis and ensuing American and European sanctions on Russia; a deflationary environment in Japan; the slowdown in the Chinese economy; and the dollar's appreciation against the euro due to developments in the Euro zone.

Having expanded by 3.3% in 2014, the global economy is expected to gain momentum and post a growth rate of 3.5% in 2015 and 3.7% in 2016. Despite these positive expectations, the world economy grew slower than was expected in the first quarter of 2015. Although plunging oil prices had a generally favorable impact on the global economic environment and the positive performance of the USA as opposed to other advanced economies, the weak showings from Russia, China, the Euro zone and Japan, as well as the deteriorating economic outlook in petroleum exporting countries, have urged economists to temper their growth forecasts.

According to Turkish Exporters' Assembly (TİM) data, Turkey exported ready-to-wear and apparel valued at USD 18.7 billion in 2014. The textile industry exported 8% more than a year earlier, making it the country's second largest exporter after the automotive sector.

The countries with the largest share of ready-to-wear and apparel imports from Turkey include Germany, the UK, Spain, Netherlands, Italy and other EU markets. European Union countries receive 75% of Turkey's total exports in this segment. The breakdown by product group revealed that knitwear accounted for 54%, woven products for 34%, and ready-to-wear for 12% of the country's apparel exports.



Turkey is a world leader in the denim and garment trade, in terms of design, branding, as well as marketing. At the beginning of the 2000s, denim wear exports climbed to USD 1 billion, surpassed USD 2 billion in 2007 and fell back to USD 1.7 billion in 2014, making up about 10% of ready-to-wear exports.

The share of denim wear exports in Turkey's woven apparel exports went up from 16% in the early 2000s to 27% in 2014, rising to USD 1.7 billion. A breakdown by product type showed that exports of women's jeans exceeded 50% with men's jeans hovering around 45%. The remaining 5% consists mainly of denim shorts and skirts for women. The largest markets for Turkish denim wear exports are Germany, the UK, Spain, Netherlands, Denmark, and Italy.

In 2013, Germany imported USD 275 million of denim wear from Turkey, ranking first and accounting for 17% of the country's total exports in this segment. The share of the top six countries in Turkey's denim wear exports is about 70%.

The high quality fabrics manufactured in Turkey for denim wear production are also exported directly, without being turned into end-products. Denim fabric exports shot up from USD 100 million in the early 2000s to USD 450 million in 2013, and going to nearly 80 different countries. The share of denim fabric exports in total textile exports stood at 5.2% according to 2013 data.

Data from 2013 also showed that the following markets imported the largest volume of denim fabric from Turkey: Italy, Tunisia, Egypt, Morocco and Hong Kong. Of USD 450 million in total denim fabric exports, 18.4% went to Italy, with 16% going to Tunisia, 11.6% to Egypt, 7.4% to Morocco and 5% to Hong Kong.

Since denim wear and fabric exports are mainly directed to the EU region, the depreciation of the euro against the dollar had a negative impact on exports and led to worries among manufacturers.

While exporting some 100 million meters of denim fabric worth USD 450 million, Turkey imports almost the exact amount of denim fabric, valued at USD 300 million. A comparison of the two figures reveals that the fabric manufactured in Turkey is turned into innovative products with higher added value.

An analysis of the breakdown of imported fabrics by origin shows that Pakistan accounted for 28% with USD 84 million, with Egypt accounting for 16%, Italy for 13%, Bahrain for 9% and Turkmenistan for 6%.

The capacity utilization rate in the textile industry dipped from 79.8% in 2013 to 79.3% in 2014.

TEXTILE SECTOR

Çalık Denim is among the top 10 premium denim producers in the world as of year-end 2014.

GAP GÜNEYDOĞU TEKSTİL

www.calikdenim.com

DATE OF ESTABLISHMENT: 1987

SHAREHOLDING STRUCTURE: Çalık Holding A.Ş. 99.18%, Ahmet Çalık: 0.82%

BUSINESS AREAS: Denim production in Turkey

STRATEGY:

- To stand out among the competition with innovative products and increased productivity
- To lead the way in the production of innovative denim fabric with high added value
- To raise annual production capacity up to 60 million meters by 2017
- To enter new export markets and increase market share in current markets

NUMBER OF EMPLOYEES: 1,507 persons

OPERATING REGIONS: The Company is active in 38 countries. Primary countries are Turkey, Italy, Portuguese, Tunisia, Netherland, Germany, US, France and The Far East Countries.

STRENGTHS:

- Established 25 years ago, Gap Güneydoğu Tekstil's brand image is equated with reliability.
- The company's approach is solutions- and customer-centered.
- The company's core values include high product quality and reliability.
- Gap Güneydoğu Tekstil is committed to continuous innovation.
- The company embraces sustainability.



MARKET SHARE AND POSITION:

- The company ranks 188th on the list of Turkey's top 1,000 exporters.
- In 2014, Gap Güneydoğu Tekstil accounted for 15% of Turkey's total denim fabric exports, and for 10% of total Turkish denim fabric production.

FINANCIAL SUMMARY

TL MILLION	2012	2013	2014
TOTAL ASSETS	477	529	683
NET SALES	349	384	506
TOTAL EQUITIES	184	152	190
EBITDA	36	42	47
EBITDAR MARGIN (%)	10	11	9



As of year-end 2014, we export our products to 38 countries, with 60% of our total production going to Italy, Portugal, Germany, Tunisia and the USA. In the coming period, we plan to increase the volume of our exports to North America and the Far East.

HAMİT YENİCİ

Çalık Denim CEO

GAP GÜNEYDOĞU TEKSTİL

Gap Güneydoğu Tekstil (Çalık Denim) was established in Malatya as an integrated yarn and weaving factory in 1987. With an annual fabric production capacity of 40 million meters, Çalık Denim is one of Turkey's foremost denim companies. With a fully integrated production facility and R&D Center in Malatya, Sales and Marketing Center in Istanbul, and agencies and offices across the world, Çalık Denim is a strong, dynamic, and reliable supplier to global brands. Leading the sector with unmatched collections that include both commercial and innovative fabrics, Çalık Denim adds significant value to the country's economy while also working to protect the environment with sustainable and organic fabrics that are an integral part of its vast denim and gabardine product range. The company's many certifications – including OCS, OEKO-TEX STANDART 100, ISO 9001, ISO 14001, OHSAS 18001, BCI, GOTS, GRS, OE100 and OE Blended – testify to this quality- focused approach. The company provides employment to more than 1,500 individuals and operates 360 weaving looms across a covered area of some 158,710 m² (total: 375,774 m²).

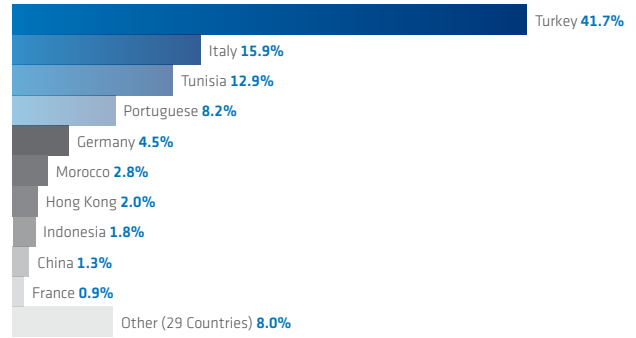
A leader in denim exports

Çalık Denim maintained its top 10 position among the world's leading premium denim exporters in 2014 and remained one of the leaders of denim exports in Turkey.

Thanks to capital investments, Çalık Denim's annual production capacity rose to 40 million meters as of year-end 2014. The company operates 360 looms at its extensive state-of-the-art production facilities, which includes 158,710 m² in covered area. Çalık Denim's capacity utilization rate was 74% in 2014.

At year's end 2014, Çalık Denim's exports went to 38 countries and accounted for 15% of total Turkish denim exports. The company exported 60% of its production to Italy, Portugal, Germany, Tunisia and the USA. In the period ahead, Çalık Denim plans to increase exports to North America and the Far East.

REGIONAL BREAKDOWN OF SALES REVENUE (2014)



Çalık Denim invests not only in its production capacity and technologies, but also in its product portfolio. The company has differentiated itself in the world of denim with eco-friendly and innovative products designed at the Çalık Denim R&D Center, the seventh R&D center in the Turkish textile sector. Collaborating with prominent Turkish universities, the Center has completed 96 projects and has 32 others underway as of end-of-year 2014.

Çalık Denim receives "Export Stars Platinum Award" from İTKİB

In 2014, Çalık Denim added to its long list of awards at the "Stars of Exports" event of Istanbul Textile and Apparel Exporters Associations (İTKİB). The General Secretariat of İTKİB assessed the 2013 export performance of the ready-to-wear, textile, leather and rug manufacturer associations among its members and presented Çalık Denim with the "Export Platinum Award."

As one of the world's top 10 premium denim exporters, with exports going to 38 countries, Çalık Denim won the "Export Bronze Achievement Award" from the Uludağ Textile Exporters Association. According to the Board of Directors of this major association, "Çalık Denim closed the year 2013 with a successful performance despite the challenging competitive conditions."

TEXTILE SECTOR

Gap Pazarlama is ready to undertake even more successful initiatives in the coming period thanks to its high quality products, rich collections and robust partnerships.

GAP PAZARLAMA

www.gappazarlama.com

DATE OF ESTABLISHMENT: 1994

SHAREHOLDING STRUCTURE: Çalık Holding A.Ş. 95%, Ahmet Çalık 4.97%, Other 0.03%

BUSINESS AREAS: To produce and sell yarn, fabric, ready-to-wear, and home textiles at its Turkmenbashi Textile Complex, Turkmenbashi Jeans Complex, Ruhabat Textile Complex, Balkan Weaving and Serdar Cotton Yarn factories in Turkmenistan.

STRATEGY:

- To become a leading international textile company.
- To stand out among the competition with its innovative approach.

NUMBER OF EMPLOYEES: 72 persons

OPERATING REGIONS: Turkmenistan, Turkey, US, Dubai

STRENGTHS:

- Gap Pazarlama always prioritizes product quality and reliability.
- The company owns and operates integrated production facilities.
- Gap Pazarlama has a vast customer portfolio of internationally known brands.
- The company has received ISO 9001, ISO 14001, ISO 18001, WRAP, Sedex, BSCI, OEKOTEX certifications and has adopted the Six Sigma system.
- Customer satisfaction is always a top priority.



MARKET SHARE AND POSITION:

- Gap Pazarlama is Turkmenistan's leading textile manufacturer.
- The company is the largest supplier of textiles in Turkmenistan.
- In 2013, Gap Pazarlama was ranked 827th among Turkey's top 1,000 exporters, and 154th among the top textile exporters.
- The Company exports to over 40 countries.

FINANCIAL SUMMARY

TL MILLION	2012	2013	2014
TOTAL ASSETS	331	317	211
NET SALES	247	281	323
TOTAL EQUITIES	22	28	43
EBITDA	-5	28	27
EBITDA MARGIN (%)	-2	10	8

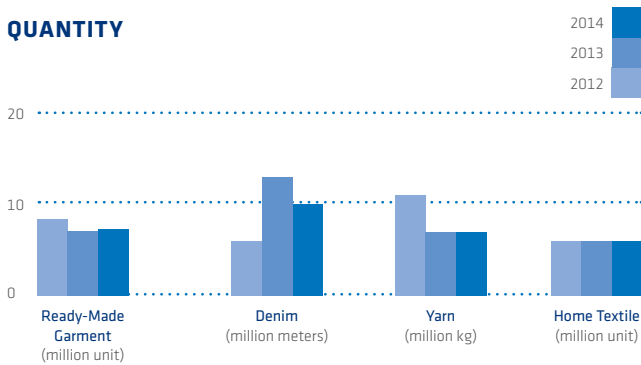


In addition to collaborating with the world's top brands, the company also joins forces with leading retailers thanks to its vast range of high quality products.

İZZET PEKDOĞAN

Gap Pazarlama Board Member

QUANTITY



GAP PAZARLAMA

Founded in 1994 with a vision to become a global textile company, Gap Pazarlama produces and sells yarn, fabric, ready-to-wear, and home textiles at its Turkmenbashi Textile Complex, Turkmenbashi Jeans Complex, Ruhabat Textile Complex, Balkan Weaving and Serdar Cotton Yarn factories in Turkmenistan. In addition to manufacturing home textiles and ready-to-wear products at its Turkmenistan facilities, the company has set up a supply network among its subcontractors in other various countries. As a result, it procures a vast range of products and offers them to customers. Additionally, Gap Pazarlama carries out procurement and logistics operations for the intermediate products demanded by Çalık Group's textile and construction companies.

Collaborations in the international arena

Teaming up with the world's leading companies, Gap Pazarlama boasts many prominent brands in its customer portfolio, including Bershka, Zara, Pull & Bear, Tesco, River Island, La Redoute, Puma, U.S. Polo in ready-to-wear and JC Penney, Costco, BB&B, Sears, Kmart, Bonton in home textiles.

NET SALES (TL MILLION)



As of year's end 2014, Gap Pazarlama has exported goods to over 40 countries. The company is ready to undertake even more successful initiatives in the coming years, thanks to its high quality products, rich collections and robust partnerships.

New Initiative for Sustainable Cotton Production

Gap Pazarlama introduced the "Better Cotton Initiative" at all of its textile production facilities in Turkmenistan. This voluntary program was launched to ensure that millions of farmers across the world are able to cultivate cotton under healthier conditions.

TEXTILE SECTOR

Çalık Cotton has made great strides in a short span of time and now occupies a prominent position in Turkey's cotton trade.

ÇALIK COTTON

www.calikcotton.com

DATE OF ESTABLISHMENT: 2011

SHAREHOLDING STRUCTURE: Gap Güneydoğu Tekstil San. ve Tic. A.Ş. 55%, Mahmut Can Çalık 42%, Ahmet Çalık 3%

BUSINESS AREAS: Raw Cotton Trading

STRATEGY:

- To grow in a rapid and consistent manner in the cotton sector.
- To become the leader of the cotton market with the 360-degree service approach.
- To standardize the quality of local cotton production with globally recognized certification.
- To become Turkey's leading company in the cotton trade.
- To become one of the world's top 10 cotton suppliers within the next 10 years.

NUMBER OF EMPLOYEES: 13 persons

OPERATING REGION: Turkey, Turkmenistan, US, India, Greece, Bangladesh, Egypt and China

STRENGTHS:

- Çalık Cotton has attained a very high quality level in the cotton it procures in Turkey and overseas.
- The company's prices are highly competitive.
- Çalık Cotton has a robust operational systems infrastructure thanks to its use of SAP, an effective logistics network and a skilled workforce.



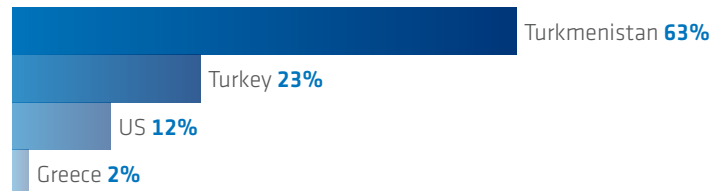
MARKET SHARE AND POSITION:

- Çalık Cotton met 4% of Turkey's total cotton consumption needs in 2014.
- The company imports the largest amount of cotton from Turkmenistan to Turkey.

FINANCIAL SUMMARY

TL MILLION	2012	2013	2014
TOTAL ASSETS	25	73	83
NET SALES	51	102	251
TOTAL EQUITIES	10	12	36
EBITDA	1	2	7
EBITDA MARGIN (%)	3	2	3

COUNTRIES SUPPLYING COTTON



In 2014, Çalık Cotton joined the Better Cotton Initiative (BCI) in order to serve its business partners with a philosophy built around reliability and quality while prioritizing sustainability.

CÜNEYD HARMANŞA

Çalık Cotton CEO

ÇALIK COTTON

Founded in 2011 by capitalizing on Çalık Holding's experience and know-how of long years in the textile sector as well as in the Turkmenistan market, Çalık Cotton has made great strides in a short span of time and now occupies a prominent position in Turkey's cotton trade. The company engages in cotton trade as well as advisory services on everything cotton related. Çalık Cotton's target customer segments include domestic and overseas yarn manufacturers, denim manufacturers, cotton trading companies, and their representatives. Aside from Turkey, the company has operations in Central Asia, USA, India, Greece, Bangladesh, Egypt and China.

New export markets in 2014

In 2013, Çalık Cotton became the first Turkish company to obtain AQSIQ (Quality -Supervision - Quarantine Management) certification, a requirement to export to China. The company started to export its products to China, Bangladesh and Egypt in 2014.

In 2014, Çalık Cotton also joined the Better Cotton Initiative (BCI) in order to serve its business partners with a philosophy built around reliability and quality while prioritizing sustainability.



MINING SECTOR

The Anagold joint venture set up by Lidya Madencilik and Alacer Gold is the first prominent international partnership in the Turkish mining sector.





Even as Turkey's exports grew by 4% over the prior year in 2014, the country's mining exports fell by 7.7%. Nevertheless, Turkey is competing for the top spot in global exports of marble, chromium, feldspar, and boron.

2014 was a challenging year for mining

Globally, the mining industry endured yet another difficult period in 2014. Due to Chinese economic growth slowing to 6% and the appreciation of the dollar against all currencies, commodity prices dropped significantly. The price of gold settled at about USD 1,150-1,200 per ounce while gaining in relative value. Copper, however, could not maintain its strength during the year as demand weakened in China, the world's largest consumer, and as aluminum started to replace it in the area of electricity. Other industrial metals were also adversely affected by the combination of a strong dollar and weak demand. In 2014, the two commodities that showed the sharpest drops were iron (28%) and silver (20%). In the face of sluggish metal prices, companies implemented cost-cutting measures, limited their investment budgets, and slashed exploration costs. As a result, it has become much harder for exploration companies to secure funding. In 2014, mergers and acquisitions gained pace in the mining industry. A number of private investment funds that wanted to seize the market opportunity acquired mines and projects in Africa, South America, and Australia.

Turkey was not able to realize much progress in mining in 2014. Low commodity prices, difficulties in raising funds and regulatory problems prompted some enterprises to lower or suspend their investments, and some exploration firms to quit the country. In 2014, mining's share in total GDP and exports dropped. While the country's exports grew 4% over the prior year, mining exports fell by 7.7%. Nevertheless, Turkey is competing for the top spot in global exports of marble, chromium, feldspar, and boron. In the coming years, the country is also expected to reach significant export volumes in gold, copper, zinc and other metals. In 2014, Turkey produced 31.3 tons of gold, which corresponds to 1% of global production, bringing the country to the 26th spot. However, improvements are needed: scientific methods should be adopted in exploration and mining, more attention must be paid to occupational safety and the environment, public relations concerns and regulations must be taken into account and revised to support exploration. Success in mining will not only alleviate Turkey's current deficit problem, but also contribute to economic and social change in physically and socially challenging regions.





MINING SECTOR

With offices in Istanbul and Ankara, and projects and operations across the country, Lidya ranks among Turkey's top mining firms.

LİDYA MADENCİLİK

www.lidyamadencilik.com

DATE OF ESTABLISHMENT: 2006

SHAREHOLDING STRUCTURE: Çalık Holding A.Ş. 99.28%,
Other 0.72%

BUSINESS AREAS: To play an active role in all mining processes including prospecting and processing for metals such as zinc, silver, but especially copper and gold.

STRATEGY:

- To establish and operate high quality mines with technical, economic, social, environmental and occupational-safety related competitive advantage.
- To create a technically strong, socially aware and dynamic organization open to international partnerships.

NUMBER OF EMPLOYEES: 3 persons

OPERATING REGIONS: Turkey

STRENGTHS:

- Anagold joint venture established by Lidya Madencilik and Alacer Gold is the first prominent international partnership in the Turkish mining sector.
- An approach that combines North American mining standards with the time and cost effective measures found in Turkey.
- A staff highly skilled in geology and mine development.
- Experience and revenue gained from the Çöpler Gold Mine since 2009.
- Synergy created by the Çalık Group brand and subsidiaries.



MARKET SHARE AND POSITIONS:

- Anagold ranks among Turkey's top three gold miners.
- Çöpler Gold Mine is Turkey's second largest gold mine.



We formed a dynamic mine exploration group that continuously raises the bar; our target now is to start production at our first site and discover new mines.

MUSTAFA AKSOY

Lidya Madencilik CEO

LİDYA MADENCİLİK

Founded in 2006, Lidya Madencilik established the first major international partnership in the Turkish mining sector with Alacer Gold in 2009 and commenced operations the same year. Lidya Madencilik owns a 20% stake in Çöpler Gold Mine and 50% of its exploration portfolio. The company has moved from being an investor to an operator by starting to operate the Polimetel Madencilik and Gediktepe Project. Together with Mariana Resources, Lidya Madencilik signed an option agreement for the Hot Maden project in Artvin province and started drilling in late 2014. Lidya is one of the nation's leading mining companies with a strong exploration and development team as well as offices in Istanbul and Ankara, and projects and operations across the country.

International partnerships in mining

Established in 2006, Lidya Madencilik conducts business operations in the area of metallic mining. Currently, the company is engaged not only in as an investor, but also as an operator in the Polimetel Madencilik, Gediktepe and Hot Maden projects.

In 2009, Anagold Madencilik, a joint venture between Lidya Madencilik and Alacer Gold, became the first large-scale international cooperation in the Turkish mining sector. The flagship project of this collaboration is the Çöpler Gold Mine, which has produced nearly 1 million ounces (31.1 tons) of gold in the last four years.

As one of Turkey's top three gold producers, Anagold accounted for 24% of total Turkish gold production in 2014. At the Çöpler Gold Mine, which is Turkey's second largest mine with some 4.3 million ounces (133.7 tons) in gold reserves, Anagold produced 227,927 ounces (7 tons) of gold in 2014. The company targets producing 200,000 ounces (6.2 tons) in 2015.

Together with Mariana Resources, Lidya Madencilik signed an option agreement for the Hot Maden project in Artvin province and commenced drilling in late 2014.

Having posted USD 16.6 million in net profit in 2014, Lidya Madencilik not only plans new mining projects for new exploration sites, but also actively works to raise Turkish mining standards to boost domestic metal production. To this end, the company spent USD 15.4 million for gold and copper exploration in 2014.



MINING SECTOR

Polimetal Madencilik conducts exploration projects for metals, including gold, copper, silver, lead, zinc, and molybdenum.



POLİMETAL MADENCİLİK

DATE OF ESTABLISHMENT: 2011

SHAREHOLDING STRUCTURE: Lidya Madencilik 80%, Alacer Gold 20%

BUSINESS AREAS: Locating and extracting various metals that include gold, copper, silver, lead, zinc, and molybdenum.

STRATEGY:

- To explore the country's underground resources in an efficient, productive, eco-friendly manner and with due respect given to human life and health.
- To yield rapid and accurate results based on scientific methods and systematic work.

NUMBER OF EMPLOYEES: 46 persons

OPERATING REGIONS: Turkey: Ordu, Balıkesir, Gümüşhane, Giresun, Bursa, Artvin and Kayseri

STRENGTHS:

- A strong team that has mastered Turkish geology and embraces high mining standards.
- Turkey's most prospective exploration portfolio.



We aim to explore and develop gold and other mines in the most rapid, cost-effective, and productive manner, and become a key player in the mining industry in the period ahead.

FİRUZ ALİZADE

Polimetal Madencilik CEO

POLİMETAL MADENCİLİK

A Lidya Madencilik subsidiary, Polimetal Madencilik conducts exploration projects in Turkey for metals, including gold, copper, silver, lead, zinc, and molybdenum. Currently, Polimetal Madencilik has 11 exploration projects underway in various regions of the country. The company holds 17 licenses to explore mines across Turkey.

Polimetal Madencilik aims to explore and develop gold and other mines in the most rapid, cost-effective and productive manner. As exploration activities turn into production over time, Polimetal Madencilik is well positioned to become a key player in the mining industry.

Polimetal Madencilik's ongoing projects

As of year-end 2014, Polimetal Madencilik had 11 projects underway and held 17 licenses.

7

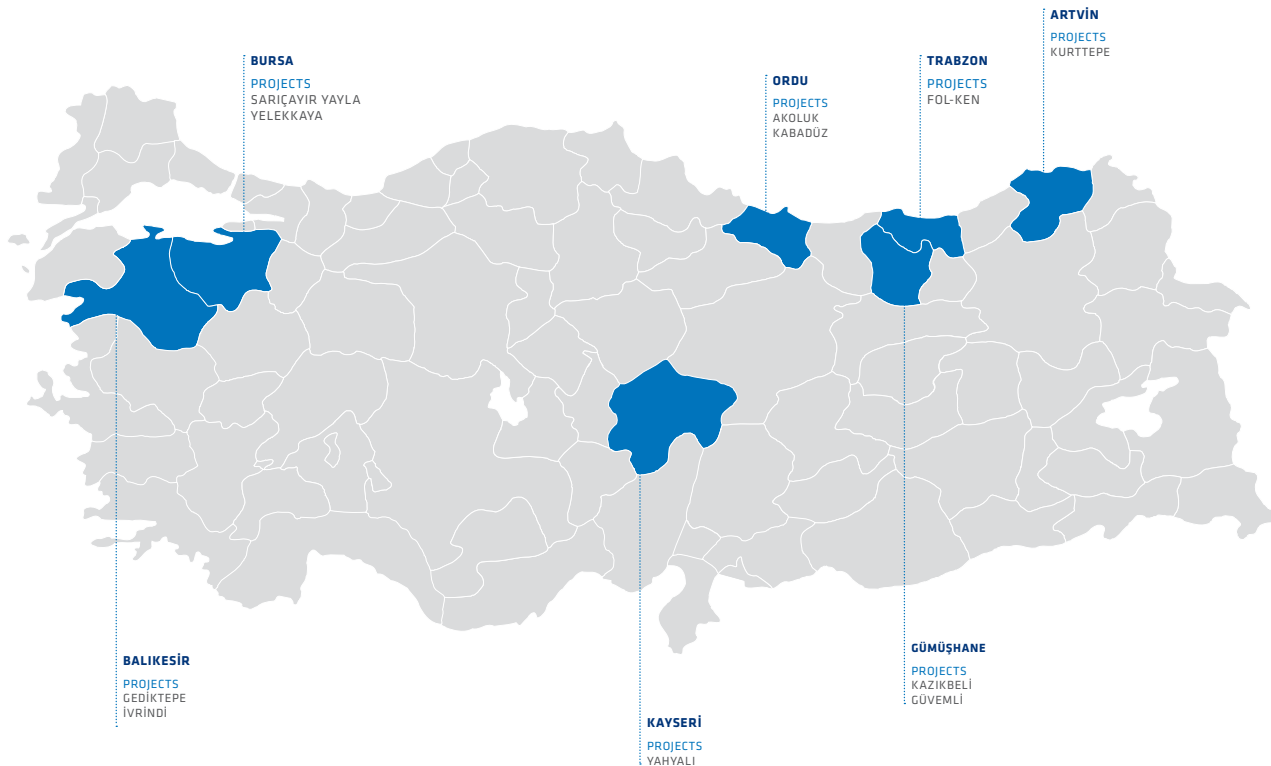
**NUMBER OF CITIES
POLİMETAL MADENCİLİK
DO BUSINESS IN**

11

**NUMBER OF POLİMETAL
MADENCİLİK PROJECTS**

17

**NUMBER OF POLİMETAL
MADENCİLİK LICENSES**



TELECOM SECTOR

ALBtelecom & Eagle Mobile combines fixed and mobile telecoms services under a single umbrella and provides these key services to customers.





Having joined Çalık Holding in 2007, ALBtelecom is Albania's largest fixed line operator. The Company celebrated its centenary in 2012, and decided to merge with its GSM subsidiary Eagle Mobile to gain further momentum in the region.

Incorporated in Çalık Holding in 2007, ALBtelecom serves as the largest landline operator in Albania. Having celebrated its 100th anniversary in 2012, the Company gained further momentum in its region with the decision to merge with Eagle Mobile, an affiliate operating in the GSM industry.

With a population of 3 million, Albania reported a GDP of USD 12.8 billion, up 0.7% from the prior year. In 2014, the country's GDP is estimated to have risen to USD 13.6 billion. Thanks to its strategic location, Albania has immense regional importance in both economic and commercial terms, and has seen foreign direct investment grow significantly in recent years.

After new regulations were introduced to Albania's telecoms industry to advance European integration, the sector has become much more competitive. The Albanian telecoms industry accepted the EU framework program in 2003 and started to implement the expanded framework in 2009. The country's mobile telecoms market had the highest market penetration ratio in Central and Eastern Europe at year's end 2013. However, average revenue per user (ARPU) remains low compared to other countries in the region. The sector's revenue remains below the European average due to relatively low per capita income, the weight of prepaid customers in the market, and intense competition. With the expansion of value added services and acceleration of economic growth, the Albanian telecoms industry is expected to continue to develop.



ALBtelecom

NETWORK SEARCH

- INTERNET
- LIVE CHAT
- MEDIA
- CONTACT
- SUPPORT
- ABOUT US
- NEWS

SHOW BUSINESS
NETWORK
- MUSIC

TELECOM SECTOR

ALBtelecom & Eagle Mobile is the only service provider that can offer all communication services from a single sales point.

ALBTELECOM & EAGLE MOBILE

www.albtelecom.al

DATE OF ESTABLISHMENT: 1992

SHAREHOLDING STRUCTURE: CETEL Telekom (Çalık Holding & Türk Telekom) 76%, Albanian Ministry of Economy, Commerce, and Energy 16.77%, Albanian Post JSC 3%, Other 4.23%

BUSINESS AREAS: Albania's largest fixed line operator (electronic communications – fixed and mobile, Internet access – fixed, mobile and public WiFi, IPTV and cloud services)

STRATEGY:

- To maintain its fixed line market share.
- To bring its Internet services market share up to 46.3%.
- To capture a 14.9% share in the total mobile market by year-end 2016.
- To leverage ALBtelecom's vast network and develop cross-sales strategies in order to grow with a segment-based approach, device support, regional pricing, and various special offers.

NUMBER OF EMPLOYEES: 1,000 persons

OPERATING REGIONS: Albania

STRENGTHS:

- All-in-one service: ALBtelecom is the only service provider that can offer all communication services from a single sales point.
- The company has ISO 27001 and ISO 9001 international quality standards.



MARKET SHARE AND POSITION:

- The company is the first and only telecoms operator to offer fixed voice, broadband, IPTV and mobile communication services in a single bundle in Albania.
- ALBtelecom is the leader in fixed line and Internet services.
- The company boasts a 74% market share in fixed voice, 40% in fixed bandwidth and 13% in mobile.

FINANCIAL SUMMARY

TL MILLION	2012	2013	2014
TOTAL ASSETS	512	646	591
NET SALES	224	221	219
TOTAL EQUITIES	192	167	120
EBITDA	71	66	34
EBITDA MARGIN (%)	32	10	16



In 2014, we became the only Albanian telecoms operator to offer fixed voice, broadband, IPTV services and mobile communications in a single bundle.

DR. ERKAN TABAK

ALBtelecom & Eagle Mobile CEO

ALBTELECOM

Having joined Çalik Holding in 2007, ALBtelecom is Albania's largest fixed line operator. The company celebrated its centenary in 2012, and decided to merge with its GSM subsidiary Eagle Mobile to gain further momentum in the region.

ALBtelecom conducts its operations and makes capital investments in order to respond to customers' communication needs in the best manner possible. The company expanded its subscriber base to 614.000 as of end-2014.

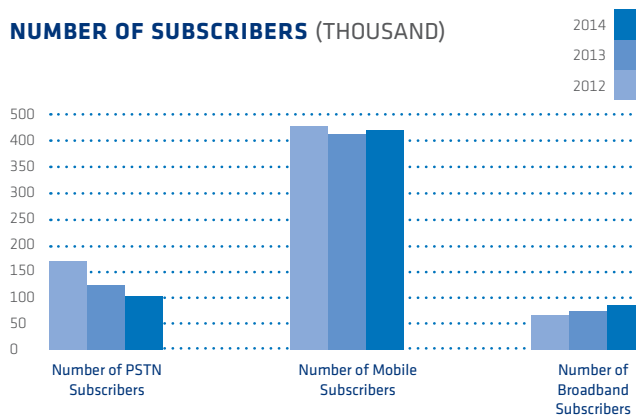
Albania's 4G/LTE operator

After launching 3G services and a set of ambitious investments across its entire mobile infrastructure in 2013, ALBtelecom started to offer fixed voice, broadband, IPTV services, and mobile communications in a single bundle in 2014.

As part of the "Public Wi-Fi" project launched in 2013, Eagle Mobile started offering Wi-Fi service to its subscribers across the country. Eagle Mobile increased its Wi-Fi access point network from 150 at end-2013 to 220 at end-2014.

Thanks to investments to boost its brand image and reputation in 2013, ALBtelecom managed to largely maintain its subscriber base in 2014 despite intensive competition. The company also continued efforts to increase service quality and especially value-added services.

NUMBER OF SUBSCRIBERS (THOUSAND)



"Saranda Gratitude Award" to ALBtelecom

ALBtelecom and its GSM brand Eagle Mobile were presented with the Municipality of Saranda's "Saranda Gratitude Award" in recognition of the company's significant contributions to the tourism industry. Placing special importance on tourist regions, ALBtelecom established fixed line, 3.5 G mobile and ADSL Internet infrastructure as well as Wi-Fi hubs in Saranda. This pioneering project makes everyday life much more convenient for tourists who need fast Wi-Fi service in tourist regions along the coastline or in the mountains.

ALBtelecom gave special attention to CSR projects especially for orphan children. The company made four projects in different regions of Albania in order to bring better living conditions for these children. The projects were undertaken in collaboration with the State Social Service and the Ministry of Welfare and Youth. Also ALBtelecom collaborated in CSR projects with other institutions of Albania.

FINANCE SECTOR

Aktif Bank positions its business partners, dealers, and digital channels as distribution channels and customer contact points.





As of December 2014, the Turkish banking sector has 49 banks in total, including 32 deposit banks, 13 development and investment banks, and four participation banks.

Çalık Holding conducts operations in the branch-free retail banking, investment banking, and regional banking areas of the financial services industry, with its subsidiaries Aktif Bank in Turkey, and Albania's largest bank Banka Kombetare Tregtare (BKT).

The total asset size of the Turkish banking sector increased 15% over year-end 2013 to reach TL 1,994 billion as of December 2014. Although this rate outpaced nominal GDP growth in 2014, it is five percentage points below average asset growth in the period of 2010-13. Key factors for this result were the monetary tightening applied between January and April 2014 and the macro-prudential measures implemented by BRSB that squeezed consumer loan growth. Measures introduced to curb the current deficit had the desired effect, reducing the foreign trade imbalance by some USD 16 billion. As a result, the government's economic management team announced that it would follow this policy in 2015 and try to limit exchange rate-adjusted loan growth to around 15%.

The sector experienced rapid loan growth between 2010-13 largely with non-deposit funds such as short-term foreign capital. After Federal Reserve started to normalize its monetary policy, this situation rendered the system vulnerable to global financial fluctuations. The Central Bank of Turkey announced its willingness to curb this trend in 2014 and adopted new measures reserve requirements in 2015. Despite volatility in global financial markets, the Turkish banking sector did not have any problems in rolling over its foreign borrowings thanks to the sector's robust capital structure with a capital adequacy ratio of 16.3% as of December 2014.

The banking sector's total profit for 2014 remained unchanged over the prior year and stood at TL 25 billion, due to macro-prudential measures implemented, the economic slowdown and increased turbulence in global financial markets. Data for first quarter 2015 suggests that the banking sector will demonstrate moderate growth due to macro-economic dynamics and that profit for the period will rise around 10% over the prior year.





FINANCE SECTOR

Aktif Bank is Turkey's largest private sector investment bank and is engaged in retail banking, investment banking, and regional banking.

AKTİF BANK

www.aktifbank.com.tr

DATE OF ESTABLISHMENT: 1999

SHAREHOLDING STRUCTURE: Çalık Holding A.Ş. 99.42%,
Gap Güneydoğu Tekstil San. A.Ş. 0.3%, Other: 0.28%

BUSINESS AREAS: Investment banking in Turkey

STRATEGY:

- To adapt to new technologies and developments in order to create new business opportunities in the financial services sector.
- To monitor new business opportunities in CIS, Central Asia, North Africa, and Europe in order to become one of the world's leading investment banks in terms of return on assets and return on equity.

NUMBER OF EMPLOYEES: 1,481 persons

OPERATING REGIONS: Turkey, Kazakhstan, Russia

STRENGTHS:

- Aktif Bank operates in a sector where the entry of potential customers to the market is affected by different factors.
- The bank's revenue generation and profitability performance is above that of the sector as a whole.
- Aktif Bank enjoys an unrivaled strategic position thanks to its investments in retail-based, diversified and complementary sectors.
- The bank's portfolio includes consumer finance products for specific niches.



- Aktif Bank has innovative banking solutions and business models.
- The bank offers important privileges in diverse areas that include transport, sports, entertainment, "N Kolay" Points, and cash registers.
- Aktif Bank has increased its assets 93-fold since 2007.

MARKET SHARE AND POSITION:

- Aktif Bank is Turkey's largest privately owned investment bank.
- In terms of total assets, it is Turkey's 23rd largest bank.
- Aktif Bank ranks 14th in terms of loan allocations.



Thanks to its innovative and entrepreneurial business approach, Aktif Bank received 72 international awards in four years and was named the world's most innovative bank in terms of distribution channels.

DR. SERDAR SÜMER

Aktif Bank CEO

FINANCIAL SUMMARY

TL MILLION	2011	2012	2013	2014
Asset Size	2,553	3,520	5,104	6,261
Change %		37.9	45.0	22.7
Loans-Corporate Loans	1,120	1,724	2,050	2,737
Change %		54.0	18.9	33.5
Loans-Consumer Loans	557	644	1,536	1,241
Change %		15.6	138.7	-19.2
NPL Ratio	0.53	0.68	2.43	2.98
Change %		28.3	257.4	22.6
Operating Income	295	387	616	626
Change %		31.1	59.3	1.6
Net Profit	50	82	94	81
Change %		64.3	14.1	-13.9
Bonds	837	1,502	2,004	3,009
Change %		79.3	33.5	50.2
Asset Backed Securities	168	578	444	363
Change %		243.3	-23.2	-18.1

AKTİF BANK

Aktif Bank is Turkey's largest privately owned investment bank, and is engaged in retail banking, investment banking, and regional banking. The bank's innovative and entrepreneurial business approach and successful operations have been recognized with 72 international awards over the last four years; in addition, it was designated the world's most innovative bank in terms of distribution channels. The bank has pioneered innovations such as Turkey's first bank bond, the country's first asset-backed security, and the first project finance sukuk. Aktif Bank has named its unique business model "New Generation Banking."

New generation banking

Having reached an asset size of TRY 6.3 billion as of year-end 2014, Aktif Bank has further strengthened its solid position in the Turkish banking sector. Aktif Bank was ranked 23rd in the sector in terms of total assets in 2014.

A key factor underlying this achievement by the bank was its new business model – New Generation Banking. Thanks to its capability of offering its services through thousands of sales points without inaugurating branches, Aktif Bank has become one of the most profitable financial services firms in Turkey in 2014.

FINANCE SECTOR

Aktif Bank received first prize in the “Islamic Finance Deal of the Year” category of the “Deals of the Year” competition in 2014.

AKTİF BANK

An important aspect of Aktif Bank’s investment banking approach is to design and offer investment instruments that meet all of the needs of investors. To this end, the bank introduced numerous innovative products to the sector and put various new investment instruments – whether conventional or Islamic – to the service of investors.

Aktif Bank receives First Prize from The Banker

Setting the agenda of the banking sector with its innovations, Aktif Bank is the inventor of New Generation Banking. In 2014, Aktif Bank made another prestigious addition to its long list of international awards. At The Banker magazine’s “Deals of The Year” competition, widely regarded as the “Oscars” of the banking sector, Aktif Bank received First Prize in the category of “Islamic Finance Deal of the Year” in Europe with the lease certificates it issued to finance the Istanbul Finance Center project.

Recognized as one of the world’s top banks with this award, Aktif Bank ensured the financing of the Istanbul Finance Center with the lease certificates it issued in 2014. Turkey’s first project finance Lease Certificate Issuance, worth TL 100 million, was well oversubscribed by international investors.

AKTİF BANK SUBSIDIARIES

Sigortayeri

Sigortayeri is designed to expand insurance services to larger segments of the population by becoming the insurance broker with the biggest distribution network – including e-commerce, brick-and-mortar offices, telemarketing and mobile platforms – delivering access to insurance products anytime, anywhere. The website Sigortayeri.com functions as an e-commerce platform that has completely upended the perception of the insurance business by providing online comparative access to the products of various insurance companies and allowing customers to find the best products and solutions. Since it was founded, the Sigortayeri brand has achieved immense success with its comparative offer



of diversified insurance policies and insurance options that meet everyone’s needs. Among over 100 insurance brokers in the sector, Sigortayeri is the newest, most dynamic, and most ambitious insurance broker. Its multi-channel structure and product diversification that respond to every insurance need, as well as the company’s high added value product range, set it apart from the competition.

N Kolay İşlem Merkezi (N Kolay Store)

N Kolay İşlem Merkezi (Store) is a network of service locations that allow subscribers to pay all their utility bills (e.g. electricity, water, natural gas, telecommunications), buy tickets for football matches, top up transportation cards, pay credit card bills, create a new subscription or transfer an existing one, all from a single point. The 376 N Kolay İşlem Merkezi service points are located across Turkey, in Istanbul, Ankara, Erzurum, Erzincan, Bayburt, Ağrı, Iğdır, Samsun, Kütahya, Bursa, Ardahan, Bartın, Çankırı, Karabük, Kars, Ordu and Zonguldak. The entire network conducts over 3.5 million transactions on a monthly basis. Thanks to the standardized concept and services provided by private businesses with the warmth of a neighborhood shopkeeper, it has become the top choice of large enterprises for bill collections. The company has also come to lead the sector in terms of transaction numbers, and reputation in the eyes of enterprises and customers alike. As a result of this initiative that makes life much easier for subscribers, hundreds of private entrepreneurs have set up their own businesses, providing employment to over 1,000 people.

N Kolay İşyeri® (N Kolay Point)

N Kolay İşyeri (Point) aims to be the biggest and most extensive product and sales platform of the Turkish retail sector, while striving to make life easier and more convenient for customers with results-oriented business concepts developed on a sound strategic basis. Online terminals with double touchscreen set up in N Kolay İşyeri points allow customers safe and secure access to catalogued product sales; electricity, water, natural gas and phone bill collection; insurance premium payments; purchasing minutes for GSM lines; top up city and transport cards; and purchase of intercity bus tickets. An important pillar of Aktif Bank’s Direct

Banking strategy, N Kolay Point® enables customers to carry out all of their transactions in a rapid and practical way without queuing up. With N Kolay Point®, the bank won the First Prize at an awards event held by the European Finance and Management Association, one of the leading institutions in the EU banking and finance sector. N Kolay Points also contributes to the financial inclusion projects conducted by public authorities.

EKent

Founded in 2002 to develop “smart” city technologies, EKent (E-City) is a regional leader in city transport solutions, providing smart transport systems to 19 cities. As Europe's largest transport integrator, EKent undertakes infrastructure transformation in the cities it serves, and develops smart urban technologies that offer lucrative business models to municipal government administrations. For example, in a world first, payments were received via mobile phone with the Bluetooth 4.0 technology beacon validators. The company took on its first overseas project in the Portuguese city of Porto. The company operates the largest and most extensive smart transportation infrastructure, which enables over 1 billion transactions, the management of a total of 5 million smart transport cards and 160 million magnetic ticketing transactions. In 2013, EKent became the E-Ticket System Integrator as a result of a tender held by the Turkish Football Federation, and conducted the world's largest stadium transformation project. This initiative included the infrastructure systems transformation of 33 stadiums in 25 cities, passage control and visualization systems, integrated ticketing from a single hub and stadium ticket office services infrastructure. The company plans to continue pursuing growth through such projects. Shortly, the company will begin conducting innovative systems integration projects with its own products and services at its new headquarters to be crowned with R&D work.

Passolig and Passo

Passolig is Turkey's most economical sports, entertainment, and social card, affordable to all ages, and comes with a large number of features. As well as being a personal sport identity card that allows entry to stadiums with the comfort of combined cards, it is a means of payment that can also be used in shopping and in public transport in the contracted provinces, offering many campaigns and opportunities for Turkey's biggest brands, touching many areas of daily life. Passolig credit card, Passolig debit card and Passolig Wallet prepaid card products have all been rolled out to meet the needs of all customer segments. As paper tickets are no longer required, Passolig holders can buy and upload tickets to their cards in just 30 seconds. Passo, meanwhile, is the newest platform of the sports and entertainment world. It has opened the doors to a brand new world with the first electronic ticket in Turkey, and provides access to all kinds of activities, from sports to concerts and art shows.

PAVO

An Aktif Bank subsidiary, PAVO has collaborated with Ingenico, the world's biggest payment systems operator, to design the lightest, most practical, and fastest cash register POS device: Ingenico IWE 280. The company has obtained the manufacturing license, and started to sell the product via its sales channels and direct marketing to corporate enterprises. Cash Register POS and Mobile

Cash Register POS are excellent complements to Aktif Bank's retail channel and banking application strategies. Furthermore, PAVO also plans to develop high added value solutions for specific sectors and firms through its retail channels with the Desktop Cash Register POS, which will become obligatory in Turkey in 2016.

Emlak Girişim

Emlak Girişim was set up to seize business opportunities in the real estate and construction industry. In parallel with the robust growth in this sector, and based on Aktif Bank's innovative financial models and products, the company will launch revenue-sharing models, direct partnerships and urban transformation projects to become a leading player in the industry. Emlak Girişim's first such project via the revenue sharing model by was the international award-winner Kartalkule in Istanbul, which consists of 205 residential and office units with a total construction area of 32,000 m². The company's largest investment is the Istanbul International Finance Center (IFM), which will become one of the world's top financial hubs. The Central Bank of Turkey, Capital Markets Board, Banking Regulatory Supervision Agency, Ziraat Bank, Halk REIT, Vakıf REIT, and Emlak Konut are some of the leading financial players that are participating in the project.

SHOOP

Shoop Teknoloji ve Danışmanlık (Shoop Technology and Consultancy) was founded in September 2014 and operates in mobile software services and CRM/ERP solutions. The company develops cutting edge mobile and web projects based on the beacon, Wi-Fi and Bluetooth technologies. The B2B model facilitates brands' access to and communication with customers, while the B2C model develops creative and innovative projects that make everyday life more convenient for end-users. With three active products at present and new projects in the design stage, the company has a vast customer base that includes retailers, shopping centers, municipalities, IT companies, and financial services providers.

Kazakhstan Ijara Company Joint Stock Company (KIC)

Established in 2013 with the beginning of operations in early 2014, KIC is the first financial leasing company in Kazakhstan that operates in accordance with Islamic principles. Its other co-founders include ICD, an Islamic Development Bank affiliate that finances private sector investments; Al Hilal Bank; Zaman Bank; Kolon Group, the leading South Korean company; and Eurasia Group of Kazakhstan. KIC provides leasing services mainly to small and medium sized enterprises (SMEs), and aims to become one of the largest leasing companies in Kazakhstan within five years.

Euroasia Leasing Company (ELC)

Founded in 2012 in Tatarstan, ELC is the first Islamic financial leasing company to become operational in Russia. In September 2014, Aktif Bank acquired a 25% stake in the company, which is in partnership with ICD, an Islamic Development Bank affiliate that finances private sector investments. Delivering financial leasing services mainly to small and medium sized enterprises (SMEs), ELC ranks among Russia's leading Islamic financial leasing companies and targets becoming an overall market leader within five years.

FINANCE SECTOR

The oldest and most reputable bank in Albania, BKT also became the country's largest bank in 2014.

BANKA KOMBETARE TREGTARE (BKT)

www.bkt.com.al

DATE OF ESTABLISHMENT: 1925

SHAREHOLDING STRUCTURE: Çalik Holding A.Ş. 100%

BUSINESS AREAS: Banking services in Albania and Kosovo

STRATEGY:

- To grow at an annual average rate of 20%, with 25% return on equity, 25% market share, USD 4 billion in assets and USD 325 million in shareholders' equity.
- To add new Balkan markets such as Macedonia and Montenegro to the current markets of Albania and Kosovo.

NUMBER OF EMPLOYEES: 1,287 persons

OPERATING REGIONS: Albania, Kosovo

STRENGTHS:

- BKT is the leader of the banking industry in terms of total assets, deposits, net profit and retail banking.
- The bank has strengthened its leading position in credit cards, Internet banking and automatic payment products.
- BKT is the only company in Albania to receive the highest possible corporate governance rating, AAA(AIb).
- The bank has a well-experienced, stable and visionary management team.



MARKET SHARE AND POSITION:

- BKT is the largest bank in Albania with a total assets market share of 24.33%.
- It is the largest bank in Albania with a total deposits market share of 23%.
- BKT is the largest bank in Albania with a retail loans market share of 22.32%.

FINANCIAL SUMMARY

TL MILLION	2012	2013	2014
TOTAL ASSETS	4,166	5,711	6,383
NET SALES	288	321	341
TOTAL EQUITIES	329	459	572
EBITDA	70	94	126
EBITDA MARGIN (%)	34	26	21
MARKET SHARE ON ASSET SIZE (%)	20.51	21.92	24.33
MARKET SHARE ON ACCOUNT (%)	20.12	21.40	23.01
MARKET SHARE ON LOANS (%)	15.70	15.66	17.68

In 2014, as Albania's most profitable and largest bank by total assets, we were named "Best Bank of the Year" by Euromoney, The Banker and EMEA Finance, thus winning all the major awards in the field.

SEYHAN PENCABLIĞIL
BKT CEO

BKT

Çalık Holding's financial services subsidiary Banka Kombetare Tregtare (BKT) is the leader of Albania's retail banking segment and has the largest total deposits and assets among all banks in the country.

Serving Albania with 63 branches and Kosovo with 25 branch locations, BKT also operates 132 ATM terminals in these two Balkan markets.

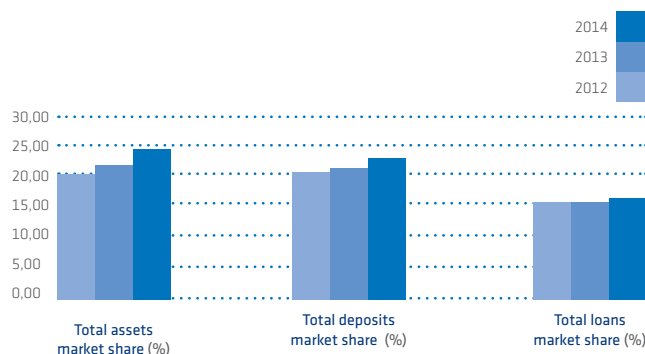
BKT continued to increase market share

In 2014, BKT's total assets increased by TL 672 million over 2013, rising to TL 6.38 billion. With a total deposit volume of TL 4.96 billion, the Bank shared its market share in assets, deposits and retail loans to become the largest Albanian bank in 2014.

Placing great importance on product diversification and innovation, BKT was the first Albanian bank to enable e-state and e-customs payments over the Internet. In addition, the Bank has launched numerous innovations that include installment payments via virtual POS; the addition of gifts and free shopping offers to "Prima," Albania's first credit card with installment payments; the country's first loan product for pensioners; and a municipality-subsidized loan offering for entrepreneurs. In 2014, the country's first Islamic financial leasing company, Icara, of which BKT is a co-founder, began operations.

BKT garnered awards in 2014

Banka Kombëtare Tregtare was designated as "Albania's Best Bank" by the prestigious British magazine EMEA Finance for the fourth time, in recognition of the bank's strong growth rate, overall performance and innovativeness. EMEA Finance monitors financial developments in the markets of Europe, Middle East and Africa, and is one of the world's top finance publications. The magazine bestows awards to the best banks and financial services providers in these markets.



In 2014, BKT was named "The Best Bank of the Year" for the fifth time by The Banker magazine, published by the prestigious UK-based business newspaper Financial Times.

Additionally, Euromoney magazine named BKT "The Best Bank of the Year" for the third consecutive year. With its finger on the pulse of the world's banking and asset markets for over 20 years, Euromoney is among the most esteemed publications in the field.



CORPORATE MANAGEMENT

The shared corporate values created by the affiliates united under Çalık Holding roof and the synergies they achieve are the basis of the stable growth of the Group. Çalık Holding aims to create value in a continuous manner for its customers, employees and shareholders and for the community, takes great care to conduct all of its operations in line with the principles of integrity, transparency, accountability, and responsibility. The development of the Holding recognizes the great importance of the adoption and implementation of corporate management for a sustainable growth, and is guided by these principles.

Çalık Holding's Corporate Business Principles

The corporate culture of Çalık Holding has always been based on foreseeing the requirements of conditions before the competitors, and thereby bringing change and innovation to life. Çalık Holding is a dynamic company that places importance on sustainability, implements work that will consistently reinforce the company's competitive superiority, always aims for the high quality in products and services and is a leader in its sector.

Çalık Holding's basic corporate business principles within the scope of these approaches are as follows;

Determination: We work hard for what we promise,

Merit: We work with competent people,

Courage: We believe in ourselves and can be assertive,

Consultation: We value different ideas,

Customer Satisfaction: We strive to better understand our customer's need and expectations,

Responsibility: We feel responsible to uphold values of humanity, our society and Company.

All Çalık Group Members faithfully embrace these core values and business principles.

Çalık Holding's corporate governance approach is to create value for stakeholders by conducting all of its operations in line with the principles of integrity, transparency, accountability, and responsibility.

Çalık Holding's Corporate Values

Besides their scrupulous, moral approach, Çalık Holding employees are aware that they embrace their Company as well as their group and create result-oriented innovative solutions.

The elements of the work approach practiced by Çalık Holding employees, the key to their success and the guarantee of the Group's success, are as follows:

Integrity: We act with a sense of justice and fairness,

Ethics: We have high moral standards,

Reputation: We keep our reputation above all else,

Respect: We see the differences as richness and reject all form of discrimination,

Solidarity: We always support each other,

Human Focus: We believe success is possible and meaningful with people.

Çalık Holding regards the national and international reputation it has achieved as integral to its values. Çalık Holding does not discriminate its own existence from the existence of its country and therefore always moves forward with the awareness that its success is also the success of the country and prioritizes the task to elevate the respectability of Turkey in the international arena.

The "Çalık" brand is a symbol that represents the innovation and entrepreneurship skills that have become integrated with Çalık Holding's stance, goals and commitments. The values that are represented by this brand are all individually important elements that are embraced sincerely by all the companies in the Group and are guiding, supportive and have been formed over long years of experience.

Çalık Holding will continue to show extreme care in protecting the values that are represented by the "Çalık" brand in all successful activities it will accomplish in the future.

INTERNAL AUDIT

The Audit Group of Çalık Holding

The Audit Group of Çalık Holding, established in 2000, is an independent entity within the organizational structure of Çalık Holding. The Audit Group is responsible for the performance of financial, operational and managerial audits at Çalık Group in accordance with its annual risk-based audit plan for finding deficiencies in the internal control systems, ensuring the accuracy and reliability of the data supplied to requests of information and improving the internal control mechanism continuously.

Audit Group at Çalık Holding has been structured in accordance with the Principles and Standards of the Corporate Governance. Reporting directly to the Chairman of the Board and his Deputy, the Group performs its duties in coordination with the members of Board assigned by the Chairman.

The main priority of the Group throughout the internal audit procedures is to preserve the assets and resources of Çalık Holding and its subsidiaries. Embracing the “Hybrid Audit Approach” which was widely-popular in the 1980s and is still relevant, the Group implements “In-Depth Private Investigation” in cases where the Internal Audit System fails.

Çalık Holding Internal Audit Policy is based on three pillars:

Support: Internal Audit helps the Group's senior managers and executives, various business units and managers of the subsidiaries as well as the entire Group personnel to carry out their duties.

Control: Internal Audit assesses internal control and internal audit with regards to Çalık Holding's departments and to eliminate the risks, deficiencies or defects identified in these departments or to take the necessary precautionary actions to prevent these risks, deficiencies and defects.

Protection and Surveillance: Internal Audit preserves the assets of the Çalık Holding subsidiaries and works to ensure that the resources are used economically and efficiently in line with the corporate objectives and plans.

The Audit Group of Çalık Holding Performs the Audits in the Following Fields:

- Compliance of activities with legislation as well as corporate policies, plans and regulations,
- Accuracy and reliability of all sorts of information supplied,
- Operational Quality in all activities,
- Adequacy and efficacy of Internal Audit Systems,
- Efficient use of assets,
- Efficient use of resources as planned,
- With regard to all acquisition and merger procedures;

- Company valuation and feasibility studies,
- Relevant verification/evaluation work.

Furthermore, motivated by the principle of sourcing the qualified personnel requirements of the Group from within the Group, the Audit Group embraces the notion of offering human resources developed within the scope of the Internal Audit to the benefit of the subsidiaries and thus primes the Internal Audit team as all-rounders.

SOCIAL RESPONSIBILITY

Çalık Holding's social responsibility approach is to create added value in all the countries in which we operate via our investments, direct and indirect employment opportunities, and the Company's many products and services. At the same time, we strive to serve society as a whole with the social responsibility and sustainability projects we carry out in Turkey and elsewhere in the world.

Creating value for society

Çalık Group, in awareness of its responsibilities towards the environment and the community, carries out all its activities within the framework of sustainable development and social responsibility. The Group creates added value in all the countries it operates in via investments, direct and indirect employment opportunities, and the Company's many products and services. At the same time, the Group strives to serve society as a whole with the social responsibility and sustainability projects it carries out in Turkey and elsewhere in the world.

The Holding abides by the principle of "Adding value to society," in reflection of its strong corporate governance culture, and implements corporate social responsibility projects directly or in cooperation with NGOs. The Group especially targets the arts, entrepreneurship, education and health care, and stands out with the support it provides to help victims overcome natural disaster-related trauma. Çalık Holding and employees consider the social responsibility projects they realize to be the most important indication of the respect they have for the community.

Work Safety, Environment, and Quality Policy

Çalık Holding prioritizes quality, people and the environment in its operations in the economic and social arena. The Holding conducts its activities according to the regulations in force and shows special care to take all the necessary precautions to protect natural resources, to reduce waste and to avoid soil, air and water pollution. Measures are also being taken to reduce risks concerning work health and safety to a minimum and the active participation of all employees in these measures are ensured. Implementing effective policies and practices in the areas of quality, environmental protection, occupational health and safety, Group companies also make a point of obtaining various certifications for these systems.

Quality Certificates of Group Companies

ÇALIK ENERJİ	ISO 9001, ISO 14001, OHSAS 18001
YEDAŞ	ISO 18001, ISO 14001, ISO 27001, ISO 10002, ISO 9001:2008
GAP İNŞAAT	ISO 9001, ISO 14001 and OHSAS 18001
GAP GÜNEYDOĞU TEKSTİL	ISO 9001, ISO 14001 and Oeko-Tex Standard 100, Tests Laboratories Accreditation and Organic Product Manufacturability CU certificates
GAP PAZARLAMA	ISO 9001, ISO 14001, ISO 18001, WRAP, Sedex, 6Sigma
BANKA KOMBETARE TREGTARE	ISO 9001:2008

HUMAN RESOURCES

At Çalık Holding, our human resources approach is to invest in the human capital that will help us reach our performance targets in line with our corporate strategy.

A Group that invests in people

The basic objective of the Çalık Holding human resources policy is to invest in a work force that holds corporate and ethical values in forefront, constantly develops their professional skills and is highly devoted to the company in order to capture the maximum success in the sectors where the company operates.

Placing great importance on human resources, which play a central role in achieving corporate success, Çalık Holding strives to attain an employee profile that is solutions-focused and can make use of high added value and advanced technologies effectively. To this end, Çalık Holding strives to continuously support the professional development of Group personnel while working to increase their motivation and job satisfaction.

Çalık Holding aims to render its information-based decision making processes, and raise organizational awareness of same, by capitalizing on information technologies and enabling timely access to the data and information resources needed. Therefore, managerial decision support systems are employed in in-house reporting processes in order to obtain the optimal solutions in terms of cost and time and boost organizational efficiency.

Organizational activities that further a sense of unity among employees, foster corporate loyalty, build team spirit, and promote the exchange of thoughts and feelings are proactively supported by Çalık Holding senior management and implemented by the Corporate Communications Department.

The Human Resources Department works in coordination with all units in order to help employees embrace corporate culture, strengthen their loyalty to the company, and assist the Group in reaching its objectives.

In parallel with the Group's constantly growing and expanding organizational structure, modern human resources management processes are put in place, and organization-related modifications are made to meet evolving corporate needs efficiently and effectively. With this approach, Çalık Holding tries to ensure that the workforce can generate multi-dimensional

perspectives, as well as analytical and positive approaches. Furthermore, systems are set up to blend individuals' personal careers with corporate targets. Çalık Holding strives to recruit those highly skilled employees who will move the Group forward into the future.

The Human Resources Department, based on the management functions of Classic Human Resource practices, has been structured in smaller departments of Employment, Performance Assessment and Career Management, Training and Development and Wages and Benefits. With the "Team Members Program" implemented by Çalık Holding to access the qualified potential in recent graduates the company aims to gain new talent with high skills and thereby raise the future leaders of the Group in line with the corporate culture.

3D Transformation Project

During 2014, saw Çalık Holding reviewed all its organization and operations in line with the decision to shift from an operational management model to a strategic management model. These efforts aim to create a more productive, dynamic, and transparent organizational structure. Çalık Holding's rapid growth, the ever-changing competitive landscape, and the new business lines that the Holding has entered across the world have all necessitated such a change.

While maintaining and further developing its operational capabilities in 2014, Çalık Holding initiated the "3D Transformation Project" to make the transition to a strategic management model that evolves with the Group's long term plans. At the project's completion, Çalık Holding companies will complete their strategic and structural transformations in the required areas and continue more productive projects with the same corporate governance approach. The 3D Project - which stands for the Turkish words Değer (Value), Dayanışma (Solidarity) and Dönüşüm (Transformation) - is being carried out through a business partnership with consultancy firms specialized in their field. With these efforts, Çalık Holding and Group companies are taking significant steps to build joint human resources structures.

HUMAN RESOURCES

As part of 2014 training activities, the Human Resources Department introduced innovations designed to bolster internal communications and provide support to corporate learning processes.

Carried out under the sponsorship of Çalık Holding Chairman Ahmet Çalık, the 3D Transformation Project will lead to the establishment of specialized systems for each sector and company in the framework of our common work culture, and is designed to have a positive impact on employee loyalty.

Training Management

Training needs are determined according to performance assessment and career planning. The training programs are planned by The Human Resources Department to develop employees' corporate skills and professional sufficiency.

Çalık Holding's Human Resources Department is aware of the positive effect of training activities on the development of employee knowledge and skills, corporate efficiency and professional competence, as well as the creation of shared attitudes, increased motivation and staff loyalty. In 2014, the Human Resources Department organized innovative corporate training programs in line with Company strategies, to boost employee performance, contribute to the advancement of the corporate culture and improve in-house communications.

The Group's training system is designed to transform Çalık Holding into a learning organization, increase employee awareness, productivity and motivation, and help personnel to achieve a superior performance level.

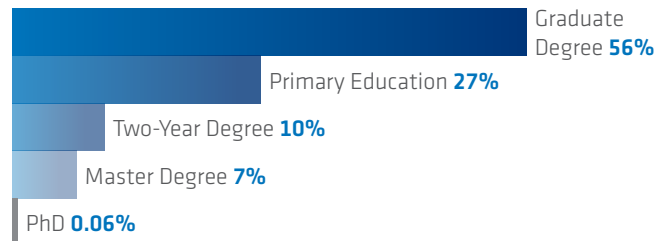
Employee training and planning is based on the results of the Training Need Analysis study coordinated by department managers and Human Resources officers. Training activities are designed with a long-term perspective to help personnel advance their careers and assist the Company in developing backup scenarios. Employees who improve their professional knowledge, skills and personal development are appointed to positions where they can assume more responsibility and authority.



NUMBER OF EMPLOYEES DECEMBER 2014

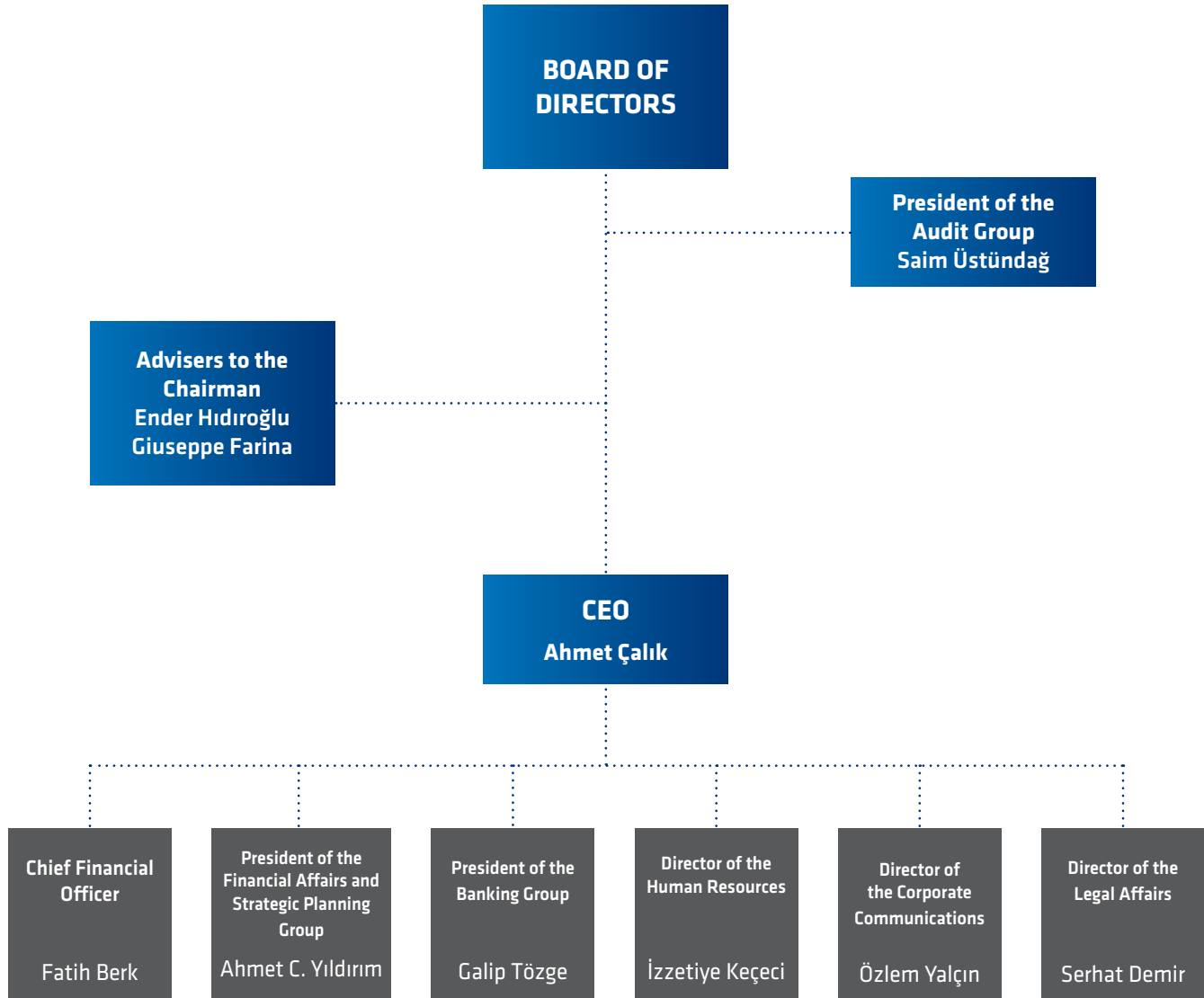
	EMPLOYEE	SUBCONTRACTORS	TOTAL
HOLDING TOTAL	145	117	262
ENERGY TOTAL	2,337	7,473	9,810
MINING TOTAL	79	1	80
CONSTRUCTION TOTAL	1,317	1,809	3,126
FINANCE TOTAL	2,768	619	3,387
TEXTILE TOTAL	8,960	30	8,990
TELECOM TOTAL	1,003	828	1,831
OVERALL TOTAL	16,609	10,877	27,486

EDUCATIONAL ATTAINMENT





ORGANIZATION STRUCTURE





FATİH BERK
CHIEF FINANCIAL OFFICER



AHMET C. YILDIRIM
PRESIDENT OF THE FINANCIAL AFFAIRS AND
STRATEGIC PLANNING GROUP



SAİM ÜSTÜNDAĞ
PRESIDENT OF THE AUDIT GROUP



GALİP TÖZGE
PRESIDENT OF THE BANKING GROUP



İZZETİVE KEÇECİ
DIRECTOR OF THE HUMAN RESOURCES



ÖZLEM YALÇIN
DIRECTOR OF THE CORPORATE COMMUNICATIONS



SERHAT DEMİR
DIRECTOR OF THE LEGAL AFFAIRS



ENDER HİDİROĞLU
ADVISER TO THE CHAIRMAN



GIUSEPPE FARINA
ADVISER TO THE CHAIRMAN

FATİH BERK CHIEF FINANCIAL OFFICER

Fatih Berk graduated from Istanbul University's Faculty of Political Science and received an MBA from the same university in 1989. Subsequently, he started his professional career at Arthur Andersen, an audit and consulting firm. After serving as Partner at Arthur Andersen and Ernst & Young, Fatih Berk joined KPMG-Turkey Financial Consultants as Partner and CEO. While serving in these positions Mr. Berk participated in numerous domestic and overseas seminars and conferences as trainer or attendee. In addition, he participated in the preparatory studies of the State Planning Organization's 7th Five-Year Development Plan. Mr. Berk has been interviewed by numerous domestic and international publications. Since 2014, Fatih Berk serves at Çalık Holding as Chief Financial Officer.

AHMET C. YILDIRIM PRESIDENT OF THE FINANCIAL AFFAIRS AND STRATEGIC PLANNING GROUP

Ahmet C. Yildirim graduated from Istanbul University's Department of Economics (English) in 1991 and joined Yapı Kredi Bank the same year. After serving YKB in various managerial capacities, he became CEO and Board Member at Yapı Kredi Bank Germany. In 2006, Mr. Yildirim returned to Istanbul and was appointed CEO of Yapı Kredi Investment and Board Member of other group companies. Subsequently, he then took office as CEO and Board Member of Alternatif Yatırım A.Ş., a subsidiary of Commercial Bank of Qatar. Since 2014, Ahmet Yildirim serves at Çalık Holding as President of the Financial Affairs and Strategic Planning Group and Holding Board Member.

ORGANIZATION STRUCTURE

SAİM ÜSTÜNDAĞ

PRESIDENT OF THE AUDIT GROUP

Saim Üstündağ graduated from Middle East Technical University's Department of Economics in 1994, started his professional career at Arthur Andersen Turkey and then went on to join the Capital Markets Board in 1995 to serve in various posts. He received a master's degree in accounting from the University of Illinois (USA) and became General Secretary of the Turkish Accounting Standards Board (TMSK) in 2005. Subsequently, he served as Audit Department Partner at Deloitte Turkey from 2007 to 2014. Since 2015, Saim Üstündağ holds the position of President of the Audit Group at Çalık Holding.

GALİP TÖZGE

PRESIDENT OF THE BANKING GROUP

Galip Tözge was born in 1967. He graduated from Marmara University's Department of Economics (English) and received an MBA from the University of Missouri (USA). He commenced his banking career in 1993 at Citibank, and joined Akbank T.A.Ş. in 2002. He worked at Akbank and associated companies for 12 years serving in various senior management posts, including Assistant General Manager at Akbank, and Board Member at Ak Portföy Yönetimi A.Ş. and Ak Yatırım Menkul Değerler A.Ş. In 2015, he was appointed CEO at Aktif Bank and currently serves as President of the Banking Group at Çalık Holding.

İZZETİYE KEÇECİ

DIRECTOR OF THE HUMAN RESOURCES

İzzetiye Keçeci was born in 1975 and studied International Relations at Istanbul University's Faculty of Economics. She first started work at Çalık Holding as Customer Relations Representative at Gap Tekstil. Ms. Keçeci has 17 years of professional experience. Since January 2009, İzzetiye Keçeci serves as Director of the Human Resources at Çalık Holding. In addition, she is a Board Member at Group companies Gap İnşaat and Çalık Gayrimenkul.

ÖZLEM YALÇIN

DIRECTOR OF THE CORPORATE COMMUNICATIONS

Özlem Yalçın graduated from Istanbul Technical University with an MSc in Engineering and started her professional career in 1992 at Wendy's as Regional Director. Ms. Yalçın worked at Gate Gourmet (USAŞ) as Sales and Marketing Manager from 1995 to 2000; at DDB Advertising Agency as Retail Group Director between 2000 and 2003; at Doruk Group as Marketing Manager from 2003 until 2005; at UNO as Marketing Manager between 2005 and 2007; and at Akbank as Vice President – Public Relations from 2007 to 2014. In 2014, she was appointed President for Sustainability and Corporate Communications at OMV Petrol Ofisi. As of 2015, Özlem Yalçın serves as Director of the Corporate Communications at Çalık Holding.

SERHAT DEMİR

DIRECTOR OF THE LEGAL AFFAIRS

İzzet Serhat Demir was born in 1974, graduated from Istanbul University's Faculty of Law and obtained an MBA degree. Having worked at Finar Enformasyon Derecelendirme ve Danışmanlık Hizmetleri A.Ş. (Dun & Bradstreet Turkey) and Yıldız Holding A.Ş. (Ülker Group), Mr. Demir's professional career spans 17 years. In 2007, Mr. Demir joined Çalık Holding as Director of the Legal Affairs.

ENDER HİDİROĞLU

ADVISER TO THE CHAIRMAN

Ender Hıdıroğlu graduated from Middle East Technical University's Department of Mechanical Engineering, and held various positions at a range of companies, including GATEKS, UPISAS, SANKO, SASA, YURTAS, Paktaş and ISKO. After joining Çalık Holding in 1992, Mr. Hıdıroğlu worked at Gap Pazarlama as CEO for three years. He continued his professional career as CEO, Project Manager and Board Member at Gap İnşaat for 10 years. Mr. Hıdıroğlu has held senior management and Board Member positions at Çalık Holding companies and currently serves as Adviser to the Chairman at Çalık Holding.

GIUSEPPE FARINA

ADVISER TO THE CHAIRMAN

Giuseppe Farina was born in 1951 and graduated from the University of Rome's Department of Engineering. He commenced his professional career in 1978 at the Italian telecoms company SIP as a Network and Telecoms Technology Specialist; until 1998, he held various positions at the company. Mr. Farina went on to become CEO at IS-TIM from 2000 to 2004, served as Avea Vice Chairman at Telecom Italia between 2004 and 2005 and was Avea Chairman from 2005 until 2006. As of 2015, Giuseppe Farina is Adviser to the Chairman at Çalık Holding and Chairman at ALBtelecom.

2014 IN BRIEF...

At Çalık Holding, 2014 was a year filled with success and awards.



Japanese University honors Ahmet Çalık

Çalık Holding Chairman Ahmet Çalık, who has carried out successful joint projects with Japanese companies in Turkey, Central Asia, the Balkans and Middle East for 25 years, was granted an honorary doctorate in Japan.



Ahmet Çalık receives the most prestigious international prize of the US, Ellis Island Medal of Honor

Çalık Holding's Chairman Ahmet Çalık was presented with America's highly prestigious Ellis Island Medal of Honor in recognition of his projects in Central Asia and Middle East and his contributions to the improvement of people's lives in these regions. The award recognizes those individuals who commit themselves to the protection of the society and its traditions while striving to create a better world for everyone.

2014 IN BRIEF...



Supporting entrepreneurial youngsters with “My First Job”

A cooperation between Çalık Holding and Yıldız Technical University, one of Turkey’s oldest universities founded over a century ago, established the “My First Job: Enterprise” initiative to provide support to candidates who wanted to start-up business enterprises. At the competition held at “Otağ-ı Hümayun” on Yıldız Technical University’s Davutpaşa Campus, members of the jury included Çalık Enerji’s CEO Osman Saim Dinç, Gap İnşaat’s Project Director Ender Hıdıroğlu, Abraaj Group’s Executive Committee Member and Partner Selçuk Yorgancıoğlu and YTU’s TTO Project Manager Prof. Dr. Cengiz Kaya. The 10 participating entrepreneurs who made it to the final round had the chance to present their draft projects to the jury.

The winner of the competition was a team composed of İlkay Şenel, Melda Altıkatoğlu and İbrahim Işıldak from Yıldız Technical University, Department of Bioengineering who presented a project called “Blood Vessel Visualization Spray.” This bio-harmonious spray has no side effects on human health, and in a few minutes after its application to the body, blood vessels become much more visible. This low-cost product could facilitate the job of healthcare workers, and help establish pain-free vascular access.



Traditional Çalık Holding iftar dinner comes to Erzincan

Çalık Holding’s annual iftar dinners continued in 2014. As part of Çalık Holding’s “Breaking Our Fast in Anatolia” event, iftar dinners were held in Erzincan, with the participation of some 2,000 diners daily during the holy month of Ramadan in 2014.

Çalık Holding started to sponsor iftar dinner events in Anatolia in 2012. Following the Van earthquake, the Holding demonstrated model social responsibility by canceling its iftar dinners in Istanbul to instead set up iftar tents in Van during Ramadan month. The following year, the Holding organized similar iftar dinners in Urfa. In the third edition of the popular event, the dinners were held in Erzincan over the 30 day period, with the support of Erzincan Governor’s Office, Erzincan Municipality and Turkish Red Crescent.



Honorary Doctorate from Tirana University to Ahmet Çalık

Tirana University granted an honorary doctorate to Ahmet Çalık, the Chairman of Çalık Holding, which is one of the largest investors in Albania, in recognition of his many contributions to the national economy and societal development.

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Financial Statements As at and for the Year Ended 31 December 2014 With Independent Auditor's Report

KPMG Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

6 April 2015

This report includes 1 page of independent auditor's report and 128 pages of consolidated financial statements together with their explanatory notes.

Çalık Holding Anonim Şirketi and its Subsidiaries

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Internet www.kpmg.com.tr

Independent Auditor's Report

To the Board of Directors of Çalık Holding Anonim Şirketi

We have audited the accompanying consolidated financial statements of Çalık Holding Anonim Şirketi and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Çalık Holding Anonim Şirketi and its subsidiaries as at 31 December 2014 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

Hakan Ölekli, SMMM
Partner
6 April 2015
İstanbul, Turkey

Çalık Holding Anonim Şirketi and its Subsidiaries

As at 31 December 2014

Consolidated Statement of Financial Position

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

			Restated ^(*)
	Notes	31 December 2014	31 December 2013
Current assets			
Cash and cash equivalents	8	355.641	356.818
Financial investments	9	1.075.444	841.320
Trade receivables	10	962.090	807.807
<i>Due from related parties</i>	7	437	73.690
<i>Due from third parties</i>		961.653	734.117
Receivables related to finance sector operations	11	710.259	666.955
<i>Due from third parties</i>		710.259	666.955
Other receivables	12	186.070	153.884
<i>Due from related parties</i>	7	25.941	14.304
<i>Due from third parties</i>		160.129	139.580
Inventories	13	447.615	439.583
Derivatives	22	441	1.163
Prepayments	14	108.079	201.577
Current tax assets	26	7.579	9.413
Other current assets	19	498.422	432.807
Subtotal		4.351.640	3.911.327
Assets held for sale	5	73.773	1.025.178
Total current assets		4.425.413	4.936.505
Non-current assets			
Trade receivables	10	142.375	187.601
<i>Due from third parties</i>		142.375	187.601
Receivables related to finance sector operations	11	1.167.611	1.116.124
<i>Due from related parties</i>	7	1.752	--
<i>Due from third parties</i>		1.165.859	1.116.124
Other receivables	12	7.478	8.028
<i>Due from third parties</i>		7.478	8.028
Financial investments	9	685.472	776.464
Investments in equity-accounted investees	15	69.189	31.544
Investment property	18	154.361	142.085
Property, plant and equipment	16	515.663	531.098
Intangible assets	17	245.000	254.346
<i>Goodwill</i>		1.637	1.779
<i>Other intangible assets</i>		243.363	252.567
Prepayments	14	31.375	1.383
Deferred tax assets	26	53.511	69.396
Other non-current assets		126	6
Total non-current assets		3.072.161	3.118.075
Total assets		7.497.574	8.054.580

^(*) See Note 3 (b).

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

Çalık Holding Anonim Şirketi and its Subsidiaries

As at 31 December 2014

Consolidated Statement of Financial Position (continued)

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

			Restated ^(*)
Short term liabilities	Notes	31 December 2014	31 December 2013
Short term loans and borrowings	21	2.113.603	1.452.918
Short term portion of long term loans and borrowings	21	84.829	292.541
Derivatives	22	1.082	15.571
Trade payables	10	381.983	358.480
<i>Due to related parties</i>	7	7.989	259
<i>Due to third parties</i>		373.994	358.221
Payables related to finance sector operations	11	2.480.538	2.704.279
<i>Due to related parties</i>		4.122	--
<i>Due to third parties</i>		2.476.416	2.704.279
Payables related to employee benefits	23	5.558	4.280
Other payables	12	104.591	156.959
<i>Due to related parties</i>	7	18.701	41.300
<i>Due to third parties</i>		85.890	115.659
Deferred revenue	14	483.496	914.151
Current tax liabilities	26	4.723	5.443
Short term provisions	24	25.690	30.967
<i>Short term employee benefits</i>	24	13.856	14.268
<i>Other short term provisions</i>	24	11.834	16.699
Other short term liabilities	19	97.642	60.052
Liabilities from equity accounted investees	15	16.594	7.552
Subtotal		5.800.329	6.003.193
Liabilities held for sale	5	3.249	861.967
Total short term liabilities		5.803.578	6.865.160
Long term liabilities			
Long term loans and borrowings	21	471.621	438.342
Trade payables	10	33.709	72.707
<i>Due to third parties</i>		33.709	72.707
Payables related to finance sector operations	11	210.513	158.887
<i>Due to third parties</i>		210.513	158.887
Other payables	12	50.767	44.897
<i>Due to related parties</i>	7	403	--
<i>Due to third parties</i>		50.364	44.897
Deferred revenue	14	280.772	149.140
Long term provisions	24	13.386	12.947
<i>Long term employee benefits</i>	24	13.286	12.534
<i>Other long term provisions</i>	24	100	413
Deferred tax liabilities	26	65.804	53.849
Other long term liabilities		3.115	78
Total long term liabilities		1.129.687	930.847
Total liabilities		6.933.265	7.796.007

(*) See Note 3 (b).

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

Çalık Holding Anonim Şirketi and its Subsidiaries

As at 31 December 2014

Consolidated Statement of Financial Position (continued)

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

			Restated ^(*)
Equity	Notes	31 December 2014	31 December 2013
Equity attributable to the owners of the Company			
Share capital	27	200.302	127.509
Adjustment to share capital		3.388	3.388
Other comprehensive income that is or may be reclassified to profit or loss		(74.600)	(6.618)
Restricted reserves	27	145.825	98.600
Retained earnings		(142.370)	347.194
Profit/(loss) for the year		369.883	(408.184)
Total equity attributable to the owners of the Company		502.428	161.889
Total non-controlling interests	27	61.881	96.684
Total equity		564.309	258.573
Total equity and liabilities		7.497.574	8.054.580

^(*) See Note 3 (b).

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

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2014

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

			Restated ^(*)
Continuing operations	Notes	2014	2013
Revenue	28	2.455.786	1.696.544
Cost of sales	28	(1.945.196)	(1.404.821)
Gross profit from non-finance sector operations	28	510.590	291.723
Revenue from finance sector operations	28	291.563	338.198
Cost of revenues from finance sector operations	28	(121.683)	(140.327)
Gross profit from finance sector operations	28	169.880	197.871
Gross profit	28	680.470	489.594
Other income	30	221.572	86.876
General and administrative expenses	29	(269.610)	(231.908)
Selling, marketing and distribution expenses	29	(127.251)	(110.614)
Research and development expenses	29	(16.324)	(10.683)
Share of loss of equity accounted investees, net of taxes	15	(18.774)	(441)
Other expenses	30	(67.344)	(201.965)
Operating profit		402.739	20.859
Gain from investing activities	31	28.962	32.739
Loss from investing activities	31	(20.627)	(56.351)
Operating profit/(loss) before finance costs		411.074	(2.753)
Finance income	32	18.302	27.407
Finance costs	32	(227.129)	(265.412)
Net finance costs		(208.827)	(238.005)
Profit/(loss) before tax from continuing operations		202.247	(240.758)
Current tax expense	26	(28.734)	(31.082)
Deferred tax benefit/(expense)	26	(28.851)	11.413
Total tax expense		(57.585)	(19.669)
Profit/(loss) from continuing operations		144.662	(260.427)
Profit/(loss) from discontinued operations	5	215.950	(209.252)
Profit/(loss) for the year		360.612	(469.679)

^(*) See Note 3 (b).

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

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2014 (continued)

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

			Restated ^(*)
	Notes	2014	2013
Profit/(loss) for the year		360.612	(469.679)
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences for foreign operations and reporting currency translation differences		(78.433)	(51.096)
Change in fair value of available-for-sale financial assets	9	9.469	(24.332)
Deferred tax benefit/(expense)	26	(1.894)	3.756
Total other comprehensive (loss)/income		(70.858)	(71.672)
Total comprehensive income/(loss)		289.754	(541.351)
Net profit/(loss) attributable to:			
Owners of the Company		369.883	(408.184)
Non-controlling interests		(9.271)	(61.495)
Net profit/(loss) for the year		360.612	(469.679)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		299.425	(478.913)
Non-controlling interests		(9.671)	(62.438)
Total other comprehensive income/(loss)		289.754	(541.351)

(*) See Note 3 (b).

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

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows

for the Year Ended 31 December 2014

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

		Restated ^(*)	
	Notes	2014	2013
A.CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		(397.770)	605.681
Profit for the period		360.612	(469.679)
Adjustments to reconcile cash flow generated from operating activities:		(68.719)	223.706
Adjustments for depreciation and amortization	16,17	82.174	99.924
Loss on sale of derivative financial instruments	31	6.553	23.840
Adjustments for fair value (gains)/loss of financial investments	9	9.799	49.982
Adjustments for doubtful receivables	10,12	10.060	17.827
Adjustments for fair value loss of investment property	18	(14.785)	4.243
Adjustments for impairment of available for sales instruments	9	4.118	2.251
Adjustments for inventory impairment, net	13	(9.304)	12.098
Adjustments for provision for long term employee benefits	24	2.654	9.955
Adjustments for provisions for loan impairment	11	9.774	32.596
Adjustments for provisions, net	24	(3.974)	(17.113)
Adjustments for impairment on property, plant and equipment	16	(2.577)	--
Adjustments for vacation pay liability	24	441	(2.822)
Gain on sale of discontinued operations, net of tax	5	(221.740)	--
Adjustments for share of (profit)/loss of equity accounted investees	15	18.774	441
Adjustments for interest income and expenses		100.237	120.284
Rediscount interest (gain)/losses, net	30	(16.799)	(16.023)
Unrealized foreign currency (income)/loss		(99.306)	(121.173)
Adjustments for tax expense	26	57.585	19.670
Adjustments for the gains on sales of property and equipment, net	31	(2.403)	(12.274)
Changes in working capital		(690.231)	908.891
Adjustments for change in inventories		(43.494)	71.237
Adjustments for change in trade receivables		(196.281)	(238.255)
Adjustments for change in payables related to employee benefits		1.619	(4.563)
Adjustments for change in other receivables, other current assets and other non-current assets related with operating activities		(147.743)	60.976
Adjustments for change in assets held for sale		(2.345)	(328.565)
Adjustments for change in liabilities held for sale		8.854	856.219
Adjustments for change in receivables from finance sector operations		(255.858)	(463.121)
Adjustments for change in payables from finance sector operations		55.812	682.443
Change in restricted cash and cash equivalents		3.107	(22.966)
Adjustments for change in trade payables		18.829	(386.530)
Adjustments for change in prepayments		47.349	(108.008)
Adjustments for change in deferred income		(214.378)	723.698
Adjustments for change in other payables and other liabilities related with operating activities		34.298	66.326

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

Çalık Holding Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the Year Ended 31 December 2014

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

		Restated ^(*)	
	Notes	2014	2013
Cash flows used in operating activities		568	(57.237)
Employee termination indemnity paid	24	(799)	(5.867)
Recoveries from receivables from finance operations	11	13.989	2.833
Interest received	30	20.052	1.147
Acquisition of investment property	18	(10.232)	(21.788)
Collection from doubtful receivables	10	11.475	8.517
Taxes paid	26	(33.917)	(42.079)
B. CASH FLOWS USED IN INVESTING ACTIVITIES		(115.285)	(643.807)
Proceeds from sales of property and equipment and intangible assets	16,17	16.981	41.215
Proceeds from disposal of held to maturity financial investments		1.606	4.606
Disposal of discontinued operations, net of cash disposed of	5	262.054	--
Formation and capital contribution of share capital of equity accounted investees	15	(29.162)	(6.606)
Acquisition of non-controlling interests in entities under common control	4	(1.054)	(109.051)
Proceeds from/(repayment of) derivative financial instruments		(27.592)	(7.193)
Proceeds from available for sale financial investments	9	176.843	9.873
Acquisition of held to maturity financial investments	9	(7.654)	(40.237)
Acquisition of available for sale financial investments	9	(367.955)	(324.212)
Acquisition of property and equipment	16	(94.897)	(203.774)
Acquisition of intangible assets	17	(44.455)	(8.428)
C. CASH FLOWS FROM FINANCING ACTIVITIES		517.380	107.160
Proceeds from funding of related parties	7,12	(19.312)	34.235
Dividend payment		(633)	(9)
Proceeds from/(repayment of) loans and borrowings, net		657.913	101.415
Interest paid		(120.588)	(28.481)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		4.325	69.034
E. CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD		326.727	257.693
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+E)	8	331.052	326.727

^(*) See Note 3 (b).

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

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Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2014

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

1 Reporting entity

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

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

As of 31 December 2014, Çalık Holding has 71 (31 December 2013: 92) subsidiaries ("the Subsidiaries"), 8 (31 December 2013: 3) joint ventures ("the Joint Ventures"), 1 (31 December 2013: 1) joint operation ("the Joint Operation") and 9 (31 December 2013: 9) associates ("the Associates") (referred to as "the Group" or "Çalık Group" herein and after). The consolidated financial statements of the Group as at and for the year ended 31 December 2014 and 2013, comprises Çalık Holding and its subsidiaries and the Group's interest in associates and joint ventures and operations.

As at 31 December 2014, the number of employees of the Group is 7.631 (31 December 2013: 9.278).

As explained in more detail in Note 6, the Group operates mainly under seven segments:

- Energy
- Construction
- Textile
- Marketing
- Telecommunication
- Banking and finance
- Media (Discontinued)

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

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2014

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

1 Reporting entity (continued)

1.1 Entities in energy segment

Company Name	Type of partnership	Country
Adacami Enerji Elektrik Üretim Sanayi Ve Ticaret A.Ş.	Subsidiary	Turkey
Akçay Enerji A.Ş.	Subsidiary	Turkey
Aktif Doğalgaz Ticaret A.Ş.	Subsidiary	Turkey
Ant Enerji Sanayi ve Ticaret Limited Şirketi	Subsidiary	Turkey
Atagas Doğalgaz Ticaret A.Ş.	Joint venture	Turkey
Atayurt İnşaat A.Ş.	Subsidiary	Turkey
Atlas Petrol Gaz İthalat İhracat ve Pazarlama Ticaret A.Ş.	Subsidiary	Turkey
Ayas Rafineri ve Petrokimya Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Başak Yönetim Sistemleri A.Ş.	Subsidiary	Turkey
Çalık Diamond Solar Enerji A.Ş.	Subsidiary	Turkey
Çalık Elektrik Dağıtım A.Ş.	Subsidiary	Turkey
Çedaş Elektrik Dağıtım Yatırımları A.Ş.	Subsidiary	Turkey
Çalık Enerji Dubai FZE	Subsidiary	UAE – Dubai
Çalık Enerji Elektrik Üretim ve Madencilik A.Ş.	Subsidiary	Turkey
Çalık Enerji Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Çalık Limak Adi Ortaklığı	Joint venture	Turkey
Çalık NTF Elektrik Üretim ve Madencilik A.Ş.	Subsidiary	Turkey
Çalık Petrol Arama Üretim Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Çalık Rüzgar Enerjisi Elektrik Üretim Limited Şirketi	Subsidiary	Turkey
Çep Petrol Dağıtım Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Doğu Akdeniz Petrokimya ve Rafineri Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Doğu Aras Enerji Yatırımları A.Ş.	Joint venture	Turkey
Gap Elektrik Dağıtım Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Irmak Yönetim Sistemleri A.Ş.	Subsidiary	Turkey
İkideniz Petrol ve Gaz Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Japan International Enerji Network A.Ş.	Subsidiary	Turkey
Kızılırmak Enerji Elektrik A.Ş.	Subsidiary	Turkey
Kosova Çalık Limak Energy SH.A.	Joint venture	Kosovo
LC Electricity Supply and Trading d.o.o.	Joint venture	Serbia
Momentum Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Ortur Elektrik Üretim ve Ticaret Limited Şirketi	Subsidiary	Turkey
Petrotrans Enerji A.Ş.	Subsidiary	Turkey
Sembol Enerji A.Ş.	Subsidiary	Turkey
TAPCO Petrol Boru Hattı Sanayi ve Ticaret A.Ş.	Associate	Turkey
Türkmen'in Altın Asrı Elektrik Enerjisi Toptan Satış A.Ş.	Subsidiary	Turkey
Vadi Elektrik Üretim Sanayi ve Ticaret Limited Şirketi	Subsidiary	Turkey
Yeşilçay Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Yeşilirmak Elektrik Perakende Satış A.Ş.	Subsidiary	Turkey
Yeşilirmak Elektrik Dağıtım A.Ş.	Subsidiary	Turkey

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2014

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

1 Reporting entity (continued)

1.1 Entities in energy segment (continued)

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

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

Akçay Enerji A.Ş. ("Akçay Enerji")

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

Aktif Doğalgaz Ticaret A.Ş. ("Aktif Doğalgaz")

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

Ant Enerji Sanayi ve Ticaret Limited Şirketi ("Ant Enerji")

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

Atagas Doğalgaz Ticaret A.Ş. ("Atagas Doğalgaz")

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

Atayurt İnşaat A.Ş. ("Atayurt İnşaat")

Atayurt İnşaat was established in 2009 for the purpose of building and operating energy power plants and providing operational and maintenance services to power plants. Atayurt İnşaat has opened a branch in Tripoli city of Libya in 2014.

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

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

Ayas Rafineri ve Petrokimya Sanayi ve Ticaret A.Ş. ("Ayas Rafineri")

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

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

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

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

Çalık Diamond Solar Enerji A.Ş. ("Çalık Solar Enerji")

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

Çalık Elektrik Dağıtım A.Ş. ("ÇEDAŞ")

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

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2014

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

1 Reporting entity (continued)

1.1 Entities in energy segment (continued)

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

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

Çalık Enerji Dubai FZE ("Çalık Enerji Dubai ")

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

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

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

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

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

Çalık Limak Adi Ortaklığı

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

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

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

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

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

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

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

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

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

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

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

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2014

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

1 Reporting entity (continued)

1.1 Entities in energy segment (continued)

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

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

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

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

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

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

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

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

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

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

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

Japan International was established in 2010 for the purpose of exploration and operation of solar power, wind power, geothermal power and other renewable energy resources, selling and marketing of electricity. Japan International is also engaged in processing and distribution of mineral ores. As of the reporting date, Japan International is not operating.

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

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

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

KÇLE was established as a joint venture with a joint agreement between Çalık Enerji, ÇEDAŞ and Limak Yatırım on 17 September 2012 with the participation these three companies by 25%, 25% and 50%, respectively, in the share capital of KÇLE. On 8 May 2013, KÇLE purchased all shares of state-owned enterprise namely Kompania Per Distribuium Dhe Furnizim Me Energji Elektrike SH.A ("KEDS") which is operating in electricity distribution and procurement of electricity in Kosovo.

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2014

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

1 Reporting entity (continued)

1.1 Entities in energy segment (continued)

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

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

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

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

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

Ortur Elektrik was established in 2005 for the purpose of producing and distributing electricity.

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

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

Sembol Enerji A.Ş. ("Sembol Enerji")

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

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

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

Türkmen Elektrik

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

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

Vadi Elektrik was established in 2007 for the purpose of producing and distributing electricity.

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

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

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

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

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

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2014

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

1 Reporting entity (continued)

1.1 Entities in energy segment (continued)

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

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

1.2 Entities in construction segment

Company Name	Type of partnership	Country
Çalık Gayrimenkul Ticaret A.Ş.	Subsidiary	Turkey
Çalık Construction AB	Subsidiary	Sweden
Çalık İnşaat A.Ş.	Subsidiary	Turkey
Gap İnşaat Construction and Investment Co. Ltd.	Subsidiary	Sudan
Gap İnşaat Dubai FZE	Subsidiary	UAE – Dubai
Gap İnşaat Ukraine Ltd.	Subsidiary	Ukraine
Gap İnşaat Yatırım ve Dış Ticaret A.Ş.	Subsidiary	Turkey
Gap Yapı İnşaat A.Ş.	Subsidiary	Turkey
Varyap Varlıbaşlar Yapı Sanayi ve Turizm Yatırımları A.Ş.-Gap İnşaat Yatırım ve Dış Ticaret A.Ş. Ortak Girişimi	Joint operation	Turkey
Kentsel Dönüşüm İnşaat A.Ş.	Subsidiary	Turkey

Çalık Gayrimenkul Ticaret A.Ş. ("Çalık Gayrimenkul")

Çalık Gayrimenkul was founded in 2005 in Istanbul for the purpose of developing real estates.

Çalık İnşaat A.Ş. ve Kentsel Dönüşüm İnşaat A.Ş.

Subsidiaries of Gap İnşaat namely, Çalık İnşaat A.Ş. ve Kentsel Dönüşüm İnşaat A.Ş. were established for the purpose of engage in constructing projects in Turkey.

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

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

Çalık Construction AB, Gap İnşaat Ukraine Ltd, Gap İnşaat Dubai FZE (UAE), Gap İnşaat Construction and Investment Co. Ltd.

Subsidiaries of Gap İnşaat namely, Gap İnşaat Ukraine Ltd., Gap İnşaat Dubai FZE, Çalık Construction AB and Gap İnşaat Construction and Investment Co. Ltd. were established for the purpose of engage in constructing projects in the countries where they operate.

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2014

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

1 Reporting entity (continued)

1.2 Entities in construction segment (continued)

Gap Yapı İnşaat A.Ş. ("Gap Yapı")

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

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

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

1.3 Entities in textile segment

Company Name	Type of partnership	Country
Balkan Dokuma TGPJ	Associate	Turkmenistan
Çalık Alexandria For Readymade Garments	Subsidiary	Egypt
Çalık Korea Inc.	Subsidiary	Korea
Çalık Pamuk Doğal ve Sentetik Elyaf Ticaret A.Ş.	Subsidiary	Turkey
Çalık USA	Subsidiary	USA
Gap Güneydoğu FZE Jebel Ali Free Zone	Subsidiary	UAE- Dubai
Gap Güneydoğu Tekstil Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Gap Türkmen-Türkmenbaşı Jeans Kompleksi	Associate	Turkmenistan
Serdar Pamuk Egrigi Fabriği ÇJB	Associate	Turkmenistan
Türkmenbaşı Tekstil Kompleksi	Associate	Turkmenistan

Balkan Dokuma TGPJ ("Balkan Dokuma")

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

Çalık Alexandria For Readymade Garments ("Çalık Alexandria")

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

Çalık Korea Inc.

Çalık Korea Inc. was established in 2007 for the purpose of importing and exporting textile and ready wear, and also distribution and transportation services.

Çalık Pamuk Doğal ve Sentetik Elyaf Ticaret A.Ş. ("Çalık Pamuk")

Çalık Pamuk was founded in 2011 for the purpose of conducting international cotton trade activities and rendering consultancy services in all matters related to cotton.

Çalık USA and Gap Güneydoğu FZE Jebel Ali Free Zone ("Gap Güneydoğu FZE")

Çalık USA and Gap Güneydoğu FZE are operating in the trade of textile products in the USA and UAE-Dubai, respectively.

Gap Güneydoğu Tekstil Sanayi ve Ticaret A.Ş. ("Gap Güneydoğu")

Gap Güneydoğu was established in 1987, in Turkey and conducts its production operation in Malatya Industrial Area. Gap Güneydoğu has a branch, namely Gap Güneydoğu Mersin Free Zone, that is engaged in the importing and exporting of textile products.

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2014

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

1 Reporting entity (continued)

1.3 Entities in textile segment (continued)

Gap Türkmen-Türkmenbaşı Jeans Kompleksi ("TJK")

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

Serdar Pamuk Egrigi Fabriği ÇJB ("Serdar Pamuk")

Serdar Pamuk was established in 1995 in Turkmenistan for the purpose of producing denim fabric in textile industry.

Türkmenbaşı Tekstil Kompleksi ("TTK")

TTK was established in 1997 in Turkmenistan. Main operations of TTK are production and marketing of yarn.

1.4 Entities in marketing segment

Company Name	Type of partnership	Country
Gap Pazarlama A.Ş.	Subsidiary	Turkey
Gap Pazarlama FZE Jebel Ali Free Zone	Subsidiary	UAE – Dubai
Gappa Inc.	Subsidiary	USA

Gap Pazarlama A.Ş. ("Gap Pazarlama")

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

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

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

Gappa Inc.

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

1.5 Entities in telecommunication segment

Company Name	Type of Partnership	Country
Albtelecom Sh.a.	Subsidiary	Albania
Cetel Çalık Telekomünikasyon Hizmetleri A.Ş.	Subsidiary	Turkey
Cetel Telekom İletişim Sanayi ve Ticaret A.Ş.	Subsidiary	Turkey
Telemed Telekom A.Ş.	Subsidiary	Turkey
Yenikom Telekomünikasyon Hizmetleri A.Ş.	Subsidiary	Turkey

Çalık Holding Anonim Şirketi and its Subsidiaries

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As at and for the Year Ended 31 December 2014

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

1 Reporting entity (continued)

1.5 Entities in telecommunication segment (continued)

Albtelecom Sh.a. ("Albtelecom")

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

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

Cetel Çalık Telekomünikasyon Hizmetleri A.Ş. ("Cetel Çalık")

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

Cetel Telekom

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

Telemmed Telekom A.Ş. ("Telemmed")

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

Yenikom Telekomünikasyon Hizmetleri A.Ş. ("Yenikom")

Yenikom was established in 2008 for the purpose of building and managing electronic communication network.

1.6 Entities in banking and finance segment

Company Name	Type of partnership	Country
Aktif Yatırım Bankası A.Ş.	Subsidiary	Turkey
Albania Leasing Company	Associate	Albania
Banka Kombetare Tregtare Sh.a	Subsidiary	Albania
Çalık Finansal Hizmetler A.Ş.	Subsidiary	Turkey
Kazakhstan İjara Company KIC Leasing	Associate	Kazakhstan
Sigortayeri Sigorta ve Readürans Brokerliği A.Ş.	Subsidiary	Turkey

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

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

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

Albania Leasing Company ("Albania Leasing")

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

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

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

1 Reporting entity (continued)

1.6 Entities in banking and finance segment (continued)

Banka Kombetare Tregtare Sh.a ("BKT")

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

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

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

Kazakhstan Ijara Company KIC Leasing

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

Sigortayeri Sigorta ve Readürans Brokerliği A.Ş. ("Sigortayeri")

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

1.7 Entities in other segments

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

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

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

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

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

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

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

Çalık Holding Anonim Şirketi and its Subsidiaries

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As at and for the Year Ended 31 December 2014

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

1 Reporting entity (continued)

1.7 Entities in other segments (continued)

Çalık Turizm Kültür İnşaat Sanayi ve Ticaret A.Ş. ("Çalık Turizm")

Çalık Turizm was established in December 2004 in Istanbul for the purpose of efficient utilisation of immovable assets related to establishment of mega-cities held by the municipality enterprises. Çalık Turizm is involved with the construction, establishment, operation and rental of contemporary residential areas, trade and tourism centers, international and local press centers, mass housing, subways, bridges, and highways.

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

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

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

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

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

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

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

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

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

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

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

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

Lidya Maden

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

N-Kolay Mağazacılık A.Ş. ("N-Kolay")

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

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

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

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

Polimetal was incorporated in 2011 as a wholly owned subsidiary of Yeni Anadolu Mineral Madencilik Sanayi ve Ticaret Ltd. Şti. ("YAMAS"). Polimetal is registered in Ankara, Turkey and is engaged in the development and operation of mining assets. As at reporting date, Polimetal is a joint venture of Lidya Maden and YAMAS with an ownership structure of 80% and 20%, respectively.

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1 Reporting entity (continued)

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

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

Tura Madencilik A.Ş. ("Tura")

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

2 Basis of preparation

a) Statement of compliance

Çalık Holding entities operating in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira ("TL") in accordance with the Accounting Practice Regulations as promulgated by the Banking Regulatory and Supervision Agency ("BRSA") (applicable to the financial institutions), Turkish Uniform Chart of Accounts, Turkish Commercial Code and Tax Legislation.

Çalık Group's foreign entities maintain their books of account and prepare their statutory financial statements in accordance with the related legislation and generally accepted accounting principles applicable in the countries they operate.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The consolidated financial statements were approved by the Group management on 6 April 2014. Çalık Holding's General Assembly and the other regulatory bodies have the power to amend the statutory financial statements which after their issue.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis and for the Group's Turkish entities as adjusted for the effects of inflation that lasted by 31 December 2005, except for the followings:

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

The methods used to measure the fair values are discussed further in Note 33.

c) Functional and presentation currency

The accompanying consolidated financial statements are presented in United States Dollar ("USD") whereas Çalık Group's functional currency is Turkish Lira ("TL"). Except as otherwise indicated, 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 year.

The rates used in the conversion of the Group's consolidated.

	Average rate		Yearend rate	
	2014	2013	2014	2013
TL/USD	2,1863	1,9025	2,3189	2,1343

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2014

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

2 Basis of preparation (continued)

d) Changes in accounting policies, estimates and error

The valuation principles and accounting policies have been applied consistently to all periods presented in these consolidated 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

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas at estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in the following notes:

- Note 3 (f) and (g) – Useful lives of property and equipment and intangible assets including goodwill
- Note 9 – Financial investments
- Note 10 – Trade receivables and payables
- Note 14 – Prepayments and deferred revenue
- Note 18 – Investment property
- Note 22 – Derivatives
- Note 24 – Provisions
- Note 26 – Taxation
- Note 33 – Financial instruments – Fair values and risk management

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

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

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group.

(a) Correction of material errors and reclassifications

Material errors and reclassifications are corrected, retrospectively; restating the prior period financial statements.

Corrections

On 28 June 2013, Doğu Aras purchased all share of Aras Elektrik Dağıtım A.Ş. ("EDAŞ") and Aras Elektrik Perakende Satış A.Ş. ("EPAŞ") by paying an USD 128.500 as a result of a tender in the privatisation process. After this acquisition, Doğu Aras's identifiable assets and liabilities had been recognised based on their provisionally estimated fair values. As at the reporting date, the Group finalized the valuation of the Doğu Aras and restated its consolidated financial statement by decreasing "liabilities from equity accounted investees" account by USD 9.881 as at 31 December 2013.

As a result of this correction, "operating profit", "profit before tax" and "net profit" increased by USD 11.080 in the restated statement of profit or loss and other comprehensive income for the year ended 31 December 2013.

Above mentioned correction was taken into consideration while preparing the consolidated statement of cash flows for the year ended on 31 December 2013.

Reclassifications

The Group has made certain reclassifications among the equity items that do not result in any change in the total amount of the consolidated equity. As a result of these reclassifications, "restricted reserves", "loss for the period" attributable to the owners of the Company and "non-controlling interests" increased by USD 8.106, USD 72.574 and USD 66.690, respectively (1 January 2013: an increase in "restricted reserves", "profit for the year" and "non-controlling interests" by USD 2.587, USD 13.583 and USD 103.184), whereas "retained earnings" attributable to the owners of the Company decreased by USD 79.384 (1 January 2013: decreased by USD 92.968) as at 31 December 2013.

(b) Basis of consolidation

The accompanying consolidated financial statements include the accounts of the parent company, Çalık Holding, its subsidiaries and joint arrangements and associates on the basis set out in sections below. The financial statements of the entities included in the consolidation have been prepared as at the date of the consolidated financial statements.

i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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3 Significant accounting policies (continued)

(b) Basis of consolidation (continued)

i) Business combinations (continued)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

ii) Non-controlling interests

For each business combination, the Group measures any non-controlling interests in the acquiree at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls a business when exposure, or rights, to variable returns due to its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

iv) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

v) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain/loss arising is recognised directly in equity.

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3 Significant accounting policies (continued)

(b) Basis of consolidation (continued)

vi) Associates (Equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Investments in associates are accounted for using the equity method and are initially recognised at cost. The cost of investments includes transaction costs.

The consolidated financial statements include the Group's share of profit and loss and other comprehensive income of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associates, the carrying amount of that interest, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

vii) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

- Joint operation – when the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.
- Joint venture (equity-accounted investees) – when the Group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method.

The accompanying consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an joint venture, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

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

3 Significant accounting policies (continued)

(b) Basis of consolidation (continued)

viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Carrying value of shares owned by the Group and dividends arising from these shares has been eliminated in equity and profit or loss accounts.

In consolidation of operating results and financial positions of subsidiaries whose functional currency is other than TL, main consolidation transactions are made such as elimination of related party balances and transactions. But, a monetary asset (or liability) of related parties regardless of short-term or long-term (except for monetary items which are part of net investment of the Group in its subsidiaries whose functional currency is different than TL) can not be eliminated with related party liability (or related party asset) without presenting results of fluctuation of foreign currencies in consolidated financial statements. Because, a monetary item provides obligation of translation of any currency to other currency and makes the Group exposed to gain or losses arising from fluctuation of foreign currencies. Correspondingly, these kind of foreign exchange differences are recognized in profit or loss of consolidated financial statements of the Group.

(c) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss), a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or qualifying cash flow hedges to the extent the hedge is effective.

The foreign exchange rates used mainly by the Group for translation of the transactions in foreign currencies as at 31 December 2014 and 2013 as follows:

	Average rate		Yearend rate	
	2014	2013	2014	2013
TL/USD	2,1863	1,9025	2,3189	2,1343
TL/EUR	2,9042	2,5280	2,8207	2,9365

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As at and for the Year Ended 31 December 2014

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

3 Significant accounting policies (continued)

(c) Foreign currency (continued)

ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to TL at exchange rates at the reporting date. The income and expenses of foreign operations are translated to TL at average exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportion of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operations is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented within equity in the translation reserve. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

d) Financial instruments

i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held to maturity financial assets and loans and receivables, and available-for-sale financial assets.

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

3 Significant accounting policies (continued)

d) Financial instruments (continued)

i) Non-derivative financial assets (continued)

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. These include investments in equity instruments. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade receivables including service concession receivables and due from customers for contract work, receivables related to finance sector operations (including banking loans and advances to banks and customers and finance lease receivables) and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank deposits and other liquid assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

Service concession arrangements

The Group recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction or upgrade services provided. Such financial assets are measured at fair value upon initial recognition. Subsequent to initial recognition the financial assets are measured at amortised cost.

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration received or receivable is accounted for separately and is recognised initially at the fair value of the consideration received or receivable.

Finance lease receivables

Leases where the entire risks and rewards incident to ownership of an asset are substantially transferred to the lessee are classified as finance leases. A receivable at an amount equal to the present value of the lease payments, including any guaranteed residual value, is recognised. The difference between the gross receivable and the present value of the receivable is unearned finance income and is recognised over the term of the lease using the effective interest rate method. Finance lease receivables are included in receivables related to finance sector operations.

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

3 Significant accounting policies (continued)

d) Financial instruments (continued)

i) Non-derivative financial assets (continued)

Held to maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held to maturity financial assets are measured at amortised cost using the effective interest method less and impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in loans and receivables, at fair value through profit or loss and held to maturity of financial assets. The Group's investments in certain debt and equity instruments are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognised in other comprehensive income and presented within equity in the fair value reserve, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost. When an instrument is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Other

Other non-derivative financial assets are measured at amortised cost using the effective interest rate method, less any impairment losses.

ii) Non-derivative financial liabilities

The Group initially recognises all financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into other financial liabilities which mainly are comprises of loans and borrowings, trade payables, payables related to finance sector operations, payables related to employee benefits and other payables.

Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

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3 Significant accounting policies (continued)

d) Financial instruments (continued)

iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

The Group does not engage in derivative contracts qualified for hedge accounting. Therefore, on initial recognition, derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted in profit or loss as incurred.

iv) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

e) Repurchase transactions

The Group enters into purchases/sales of investments under agreements to resell/repurchase substantially identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognised. The amounts paid are recognised as "Receivables related to finance sector operations" in the accompanying consolidated financial statements. The receivables are shown as collateralized by the underlying security. Investments sold under repurchase agreements continue to be recognised in the consolidated statement of financial position and are measured in accordance with the accounting policy for either assets held for trading, held to maturity or available-for-sale as appropriate. The proceeds from the sale of the investments are reported as funds from repo transactions presented under "Payables related to finance sector operations". Income and expenses arising from the repurchase and resale agreements over investments are recognised on an accruals basis over the period of the transaction and are included in "interest income" or "interest expense" presented under "revenue from finance sector operations" and "cost of revenue from finance sector operation" respectively.

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3 Significant accounting policies (continued)

f) Property, plant and equipment

i) Recognition and measurement

The costs of items of property, plant and equipment of Çalık Group's Turkish entities purchased before 31 December 2005 are restated for the effects of inflation in TL units current at 31 December 2005 pursuant to IAS 29. Property, plant and equipment purchased after this date are recognised at their historical cost. Accordingly, property, plant and equipment of the Group are carried at costs, less accumulated depreciation and impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- cost of materials and direct labor;
- any other costs directly attributable to bringing the asset to a working condition for its intended use;
- when the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the asset) is recognised in "Gain from investing activities" or "Loss from investing activities" under profit or loss.

ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Property that is being constructed for future use as investment property is accounted for at fair value. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

iii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

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3 Significant accounting policies (continued)

f) Property, plant and equipment (continued)

iv) Depreciation

Items of property, plant and equipment are depreciated from the date that they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

Description	Year
Buildings	5-50
Machinery and equipments	5-40
Vehicles	5-10
Furniture and fixtures	3-15
Other tangible assets	5-15
Leasehold improvements	3-10

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives, also on a straight-line basis.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Intangible assets and goodwill

i) Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see note 3 b) i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses (see accounting policy 3.(k) ii). In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

ii) Other intangible assets

Other intangible assets of the Group mainly consist of licences for oil exploration, hydroelectric power generation, wind power generation and liquefied natural gas import, electricity distribution rights and computer software acquired by the Group, which have finite useful lives, and are measured at cost less accumulated amortisation and any accumulated impairment losses, if any.

iii) Subsequent expenditures

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated and brands, is recognised in profit or loss as incurred.

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3 Significant accounting policies (continued)

g) Intangible assets and goodwill (continued)

v) Amortisation

Except for goodwill recognised in business combinations, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

Amortisation of electricity distribution rights is based on the fair value of the asset which is acquired through business combination under scope of IFRS 3 "Business Combinations". The remaining amortisation period for electricity distribution rights are 26 years which is the service concession period of YEDAŞ as it was acquired by ÇEDAŞ. Licences and other intangible assets including computer software are amortised between 10 and 50 years and 2 and 10 years, respectively.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

h) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation surplus is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

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3 Significant accounting policies (continued)

j) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of trading goods is based on the weighted average method, and includes expenditure and other costs incurred in bringing them to their existing location and condition.

Cost of trading properties are determined on cost or deemed cost method by the entities operating in construction business. Trading properties comprised lands that are held for construction projects to sell and cost of buildings that are held for trading purposes.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

j) Construction contracts in progress/deferred revenue

Construction contracts in progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date. Construction contracts in progress is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditures related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

In the consolidated statement of financial position, construction contracts in progress for which costs incurred plus recognised profits exceed progress billings and recognised losses are presented as trade receivables. Contracts for which progress billings and recognised losses exceed costs incurred plus recognised profits are presented as deferred revenue. Advances received from customers are presented as deferred revenue.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Revenue measurements are based on estimates that are revised as events and uncertainties are resolved. Cost and revenues may be revised based on variations to the original contract, penalties on delays, cost escalation clauses and other similar items. These revisions are recognised in the consolidated financial statements as they are incurred. Revenue incentive are recognised as revenue to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised to the extent of costs incurred that are probable of recovery. Costs are recognised as an expense as they are incurred.

k) Impairment

i) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

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3 Significant accounting policies (continued)

k) Impairment (continued)

i) Non-derivative financial assets (continued)

Available-for sale financial assets

Impairment losses on available-for-sale investment securities are recognised by reclassifying the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, by the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

For an investment in unquoted equity instruments carried at cost because their fair value cannot be measured reliably, impairment losses is not reversed.

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

Loans and receivables

The recoverable amounts of loans and receivables are calculated as the present value of the expected future cash flows discounted at the instruments' original effective interest rates. Short-term balances are not discounted.

Specific allowances are made against the carrying amounts of loans and receivables that are identified as being impaired based on regular reviews of outstanding balances to reduce these assets to their recoverable amounts. In assessing the recoverable amounts of the assets, the estimated future cash flows are discounted to their present value. Portfolio basis allowances are maintained to reduce the carrying amount of portfolios of similar assets to their estimated recoverable amounts at the reporting date. Increases in the allowance account are recognised in profit or loss. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be linked objectively to an event occurring after the write down, the write-down or allowance is reversed through profit or loss.

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3 Significant accounting policies (continued)

k) Impairment (continued)

i) Non-derivative financial assets (continued)

Financial assets measured at amortised cost (continued)

Loans and receivables (continued)

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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3 Significant accounting policies (continued)

l) Assets held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale or distribution rather than through continuing use.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are not amortised or depreciated, and equity accounted investee is no longer equity accounted.

m) Employee benefits

i) Reserve for employee severance indemnity

Reserve for employee severance indemnity represents the present value of the estimated future probable obligation of the Group arising from the retirement of the employees of the Group's entities operating in Turkey and calculated in accordance with the Turkish Labour Law. It is computed and reflected in the consolidated financial statements on an accrual basis as it is earned by serving employees. The computation of the liabilities is based upon the retirement pay ceiling announced by the Government. The ceiling amounts applicable for each year of employment were USD 1,48 and USD 1,52 at 31 December 2014 and 2013, respectively.

IFRSs require actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. The total liability for employee severance benefit was calculated by an independent actuary based on past service cost methodology using the observable statistical market data such as mortality, inflation and interest rates or retirement pay ceilings applicable to the relevant periods and assumptions derived from the specific historic date of the Group such as retention and employee turnover rates or salary increase rates.

Income ceiling calculation for the Group's entities holding electricity distribution and retail sale license per the service concession agreement is updated yearly in accordance with Energy Market Regulatory Board ("EMRA") decision No. 2991 dated 28 December 2010 in order to compensate the expenditures (such as employee benefit costs) relevant to the operations performed under these licenses as they incurred. Accordingly, the employee severance indemnity amounting to USD 1.919 (31 December 2013: USD 2.763) had no effect on the Group's consolidated financial statements since the same amount will be compensated by the Government as a adjusting item in the following income ceiling calculation.

Actuarial gains/losses are comprised of adjustment of difference between actuarial assumptions and results and change in actuarial assumptions. As a result of the adoption of IAS 19 (2011), all actuarial differences have to be recognised in other comprehensive income. However due to insignificance of the balances, the Group has not recognised any actuarial differences on reserve for employee severance indemnity in other comprehensive income.

Reserve for employee severance indemnity is not subject to any statutory funding.

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3 Significant accounting policies (continued)

m) Employee benefits (continued)

i) Reserve for employee severance indemnity (continued)

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due. The Group's banking subsidiary in Albania makes compulsory social security contributions that provide pension benefits for employees upon retirement. The local authorities are responsible for providing the legally set minimum threshold for pensions in Albania under a defined contribution pension plan.

ii) Defined benefit plans

The Group's banking subsidiary in Albania created a fully employer sponsored pension plan fund-Staff Support Program during 2002. The amount charged to this fund (SSP) was decided as 5% of yearly budgeted personnel salary expenses.

The amount due to employees based on the above plan would be grossed up by the interest that will accrue from the date the employees leave the Group's banking subsidiary in Albania until their retirement. It would be paid to employees only when they reach the Albanian statutory retirement age, in monthly instalments equal to a minimum of 75% of their state monthly pension until the accumulated fund for the employee is consumed.

Based on the Board of Directors resolution effective on 30 September 2010, the Group's banking subsidiary in Albania stopped the investment in this fund (SSP), by transforming it into the Staff Retention Credit Program (SRCP). The demographic changes in labour force during the last ten years and the employees' average age at 31, where 80% of employees are below the age of 40, has resulted in SSP not being attractive for most employees of the Group's banking subsidiary in Albania, as it can only be enjoyed at retirement. In contrast, SRCP will be more readily beneficial for all staff of the Group's banking subsidiary in Albania, as it will provide consumer and home loans with preferential terms. The entire due amount calculated for eligible employees in Staff Support Program has been frozen on the same date. The frozen amount due to change of SSP into SRCP on 30 September 2010 and the corresponding annual interest that will be gained by the investment in AAA sovereign bonds in the future until retirement age, is recorded as a liability by the Group's banking subsidiary in Albania.

iii) Vacation pay liability

Short-term employee benefit obligations are consisting of reserve for the vacation pay liability due to the earned and unused vacation rights of its employees of the Group's Turkish entities, and measured on an undiscounted basis and are recognised in profit or loss as the related service is provided.

n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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3 Significant accounting policies (continued)

n) Provisions (continued)

i) Provisions for EMRA regulations

In case of incompliance with the Electricity Market Act numbered 6446 which is effective after the publication on the Official Gazette dated 30 March 2013, numbered 28603 as well as with the regulations and communiqués promulgated by EMRA, EMRA sends a letter notifying the reason and related penalty fee with payment maturity to the Group. Although these penalties generally are paid in advance, some payments could be delayed until the final confirmation is reached in case of disagreement with EMRA. Based on the final conclusions as a result of assessment made by the Legal Department of the Group and assumption/analysis made by the Group management, required provision is made on the consolidated statement of the financial position as the notification is received.

ii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

o) Revenue

i) Construction contracts and real estate business

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.

Rental income

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from investment property is recognised as other income.

Sale of trading properties

Revenue from the sale of trading properties in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of 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.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale. For the sale of trading properties, transfer occurs when the property has been delivered to and registered in the name of the buyer officially.

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3 Significant accounting policies (continued)

o) Revenue (continued)

ii) Energy business

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. 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.

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.

Electricity retail sale service is defined in Electricity Market Law and Electricity Market License Communiqué promulgated by EMRA as other services such as invoicing or collection provided to the customers excluding the sale of electricity and/or capacity, the services provided by companies holding retail sale licenses to consumers. Electricity retail sale service fee included in the invoices issued by the Group contains invoicing costs, consumer services costs, capital expenditures relevant to the electricity retail sale services. Electricity retail sale service fee is applied to all customers who purchase energy from the Group.

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.

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3 Significant accounting policies (continued)

o) Revenue (continued)

ii) Energy business (continued)

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 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.

iii) Banking and finance business

Interest income/expense

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and commissions paid or received transaction costs, and discounts or premiums that are integral part of the effective interest rate. Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Interest income and expense presented in profit or loss include the interest income on financial assets and liabilities at amortised cost on an effective interest rate basis.

Fees and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income are recognised as the related services are provided. Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

Net trading income

Net trading income comprises gains less loss related to trading assets and liabilities, and includes all realised and unrealised fair value changes and foreign exchange differences.

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3 Significant accounting policies (continued)

o) Revenue (continued)

iv) Telecommunication business

Revenues are recognized to the extent that it is probable that economic benefits will flow to the Group and their amount can be measured reliably. Revenues are stated net of discounts, allowances, and returns.

Services rendered

Revenues from services rendered are recognized in the profit or loss according to the stage of completion of the service and only when the outcome of the service rendered can be estimated reliably.

Monthly subscription fee

Revenue related to the monthly service fees is recognised in the month that the telecommunication service is provided.

Usage charges and value added services fees

Call fees consist of fees based on airtime and traffic generated by the caller, the destination of the call and the service utilised. Usage charges are based on traffic, usage of airtime or volume of data transmitted for value added services, such as short message services, internet usage and data services. Revenues from usage charges and value added services are recognised in the period when the services are provided. Unbilled revenues from the billing cycle dating to the end of each month are estimated based on traffic and are accrued at the end of the month.

Revenue from the sale of internet services through contracts for leased lines is recognized in the profit or loss over the course of the contract. Revenue from the sale of prepaid access internet cards and access mobile cards is recognized in profit or loss at the time of usage.

Traffic revenues from interconnection and roaming are reported gross of the amounts due to other telecom operators.

Revenues from prepaid airtime are recorded on the basis of the airtime used at the predefined prices per minute. Deferred revenues for unused airtime are recorded as "Deferred revenue" in the consolidated statement of financial position.

Sales of goods

Revenue from the sale of modems and mobile phones is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer (i.e. upon delivery of goods), 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.

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3 Significant accounting policies (continued)

o) Revenue (continued)

v) Other businesses

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.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale. Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

vi) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

p) Research and development costs

Expenditure on research activities is recognised in profit or loss when incurred.

q) Dividend income

Dividend income is recognised on the date that the Group's right to receive payment is established. Dividend payables are recognised after the dividend distribution approval in the General Assembly.

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3 Significant accounting policies (continued)

r) Leases

i) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

ii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

iii) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. The following two criteria must be met for a "lease":

- the fulfillment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

iv) Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments and included in "Property and equipment" with the corresponding liability to the lessor included in "Other liabilities".

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss in "Interest expense". Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are not recognised on the consolidated statement of financial position. Any rentals payable are expensed for on a straight-line basis over the lease term and included in "General and administrative expenses", "Cost of sales", "Selling, marketing and distribution expenses" and "Research and development expenses".

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3 Significant accounting policies (continued)

s) Finance income and finance cost

Finance income comprises foreign currency gains (excluding those on trade receivables and payables), and gains on derivative instruments used for economic hedge for the foreign currency risk of the borrowings or interest rate risk exposures originating from the borrowings that are recognised in profit or loss (excluding other trading derivatives held by the banking subsidiaries of the Group). Interest income obtained from related parties for the funds provided is recognised as it accrues, using the effective interest method.

Finance cost comprise interest expense on borrowings and due to related parties for the funds received, foreign currency losses (excluding those on trade receivables and payables), and losses on derivative instruments used for economic hedge for the foreign currency or interest rate risk exposures originating from the borrowings that are recognised in profit or loss (excluding other trading derivatives held by the banking subsidiaries of the Group).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either other income or expense depending on whether foreign currency movements are in a net gain or net loss position by each entity of the Group.

t) Other income and expenses from operating activities

Except for banking and finance operations, other income from operating activities comprises interest income on time deposits that is recognised as it accrues in profit or loss, using the effective interest method, recoveries from provision for doubtful receivables and inventories, rediscount gains on payables, foreign currency gains (excluding those on borrowings) fair value gains on investment property and other operating income.

Except for banking and finance operations, other expense from operating activities comprises commission expenses for letter of credits, provision expense for doubtful receivables and inventories, donations, rediscount losses on payables, foreign currency losses (excluding those on borrowings) fair value loss on investment property and other operating expenses.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position by each entity of the Group.

u) Income and losses from investing activities

Income from investing activities comprises gain on sale of property, plant and equipment and intangible assets, fair value gain of financial assets at fair value through profit or loss, dividend income from equity accounted investees, available for sale financial assets and financial assets at fair value through profit or loss and other income from investing activities.

Losses from investing activities comprises gain on sale of property, plant and equipment and intangible assets, fair value loss of financial assets at fair value through profit or loss on derivative financial instruments and other losses from investing activities.

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3 Significant accounting policies (continued)

v) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries, joint arrangements and associates to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred taxes related to fair value measurement of available for sale assets are charged or credited to equity and subsequently recognised in profit or loss together with the deferred gains that are realised.

Tax exposures

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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3 Significant accounting policies (continued)

v) Income tax (continued)

Transfer pricing in Turkey

Transfer pricing is disclosed in the 13th clause of the Corporate Tax Law under the heading "veiled shifting of profit" via transfer pricing. The application details are stated in the "general communiqué regarding veiled shifting of profits via transfer pricing" published on 18 November 2007.

If the tax payer involves in transactions with related parties relating to trading of products or goods not performed within the framework of the principals regarding to pricing according to peers, then it will be considered that the related profits are shifted in a veiled way via transfer pricing. Such veiled shifting of profits via transfer pricing will not be deducted from tax assessment for the purposes of corporate tax.

The provisions concerning to the "thin capitalisation" are stated in the Article 12 of new corporate tax law issued by Ministry of Finance of Turkey. According to the Article 12, if the borrowings obtained directly or indirectly from the shareholders of the companies or persons related to shareholders exceeds three times of the shareholders' equity of the company operating in Turkey at any time during the related year, the exceeding portion of the borrowing will be treated as thin capital.

The financial borrowings were regarded as thin capitalisation provided with:

- The borrowings obtained directly or indirectly from the shareholders of the companies or persons related to shareholders
- Used for/in the entity
- Borrowings exceeds three times of the shareholders' equity of the company at any time during the related year,

w) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the CEO ("Chief Executive Officer") and BOD members to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

x) De-merger/Spin off

Economically a de-merger represents a division of an entity into separate parts. The result of a de-merger is that the same shareholders own the same group of businesses; the shareholders structure and their ownership interests are identical both before and after the de-merger. In the absence of further guidance in IFRS, the Group has accounted the de-merger by recognising the book values.

y) Contingent assets and liabilities

If the inflows of the economic benefits to the Group are probable, contingent assets are disclosed in the notes to the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the consolidated financial statements in the period in which the change occurs.

Contingent liabilities are assessed continuously to determine whether an outflow of resources embodying economic benefits has become probable. Unless the possibility of any outflow in settlement is remote, contingent liabilities are disclosed in the notes to the financial statements.

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3 Significant accounting policies (continued)

z) Subsequent events

Subsequent events represents the events after reporting date comprising any event between the reporting date and the date of authorisation for the consolidated financial statements' issue to the benefit or loss of the entity. Conditions of subsequent events are as follows:

- to have new evidences of subsequent events as of reporting date (adjusting events); and
- to have evidences of related subsequent events occurred after reporting date (non adjusting).

The Group adjusts its consolidated financial statements according to the new condition if adjusting subsequent events arise subsequent to the reporting date. If it is not necessary to adjust the consolidated financial statements according to subsequent events, these subsequent events must be disclosed in the notes to the consolidated financial statements.

aa) Statement of cash flows

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities reflect cash flows mainly generated from main operations of the Group. The Group presents the cash flows from operating activities by using the indirect method such as adjusting the accruals for cash inflows and outflows from gross profit/loss, other non-cash transactions, prior and future transactions or deferrals.

Cash flows from investment activities reflect cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group.

Cash flows relating to financing activities reflect sources of financial activities and payment schedules of the Group.

Cash and cash equivalents comprise cash on hand and demand deposits, investment funds, reverse repo receivables and other bank deposits whose maturities are three months or less from date of acquisition. Any restricted cash and cash equivalents that are not ready for the Group's use as at the reporting date, are excluded from the sum of the cash and cash equivalent in the consolidated statement of cash flows.

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3 Significant accounting policies (continued)

ab) Related parties

Parties are considered related to the Group if:

- (a) Directly, or indirectly through one or more intermediaries, the party:
 - (i) controls, is controlled by, or is under common control with the Group (this includes parent, subsidiaries and fellow subsidiaries);
 - (ii) has an interest in the Group that gives it significant influence over the Group; or
 - (iii) has joint control over the Group;
- (b) the party is an associate of the Group;
- (c) the party is a joint venture/operation in which the Group is a venturer;
- (d) the party is member of the key management personnel of the Group and its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or (e);
- (g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

A number of transactions are entered into with related parties in the normal course of business.

ac) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2014, and have not been applied in preparing these consolidated financial statements.

IFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Group is in the process of assessing the impact of the standard on the consolidated financial position or performance of the Group.

IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortisation

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The amendments are effective for annual periods beginning on after 1 January 2016, and are to be applied prospectively. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

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3 Significant accounting policies (continued)

ac) New standards and interpretations not yet adopted (continued)

IFRS 11 – Accounting for acquisition of interests in joint operations

The amendments clarify whether IFRS 3 Business Combinations applies when an entity acquires an interest in a joint operation that meets that standard's definition of a business. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

IFRS 9 Financial Instruments – Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39-(2013)

In November 2013, the International Accounting Standards Board ("IASB") issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging transactions. Further, the new standard removes the 1 January 2015 effective date of IFRS 9. The new version of IFRS 9 issued after IFRS 9 (2014) introduces the mandatory effective date of 1 January 2018 for IFRS 9, with early adoption permitted. The Group is in the process of assessing the impact of the standard on the consolidated financial position or performance of the Group.

IFRS 9 Financial Instruments (2014)

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 "Financial Instruments Recognition and Measurement". IFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is in the process of assessing the impact of the standard on the consolidated financial position or performance of the Group.

IFRS 14 Regulatory Deferral Accounts

IASB has started a comprehensive project for Rate Regulated Activities in 2012. As part of the project, IASB published an interim standard to ease the transition to IFRS for rate regulated entities. The standard permits first time adopters of IFRS to continue using previous GAAP to account for regulatory deferral account balances. The interim standard is effective for financial reporting periods beginning on or after 1 January 2016, although early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

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3 Significant accounting policies (continued)

ac) New standards and interpretations not yet adopted (continued)

IFRS 15 Revenue from Contracts with customers

The standard replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Group expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognising revenue over time. The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted under IFRS. The Group is in the process of assessing the impact of the amendment on the consolidated financial position or performance of the Group.

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)

The amendments address the conflict between the existing guidance on consolidation and equity accounting. The amendments require the full gain to be recognized when the assets transferred meet the definition of a "business" under IFRS 3 Business Combinations. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Equity method in separate financial statements (Amendments to IAS 27)

The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Disclosure Initiative (Amendments to IAS 1)

The narrow-focus amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. In most cases the amendments respond to overly prescriptive interpretations of the wording in IAS 1. The amendments relate to the following: materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendments apply for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Improvements to IFRSs

The IASB issued Annual Improvements to IFRSs-2012-2014 Cycle. The amendments are effective as of 1 January 2016. Earlier application is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

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3 Significant accounting policies (continued)

ac) New standards and interpretations not yet adopted (continued)

Annual Improvements to IFRSs – 2012–2014 Cycle

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendments clarify the requirements of IFRS 5 when an entity changes the method of disposal of an asset (or disposal group) and no longer meets the criteria to be classified as held-for-distribution.

IFRS 7 Financial Instruments: Disclosures

IFRS 7 is amended to clarify when servicing arrangement are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that the additional disclosures required by Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7).

IAS 19 Employee Benefits

IAS 19 has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

IAS 34 Interim Financial Reporting

IAS 34 has been amended to clarify that certain disclosure, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report" – i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report).

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4 Acquisition of subsidiaries

4.1 Acquisitions/disposal of non-controlling interests without change in control during 2014

Çalık Solar Enerji

On 1 July 2014, the Group acquired the shares held by Mitsubishi Corporation and with a nominal value of USD 295 representing 50,00% of Çalık Solar Enerji's capital for a total consideration of USD 30, increasing its ownership percent from 50,00% to 100,00%.

Çalık NTF

On 24 April 2014, the Group acquired the shares held by NTF İnşaat Ticaret Ltd. and with a nominal value of USD 1.725 representing 10,00% of Çalık NTF's capital for a total consideration of USD 1.024 increasing its ownership percent from 90,00% to 100,00%.

4.2 Acquisition of an entity under common control during 2013

In 2013, structure of the board of directors of one of the Group's entities which is operating in construction segments has changed and with this management change, the entity has started to be controlled by the Group. On 31 December 2013, the Group has participated in the share capital increase of this entity while the non-controlling interest did not participate and had shares by 99,75% in this entity. Therefore, this transaction has been accounted as consolidation of the entity under common control by its book values. As a result of this transaction, the Group recognised the net liability of the entity amounting to USD 103.646 in retained earnings account under equity. As at the transaction date, the Group's cash and cash equivalents increased by USD 970.

4.3 Acquisition of a subsidiary during 2013

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

According to share transfer agreement dated 26 August 2013, the Group decided to purchase 80% of shares at Pavo Teknik Servis Elektrik ve Elektronik Sanayi ve Ticaret A.Ş. ("Pavo") for a consideration of USD 2.122. On 20 September 2013, the share transfer was finalised and the Group obtained control by acquiring 80% of shares and voting rights in Pavo.

Pre-acquisition carrying amounts were determined based on the applicable IFRSs immediately before the acquisition. The values of assets, liabilities and contingent liabilities recognised on acquisition are their fair values based on certain estimations.

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4 Acquisition of subsidiaries (continued)

4.3 Acquisition of a subsidiary during 2013 (continued)

The following table summarises the major classes of consideration transferred and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration transferred

Cash paid	--	2.122
Total consideration	--	2.122

	Carrying amount	Fair value
Identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	182	182
Trade and other receivables	175	175
Inventories	125	125
Other assets	80	80
Property, plant and equipment	10	10
Intangible assets	3	3
Total assets	575	575
Trade and other payables	(79)	(79)
Other liabilities	(67)	(67)
Total liabilities	(146)	(146)
Total net identifiable assets	429	429

Goodwill

Goodwill has been recognised as a result of the acquisition as follows:

Total consideration transferred	2.122
Non-controlling interest based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	86
Less: Value of net identifiable assets	(429)
Goodwill	1.779
Cash consideration transferred	2.122
Cash and cash equivalents acquired	(182)
Net cash outflow arising on acquisition	1.940

The Group management estimated that the effect of this acquisition would have an insignificant effect on the consolidated revenue and consolidated loss if the acquisition had occurred on 1 January 2013.

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5 Discontinued operation and disposal group held for sale

In December 2013, the Group committed to a plan to dispose all of its subsidiaries in media operation following a strategic decision to place greater focus on the Group's key competencies. On 22 April 2014, the Group sold its entire media segment with a total net asset amounting to USD 79.998 for a total consideration received in cash of USD 268.868. As the media segment represents a major line of business of the Group, the comparative consolidated statement of profit or loss and other comprehensive income for the year ended on 31 December 2013 has been re-presented separately from continuing operations to show this transaction as a discontinued operation and all assets and liabilities of these subsidiaries started to be presented as "Assets held for sale" and "Liabilities held for sale", respectively, as at 31 December 2013.

The Group has also reclassified assets and liabilities of Çalık Alexandria and its two foreign subsidiaries operating in textile sector as "Assets held for sale" starting from 2012 as the Group plans to dispose its production and retail facilities of these subsidiaries. All assets and liabilities of these entities except the cash and cash equivalents have been classified as "Assets held for sale" and "Liabilities held for sale" in the consolidated 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 31 December 2014, assets and liabilities including those of discontinued operations are USD 73.773 and USD 3.249 (31 December 2013: USD 1.025.178 and USD 861.967), respectively, and details are as follows:

Assets held for sale	31 December 2014	31 December 2013
Cash and cash equivalents	--	10.996
Trade receivables	--	110.875
Inventories	687	54.705
Property, plant and equipment ^(*)	72.788	183.601
Intangible assets	20	530.583
Deferred tax assets	--	33.418
Other assets	278	101.000
	73.773	1.025.178
Liabilities held for sale	31 December 2014	31 December 2013
Loans and borrowings	30	691.197
Trade payables	265	41.623
Other payables	2.896	63.848
Other liabilities	58	24.088
Deferred tax liabilities	--	3.290
Provisions	--	37.921
	3.249	861.967

^(*) Property, plant and equipment consist of properties classified as held for sale of the subsidiaries in textile sector amounting to USD 9.648 (31 December 2013: USD 10.388) and properties amounting to USD 63.140 (31 December 2013: USD 61.997) which were acquired as a result of legal proceedings of uncollectable loans and receivables of banking sector operations.

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5 Discontinued operation and disposal group held for sale (continued)

For the period between 1 January and 22 April 2014 and for the year ended on 31 December 2013, results of the discontinued operation are as follows:

	1 January- 22 April 2014	1 January- 31 December 2013
Revenue	149.829	535.947
Cost of sales	(129.168)	(452.756)
Gross profit	20.661	83.191
Other income	2.571	10.224
General and administrative expenses	(2.835)	(15.093)
Selling, marketing and distribution expenses	(16.497)	(66.245)
Other expenses	(2.992)	(45.630)
Operating profit/(loss)	908	(33.553)
Gains from investing activities	1	368
Losses from investing activities	(637)	(1.865)
Operating profit/(loss) before finance costs	272	(35.050)
Finance income	4.145	5.352
Finance cost	(13.445)	(162.133)
Net finance costs	(9.300)	(156.781)
Result from operating activities	(9.028)	(191.831)
Current tax expense	(231)	(384)
Deferred tax benefit/(expense)	3.469	(17.037)
Result from operating activities, net of tax	(5.790)	(209.252)
Gain on sale of discontinued operation	221.740	--
Profit/(loss) for the period from discontinued operation	215.950	(209.252)

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5 Discontinued operation and disposal group held for sale (continued)

Effects of disposal on the consolidated financial position of the Group are as follows:

	22 April 2014
Cash and cash equivalents	(6.814)
Trade receivables	(139.771)
Inventories	(64.104)
Property, plant and equipment	(103.205)
Intangible assets	(485.223)
Deferred tax assets	(31.967)
Other assets	(47.868)
Loans and borrowings	600.972
Trade payables	79.178
Other payables	61.347
Other liabilities	17.254
Deferred tax liabilities	2.247
Provisions	37.956
Net assets and liabilities	(79.998)
Consideration received in cash	268.868
Cash and cash equivalent disposed of	(6.814)
Net cash inflow	262.054

As at transaction date, the Group reclassified the foreign currency translation differences for foreign operations attributable to the owners of the Group amounting to USD 2.476 from the discontinued operations previously recognised under translation reserve in the equity to the current period profit or loss.

6 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 dependant to accounting policies of the Group. Segment operating profit, assets and liabilities consist of items directly belonging to these segment or items that can be distributed fairly.

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

Energy: Entities in energy segment operate in sale of electricity, operation of natural gas and crude oil resources, exploration-production of these resources and sale and transportation of these resources to international markets.

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.

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6 Operating segments (continued)

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

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

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

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

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

Since the shares of the Çalık Holding are not publicly traded, the Group preferred to present information regarding its segments as it was reported to the Board of Directors, rather than IFRS 8 requirements.

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6 Operating segments (continued)

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

31 December 2014

	Energy	Construction	Textile	Marketing	Tele-communication	Banking and finance	Others	Eliminations	Subtotal	Discontinued operation	Total
Revenue	1.618.074	326.112	231.571	147.838	100.007	462.756	104.466	(243.475)	2.747.349	149.829	2.897.178
Gross profit	358.453	14.208	45.498	35.234	32.871	208.683	49.503	(63.980)	680.470	20.661	701.131
Share of profit or (loss) accounted investees	(7.653)	--	--	--	--	419	(11.540)	--	(18.774)	--	(18.774)
Interest income	18.357	1.606	49	--	--	12	27	--	20.051	--	20.051
Other income/(costs), net	(93.013)	29.010	(20.836)	(21.927)	(52.396)	(118.930)	(22.809)	21.893	(279.008)	(19.753)	(298.761)
Results from operating activities	276.144	44.824	24.711	13.307	(19.525)	90.184	15.181	(42.087)	402.739	908	403.647
Gain/(loss) from investing activities	1.449	(1.558)	340	133	2.555	(11.545)	289.764	(272.803)	8.335	(636)	7.699
Interest expense	(15.714)	(358)	(12.783)	(15.298)	(3.498)	(7.217)	(120.954)	55.233	(120.589)	(15.190)	(135.779)
Finance cost/income, net	(16.629)	(6.667)	(11.700)	8.115	1.015	(1.597)	(52.803)	(7.972)	(88.238)	5.890	(82.348)
Consolidated profit/(loss) before tax	245.250	36.241	568	6.257	(19.453)	69.825	131.188	(267.629)	202.247	(9.028)	193.219
Income tax expense	(15.827)	(29.567)	5.383	(95)	(284)	(13.835)	(3.360)	--	(57.585)	3.238	(54.347)
Gain on sale of discontinued operation	--	--	--	--	--	--	--	--	--	221.740	221.740
Net profit/(loss) for the year	229.423	6.674	5.951	6.162	(19.737)	55.990	127.828	(267.629)	144.662	215.950	360.612

	Energy	Construction	Textile	Marketing	Tele-communication	Banking and finance	Other	Eliminations	Subtotal	Discontinued operation	Total
Segment assets	1.502.218	924.704	294.632	91.079	255.056	5.444.860	1.533.634	(2.548.609)	7.497.574	--	7.497.574
Segment liabilities	1.154.647	748.058	212.766	72.593	203.223	4.855.967	1.213.103	(1.527.092)	6.933.265	--	6.933.265
Capital expenditure	17.529	30.698	23.252	92	12.908	59.973	5.132	--	149.584	--	149.584
Depreciation and amortisation	(19.361)	(1.979)	(6.193)	(96)	(22.257)	(28.068)	(4.220)	--	(82.174)	--	(82.174)

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6 Operating segments (continued)

31 December 2013										
	Energy	Construction	Textile	Marketing	Telecommunication	Banking and finance	Other	Eliminations	Subtotal	Discontinued operation
Revenue	1.053.524	163.686	201.570	147.478	115.997	508.854	22.737	(179.104)	2.034.742	535.947
Gross profit	186.518	(30.904)	44.778	29.420	68.490	276.821	3.484	(89.013)	489.594	83.191
Share of profit of (loss) accounted investees	17.077	--	(2.366)	--	--	(100)	(15.052)	--	(441)	--
Interest income	657	381	45	1	--	--	64	--	1.148	--
Other income/(expense), net	(142.093)	(24.871)	(36.781)	(5.588)	(71.568)	(148.361)	(91.472)	51.292	(469.442)	(116.744)
Results from operating activities	62.159	(55.394)	5.676	23.833	(3.078)	128.360	(102.976)	(37.721)	20.859	(33.553)
Gain/(loss) from investing activities	(2.013)	2.624	526	940	(1)	35.391	86.207	(147.286)	(23.612)	(1.497)
Interest expense	(31.841)	(1.880)	(8.911)	(9.563)	(3.737)	(5.122)	(121.083)	62.579	(119.558)	(50.476)
Finance cost/income, net	4.028	(1.886)	(6.639)	(10.016)	(2.731)	(37.332)	(67.587)	3.716	(118.447)	(106.305)
Consolidated loss before tax	32.333	(56.536)	(9.348)	5.194	(9.547)	121.297	(205.439)	(118.712)	(240.758)	(191.831)
Income tax expense	(3.188)	(8.434)	9.971	159	(778)	(23.096)	5.697	--	(19.669)	(17.421)
Net profit/(loss) for the year	29.145	(64.970)	623	5.353	(10.325)	98.201	(199.742)	(118.712)	(260.427)	(209.252)
	Energy	Construction	Textile	Marketing	Telecommunication	Banking and finance	Other	Eliminations	Subtotal	Discontinued operation
Segment assets	1.533.758	947.878	247.679	148.436	302.734	4.998.586	2.360.924	(3.510.593)	7.029.402	1.025.178
Segment liabilities	1.095.458	739.930	176.686	135.339	224.580	4.476.699	1.947.486	(1.862.138)	6.934.040	861.967
Capital expenditure	30.983	2.275	21.789	120	41.322	103.811	3.465	--	203.765	2.304
Depreciation and amortisation	(26.928)	(1.378)	(9.616)	(69)	(19.841)	(5.483)	(16.609)	--	(79.923)	(20.001)

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7 Related party disclosures

As disclosed in detail in Note 3, 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 31 December, the Group had the following balances outstanding from its related parties:

31 December 2014					
	Shareholders	Associates	Joint ventures	Other	Total
Trade receivables	23	--	13	401	437
Receivables from finance sector	495	--	1.257	--	1.752
Other receivables	320	23.598	1.468	555	25.941
Payables related to finance sector	--	--	--	(4.122)	(4.122)
Trade payables	(17)	(7.972)	--	--	(7.989)
Other payables	(13.943)	(4.918)	(243)	--	(19.104)
Total	(13.122)	10.708	2.495	(3.166)	(3.085)

31 December 2013					
	Shareholders	Associates	Joint ventures	Other	Total
Trade receivables	--	28.098	--	45.592	73.690
Other receivables	--	--	14.058	246	14.304
Trade payables	--	--	--	(259)	(259)
Other payables	(39.379)	--	(1.202)	(719)	(41.300)
Total	(39.379)	28.098	12.856	44.860	46.435

No impairment losses have been recognised against balances outstanding as at 31 December 2014 (31 December 2013: None) and no specific allowance has been made for impairment losses on balances with the related parties.

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7 Related party disclosures (continued)

Related party transaction

As at 31 December, the Group had the following balances outstanding from its related parties:

31 December 2014					
	Shareholders	Associates	Joint ventures	Other	Total
Revenue	--	38.442	65	1.103	39.610
Interest income	392	--	--	9.962	10.354
Interest expense	--	--	(167)	--	(167)
General and administrative expenses	(48)	--	--	(271)	(319)
Profit/(loss) from other operation activities	(780)	57	3	1.283	563
Total	(436)	38.499	(99)	12.077	50.041

31 December 2013					
	Shareholders	Associates	Joint ventures	Other	Total
Revenue	130	33.613	11	--	33.754
Interest income	3.989	--	--	1.059	5.048
General and administrative expenses	--	--	--	(359)	(359)
Profit/(loss) from other operation activities	1.843	--	--	--	1.843
Total	5.962	33.613	11	700	40.286

Transactions with key management personnel

On a consolidated basis, key management costs included in general and administrative expenses for the year ended 31 December 2014 amounted to USD 14.448 (2013: USD 15.703).

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8 Cash and cash equivalents

At 31 December, cash and cash equivalents comprised the following:

2014	Finance ^(*)	Non-finance ^(**)	Total
Cash on hand	50.763	263	51.025
Cash at banks	186.100	43.074	229.174
-Demand deposits	80.341	42.758	123.099
-Time deposits	105.759	316	106.075
Balances at central bank (excluding statutory reserve)	60.432	--	60.432
Other cash and cash equivalents ^(***)	13.628	1.382	15.010
Cash and cash equivalents	310.923	44.719	355.641
Restricted amounts	(5.003)	(19.586)	(24.589)
Cash and cash equivalents in the consolidated statement of cash flows	305.920	25.133	331.052

2013	Finance ^(*)	Non-finance ^(**)	Total
Cash on hand	41.744	419	42.163
Cash at banks	237.595	42.803	280.398
-Demand deposits	48.628	39.217	87.845
-Time deposits	188.968	3.587	192.555
Balances at central bank (excluding statutory reserve)	26.933	--	26.933
Other cash and cash equivalents ^(***)	2.425	4.897	7.324
Cash and cash equivalents	308.697	48.119	356.818
Restricted amounts	(4.432)	(25.659)	(30.091)
Cash and cash equivalents in the consolidated statement of cash flows	304.265	22.460	326.727

^(*) 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 receivables from money market amounting to USD 10.781 (31 December 2013: None), money in transit amounting to USD 106 as of 31 December 2014 (31 December 2013: USD 4.612).

As at 31 December 2014, restricted cash in cash equivalents amounting to USD 24.589 (31 December 2013: 30.091 USD) is not available in the Group's day-to-day operations. USD 17.463 of the restricted amounts is related to the mandatory bank deposits at banks in Turkmenistan and Iraq for engineering, procurement and construction projects ("EPC") in accordance with the relevant agreements (31 December 2013: USD 24.208). The remaining restricted cash mainly comprised of cash security given to İstanbul Takas ve Saklama Bankası A.Ş. due to purchased electricity from Market Financial Settlement Center ("PMUM") and the mandatory bank deposits in Albania and Turkey for banking activities amounting to USD 2.143 (31 December 2013: USD 1.126) and USD 4.983, respectively.

The Group's exposure to currency risks related to cash and cash equivalents are disclosed in Note 33.

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9 Financial investments

At 31 December, financial investments comprised the following:

31 December 2014			
	Current	Non-current	Total
Available-for-sale financial investments	802.333	595.660	1.397.993
Held to maturity financial investments	116.311	89.812	206.123
Financial assets at fair value through profit or loss ^(*)	156.800	--	156.800
	1.075.444	685.472	1.760.916
31 December 2013			
	Current	Non-current	Total
Available-for-sale financial investments	544.799	674.829	1.219.628
Held to maturity financial investments	116.121	101.635	217.756
Financial assets at fair value through profit or loss ^(*)	180.400	--	180.400
	841.320	776.464	1.617.784

^(*) As at 31 December 2014 and 2013, equity securities in Anagold Madencilik Sanayi ve Ticaret A.Ş which is classified as equity securities at fair value through profit or loss were valued for the consolidated financial statements. These investments are valued periodically by an independent valuation firm by using discounted cash flow method. As at 31 December 2014, a decrease in fair value for this investment amounting to USD 9.799 (31 December 2013: USD 49.982) netted of dividend income by USD 22.201 (31 December 2013: USD 27.861) has been recognised under "Gain from investing activities" (31 December 2013: "Loss from investing activities") in profit or loss due to valuation of equity securities at fair value through profit or loss after in the tax effect.

As of the reporting date, 50 basis point increase/decrease in the discount rate used in the valuation of discounted cash flows of the financial asset at fair value through profit or loss would have decreased/increased the profit before tax by USD 9.079/USD 9.649, respectively.

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9 Financial investments (continued)

Available-for-sale financial investments

As at 31 December, available-for-sale financial investments comprised the following:

	31 December 2014	31 December 2013
	Carrying amount	Carrying amount
Financial investments of finance sector companies entities		
Public sector bonds, notes and bills	1.099.125	925.114
Private sector bonds, notes and bills	253.139	227.689
Equity securities – listed	29.963	28.524
Total	1.382.227	1.181.327
Financial investments of non-finance sector companies entities		
Private sector bonds, notes and bills	492	--
Equity securities – non-listed		
Bursagaz Bursa Şehiriçi Doğal Gaz Dağıtım Ticaret ve Taahhüt A.Ş.	11.273	12.248
Polimetal Madencilik A.Ş. ^(*)	--	9.183
Kartaltepe Madencilik A.Ş. ^(*)	--	9.019
Tunçpınar Madencilik A.Ş. ^(*)	--	4.029
Kayserigaz Kayseri Doğalgaz Dağıtım Pazarlama Ticaret A.Ş.	2.713	2.948
Other	1.288	874
Total	15.766	38.301
Balance at 31 December	1.397.993	1.219.628

^(*) The Group's control in these companies has changed to joint ventures from 1 January 2014. Accordingly, the group accounted its investments in these companies by using the equity method and recognized the Group's share of profit or loss of these companies for the year 2014 in the consolidated statement of profit or loss and other comprehensive income.

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

As at 31 December 2014, investments in equity securities amounting to USD 15.274 (31 December 2013: USD 38.301) are measured at cost less impairment, if any, as these equity securities are not traded in stock exchange and have no quoted market price, and therefore their fair value cannot be reliably estimated since there is significant variability in the range of reasonable fair value estimates and the probabilities of the various estimates within the range cannot be assessed reasonably.

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9 Financial investments (continued)

Held to maturity financial investments

At 31 December, held to maturity financial investments comprised the following:

	31 December 2014	31 December 2013
	Carrying amount	Carrying amount
Financial investments of finance sector companies entities		
Private sector bonds, notes and bills	130.052	110.058
Public sector bonds, notes and bills	76.071	107.698
Total	206.123	217.756

The movements in financial investments during the year ended 31 December 2014 were as follows:

	Available- for-sale portfolio	Held to maturity portfolio	Fair value through profit or loss portfolio
At 1 January 2014	1.219.628	217.756	180.400
Additions through purchases	367.955	7.654	--
Fair value gains/(losses)	9.469	--	(9.799)
Disposals (sale and redemption)	(176.843)	(1.606)	--
Foreign currency translation differences	2.364	(17.681)	(13.801)
Transfers to equity accounted investees	(20.462)	--	--
Impairment	(4.118)	--	--
At 31 December 2014	1.397.993	206.123	156.800

The movements in financial investments during the year ended 31 December 2013 were as follows:

	Available- for-sale portfolio	Held to maturity portfolio	Fair value through profit or loss portfolio
At 1 January 2013	979.953	222.674	269.358
Additions through purchases	324.212	40.237	--
Additions through capital increases	12.891	--	--
Fair value gains/(losses)	(24.332)	--	(49.982)
Disposals (sale and redemption)	(9.873)	(4.606)	--
Foreign currency translation differences	(60.972)	(40.549)	(38.976)
Impairment	(2.251)	--	--
At 31 December 2013	1.219.628	217.756	180.400

The Group's exposure to credit, currency and interest rate risks related to investment securities is disclosed in Note 33.

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10 Trade receivables and payables

Trade receivables

Short-term trade receivables

As at 31 December, short-term trade receivables comprised the following:

	31 December 2014	31 December 2013
Due from related parties	437	73.690
Due from third parties	961.653	734.117
	962.090	807.807

As at 31 December, short-term trade receivables comprised the following:

	31 December 2014	31 December 2013
Due from customers for contract work (Note 20)	485.276	331.892
Accounts receivables ^(*)	404.258	427.360
Doubtful receivables	65.990	76.657
Service concession receivables	36.177	16.215
Notes receivables	16.882	13.337
Post dated cheques received	16.051	14.324
Other trade receivables	3.647	5.139
	1.028.281	884.924
Allowances for doubtful trade receivables (-)	(65.990)	(76.657)
Discount on trade receivables (-)	(201)	(460)
Total	962.090	807.807

^(*) Trade receivable of the Group mainly consists of uncollected portion of invoices billed in accordance with ongoing engineering, procurement and construction projects contracts abroad including excess cost amounting to USD 608.297 at of 31 December 2014 (31 December 2013: USD 603.312).

Movements of allowance for doubtful receivables for the year ended at 31 December were as follows:

	31 December 2014	31 December 2013
Balance at 1 January	76.657	98.854
Allowance for the period	10.060	17.827
Reversal of impairment allowances no longer required (-)	(2.511)	(6.097)
Recoveries of amounts previously impaired (-)	(11.475)	(8.517)
Foreign currency translation difference	(6.741)	(25.410)
Total	65.990	76.657

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10 Trade receivables and trade payables (continue)

Trade receivables (continue)

Long-term trade receivables

As at 31 December, long-term trade receivables comprised the following:

	31 December 2014	31 December 2013
Service concession receivables	138.860	122.469
Accounts receivables	3.515	65.132
Total	142.375	187.601

Maturity of the service concession receivables was as follows:

	Receivables subject to redemption	
Redemption year	31 December 2014	31 December 2013
2014	--	16.215
2015	36.177	28.031
2016	26.870	22.338
2017	25.789	18.229
2018	23.167	16.327
2019	20.706	14.542
2020	18.398	12.867
2021	12.497	7.221
2022	7.331	2.914
2023	4.102	--
Total	175.037	138.684

Movement of service concession receivables for the years ended 31 December was as follows:

	31 December 2014	31 December 2013
At 1 January	138.684	127.203
Additions	54.679	48.078
Redemptions related to current year investments	(27.318)	(27.254)
Fair value gain	18.342	473
Foreign currency translation difference	(13.916)	(24.898)
Correction at current period regarding revenue caps	5.356	14.342
Other	(790)	740
At 31 December	175.037	138.684

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10 Trade receivables and trade payables (continue)

Short-term trade payables

As at 31 December, short-term trade payables comprised the following:

	31 December 2014	31 December 2013
Accounts payables ^(*)	370.026	353.561
Notes payable	7.155	1.150
Cheques given and payment orders	24	808
Other trade payables	4.778	2.961
Total	381.983	358.480

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

Long term trade payables

As at 31 December, long-term trade payables comprised the following:

	31 December 2014	31 December 2013
Accounts payables	33.709	72.707
Total	33.709	72.707

The Group's exposure to credit and currency risks related to trade receivables and liquidity and currency risks of trade payables are disclosed in Note 33.

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11 Receivables and payables related finance sector activities

Receivables related finance sector operations

As at 31 December, current receivables related to finance sector activities comprised the following:

Current receivables related to finance sector operations	31 December 2014	31 December 2013
Due from third parties	710.259	666.955
Total	710.259	666.955

Receivables related to finance sector operations	31 December 2014	31 December 2013
Loans and receivables from customers	514.794	594.486
Loans and receivables from banks	168.426	59.628
Non-performing loans and receivables	50.059	41.206
Finance lease receivables	--	587
Factoring receivables	--	251
Subtotal	733.279	696.158
Provision for impairment in value of loans and receivables	(23.020)	(29.203)
Total	710.259	666.955

As at 31 December, non-current receivables related to finance sector activities comprised the following:

Non current receivables related to finance sector operations	31 December 2014	31 December 2013
Due from related parties	1.752	--
Due from third parties	1.165.859	1.116.124
Total	1.167.611	1.116.124

Receivables related to finance sector operations	31 December 2014	31 December 2013
Loans and receivables from customers	1.190.650	1.104.233
Loans and receivables from banks	4.865	38.769
Subtotal	1.195.515	1.143.002
Provision for impairment in value of loans and receivables	(27.904)	(26.878)
Total	1.167.611	1.116.124

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11 Receivables and payables related to finance sector operations (continued)

Movements of provision for impairment in value of loans and receivables for the year ended 31 December were as follows:

	31 December 2014	31 December 2013
Specific allowances for impairment		
Balance on 1 January	43.475	18.150
Impairment loss for the year	(4.586)	26.992
-Charge for the year	9.403	29.825
-Recoveries	(13.989)	(2.833)
Translation difference	(1.720)	(1.667)
Balance on 31 December	37.169	43.475
Collective allowances for impairment		
Balance on 1 January	12.606	10.136
Impairment loss for the year	371	2.770
-Charge for the year	371	2.770
Translation difference	778	(300)
Balance on 31 December	13.755	12.606
Total allowances for impairment	50.924	56.081

Loans and advances to customers include the following finance lease receivables:

	31 December 2014	31 December 2013
Gross finance lease receivable:		
-Less than one year	--	--
-Between one and five years	--	637
	--	637
Unearned future income on finance leases	--	(50)
Net investment in finance leases	--	587
Net finance leases comprises:		
-Less than one year	--	-
-Between one and five years	--	587
Net finance lease receivables	--	587

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11 Receivables and payables related finance sector operations (continued)

Payables related to finance sector operations

As at 31 December, short term payables related to finance sector operations comprised the following:

Short term payables related to finance sector operations	31 December 2014	31 December 2013
Due to related parties	4.122	--
Due to third parties	2.476.416	2.704.279
Total	2.480.538	2.704.279

As at 31 December, short-term payables to third parties comprised the following:

Short term payables related to finance sector operations	31 December 2014	31 December 2013
Due to banks	80.318	82.654
<i>Time deposits</i>	76.928	77.886
<i>Current accounts</i>	3.390	4.768
Due to customers	1.928.777	1.995.375
<i>Individual</i>	1.568.925	1.651.414
<i>Private enterprises</i>	250.780	279.170
<i>Public institutions</i>	69.229	64.791
<i>Other</i>	39.843	--
Customer accounts ^(*)	167.181	207.427
Funds from repo transactions	300.140	418.823
Total	2.476.416	2.704.279

(*) The Group banking subsidiary in Turkey is not entitled to collect deposits. The customer accounts represent the current balances of loan customers of the banking subsidiary in Albania. As at 31 December 2014, there is no time customer accounts (31 December 2013: None).

As at 31 December, long term payables related to finance sector operations comprised the following:

Long term payables related to finance sector operations	31 December 2014	31 December 2013
Payables from finance sector activities to third parties	210.513	158.887
Total	210.513	158.887

Long term payables related to finance sector operations	31 December 2014	31 December 2013
Due to customers		
<i>Individual</i>	192.526	131.497
<i>Private enterprises</i>	10.847	22.230
<i>Public institutions</i>	7.140	5.160
Total	210.513	158.887

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12 Other receivables and other payables

Other short term receivables

As at 31 December, other short-term receivables comprised the following:

	31 December 2014	31 December 2013
Due from related parties	25.941	14.304
Due from third parties	160.129	139.580
	186.070	153.884

As at 31 December, short-term other receivables from third parties comprised the following:

	31 December 2014	31 December 2013
Receivables from tax authorities	5.986	7.738
Deposits and guarantees given	1.580	1.660
Receivables from personnel	601	564
Due from shareholders	1.130	167
Due from associates	989	--
Other receivables ^(*)	178.812	147.172
	189.098	157.301
Allowance for other doubtful receivables (-)	(3.028)	(3.417)
Total	186.070	153.884

^(*) This amount mainly consists of receivables of the Group's subsidiaries operating in construction sector amounting to USD 83.255 (31 December 2013: USD 74.997) from Emlak Konut Yatırım Ortaklığı A.Ş. and other various receivables of the Group's subsidiaries in the other sectors.

Other long term receivables

As at 31 December, other long term receivables comprised the following:

	31 December 2014	31 December 2013
Deposits and guarantees given	3.818	3.377
Other receivables	3.660	4.651
Total	7.478	8.028

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12 Other receivables and other payables (continued)

Other short term payables

As at 31 December, other short-term payables comprised the following:

	31 December 2014	31 December 2013
Due to related parties	18.701	41.300
Due to third parties	85.890	115.659
Total	104.591	156.959

As at 31 December, other short-term payables comprised the following:

	31 December 2014	31 December 2013
Other payables	72.135	101.976
Due to shareholders and other related parties	18.701	41.300
Deposits and guarantees received ^(*)	13.755	13.683
Total	104.591	156.959

Other long term payables

As at 31 December, other long-term payables comprised the following:

	31 December 2014	31 December 2013
Due to related parties	403	--
Due to third parties	50.364	44.897
	50.767	44.897

As at 31 December, other long-term payables to third parties comprised the following:

	31 December 2014	31 December 2013
Deposits and guarantees received ^(*)	50.364	44.897
Other various payables	403	--
Total	50.767	44.897

^(*) As at 31 December 2014 and 2013, the deposits and guarantees received mainly consist of indemnification fees received by the electricity distribution and retail sale companies of the Group from their consumers.

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13 Inventories

As at 31 December, inventories comprised the following:

	31 December 2014	31 December 2013
Trading properties	315.671	316.777
Trading goods ^(*)	73.744	37.927
Raw materials	41.496	78.219
Finished goods	14.352	15.053
Semi finished goods in production	5.579	4.322
Other inventories	519	955
Allowance for impairment of inventories	(3.746)	(13.670)
Total	447.615	439.583

^(*) Trading properties comprise residential and office buildings under development in various areas of Istanbul for selling.

Movements of provision for inventories for the year ended at 31 December were as follows:

	31 December 2014	31 December 2013
Beginning balance	13.670	3.018
Current year provision	496	12.098
Reversal due to sale	(9.800)	--
Translation difference	(620)	(1.446)
	3.746	13.670

As at 31 December 2014, the Group capitalized interest expense amounting to USD 106,580 (accumulated) on trading properties (31 December 2013: USD 69.927 (accumulated)).

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14 Prepayments and deferred revenue

Current prepayments

As at 31 December, current portion of prepayments comprised the following:

	31 December 2014	31 December 2013
Advances given ^(*)	102.603	192.524
Other	5.476	9.053
Total	108.079	201.577

^(*) Advances given mainly consists of advances given to suppliers and service providers for ongoing EPC projects.

Non current prepayments

As at 31 December, non current prepayments comprised the following:

	31 December 2014	31 December 2013
Advances given for properties and equipment purchases	1.114	665
Other	30.261	718
Total	31.375	1.383

Short term deferred revenue

As at 31 December, short term portion of deferred revenue comprised the following:

Short term deferred revenue	31 December 2014	31 December 2013
Advances received ^(*)	412.612	687.669
Contract progress income (Note 20)	69.144	70.476
Short term deferred income	1.740	156.006
Total	483.496	914.151

As at 31 December, long term deferred revenue comprised the following:

Long term deferred revenue	31 December 2014	31 December 2013
Long term deferred income ^(**)	280.772	149.140
Total	280.772	149.140

^(*)As at 31 December 2013, advances received mainly comprised from advance payments received for the disposal of the Group's media subsidiaries and from the customers of the Group's subsidiaries operating in energy for which the Group constructs electricity power plant and electricity distribution lines.

^(**) As at 31 December 2014 and 2013, deferred income was derived from Gap İnşaat's real estate development projects and metropol Project constructed by Varyap-Gap İnşaat Ortak Girişimi.

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15 Investments in equity-accounted investees

i) Joint ventures

KÇLE

KÇLE was established as a joint venture with a joint agreement between Çalık Enerji, ÇED and Limak Yatırım on 17 September 2012 with the participation of these three companies by 25%, 25% and 50%, respectively, in the share capital of KÇLE. On 8 May 2013, KÇLE purchased all shares of the state-owned enterprise namely Kompania Per Distribuium Dhe Fumizim Me Energji Elektrike SH.A ("KEDS"), which is operating in electricity distribution and procurement in Kosovo in return for an amount of USD 29.038 (equivalent of EUR 26.300) to the Government of Republic of Kosovo, as a result of a tender in the privatisation process. The portion of acquisition fee which is exceeding the net asset value recognised in the consolidated financial statements of KÇLE at their fair values, amounting to USD 17.469 has been recognised as a bargain purchase gain in the profit or loss for the year ended 31 December 2013. KÇLE's net profit after tax for the year ended 31 December 2014 is USD 35.282 (for the period between the acquisition date and 31 December 2013: USD 50.566).

Doğu Aras

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

On 28 June 2013, Doğu Aras purchased all shares of Aras Elektrik Dağıtım A.Ş. ("EDAŞ") and Aras Elektrik Perakende Satış A.Ş. ("EPAŞ") which were previously state owned companies operating in electricity distribution and procurement in cities Kars, Ardahan, Iğdır, Erzurum, Ağrı, Bayburt and Erzurum within the privatization by paying an amount of USD 128.500 as a result of a tender in the privatization process. After this acquisition, Doğu Aras's identifiable assets and liabilities had been recognised based on their provisionally estimated fair values. As at the reporting date, the Group finalized the valuation of the Doğu Aras and the Group has recognized liability amounting to USD 16.594 under "Liabilities from equity accounted investees" (31 December 2013: liability amounting to USD 7.552 after restatement of consolidated financial statement as at 31 December 2013 by decreasing "liabilities from equity accounted investees" account by USD 9.881 due to the finalize of determination of the fair value of the Doğu Aras's identifiable assets and liabilities).

Atagas Doğalgaz

Atagas Doğalgaz was established on 10 October 2014 as a joint venture with a joint agreement between Aktif Doğalgaz and ASL Enerji with the participation of these two companies equally by 50%, for the purpose of exporting natural gas, to be purchased from Turkmenistan, through Iran and wholesales in Turkey and/or re-exporting abroad. As of the reporting date, Atagas Doğalgaz is still in the start-up phase and does not start to generate revenue.

LC Electricity

LC Electricity was established on 3 July 2014 in Serbia as a joint venture with a joint agreement between Türkmen Elektrik and Limak Yatırım with the participation of these two companies equally by 50%. The purpose of the Company is trading electricity and sales/purchases of goods and services as part of this operation. As of the reporting date, LC Electricity is still in the start-up phase and does not start to generate revenue.

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15 Investments in equity-accounted investees (continued)

i) Joint ventures (continued)

Investments in equity-accounted joint ventures and the Group's share of control as follows:

Joint ventures	31 December 2014		31 December 2013	
	Carrying value	% of ownership	Carrying value	% of ownership
Assets				
KÇLE	39.443	50,00	25.241	50,00
Kartaltepe ^(*)	9.835	50,00	--	--
Polimetal ^(*)	8.262	80,00	--	--
Tunçpınar ^(*)	4.297	50,00	--	--
Çalık Limak Adı Ortaklığı	373	50,00	291	50,00
Atagas Doğalgaz	242	50,00	--	--
LC Electricity	9	50,00	--	--
	62.461		25.532	
Liabilities				
Doğu Aras ^(**)	(16.594)	50,00	(7.552)	50,00
	(16.594)		(7.552)	
Total joint ventures	45.867		17.980	

^(*) The Group's control in these companies has changed to joint ventures from 1 January 2014. Accordingly, the group accounted its investments in these companies by using the equity method and recognize the Group's share of profit or loss of these companies for the year 2014 in the consolidated statement of profit or loss and other comprehensive income whereas there were held as available for sale investments and measured of cost at 31 December 2013.

^(**) Since the Group's share of losses in Doğu Aras, a joint venture of the Group, exceeds its interest in this joint venture, the Group recognised a liability of USD 16.594 as the Group is obligated to fund Doğu Aras's operations as at 31 December 2014 (31 December 2013: USD 7.552).

For the years ended 31 December, the movements in net investments in joint ventures were as follows:

	2014	2013
Balance at 1 January	17.980	--
Share of profit/(loss) of equity accounted investees	(19.160)	17.076
Translation	(1.696)	808
Share capital increases	28.009	--
Transfers from financial investments	20.462	--
Formation of joint ventures	272	96
Balance at 31 December	45.867	17.980

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15 Investments in equity accounted investees (continued)

ii) Associates

Investments in equity-accounted Associates and the Group's share of control are as follows:

Associates	31 December 2014		31 December 2013	
	Carrying value	% of ownership	Carrying value	% of ownership
Assets				
Kazakhstan Ijara Company KIC Leasing	3.659	14	3.971	14
IFM	22	5	47	5
VKŞ ^(*)	43	100	47	100
Eurasian Leasing Company	1.304	25	--	--
Albania Leasing ^(**)	1.459	30	1.651	30
Tapco	241	50	296	50
TJK	--	40	--	40
Serdar Pamuk	--	10	--	10
Balkan Dokuma	--	31	--	31
Total	6.728		6.012	

(*) Aktif Bank Sukuk Varlık Kiralama A.Ş. ("VKŞ") engages issuance of Sukuk. According to IFRS 10, a company shall have the major effect on the financial statements of the parent company. On the other hand, VKŞ does not have the major effect on the founder of the parent company's financial statements required to be consolidated power, variable power and variable returns to affect returns in order to considered in the consolidation. VKŞ does not meet with consolidation requirements of IFRS 10. Thus it has not been consolidated in the Group's consolidated financial statements as at 31 December 2014 and 2013.

(**) Albania Leasing was established on 2 August 2013 (inception date) as a joint stock company. The company obtained the license from the Bank of Albania on 21 April 2014 and started its leasing activity in June 2014.

For the years ended 31 December, the movements in investments in associates were as follows:

	2014	2013
Balance at 1 January	6.012	18.950
Formation of associate	881	--
Share of gain/(loss) of equity accounted investees	386	(118)
Impairment	--	(17.399)
Translation	(551)	(1.931)
Capital contribution to share increase in associates	--	6.510
Balance at 31 December	6.728	6.012

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15 Investments in equity-accounted investees (continued)

Summary financial information for equity-accounted associates was presented below:

Company name-Associates	Reporting period	Ownership rates (%)	31 December 2014					Profit/(loss)	Group's share of net assets	Carrying amount	Group's share of profit/(loss)
			Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net assets		
Kazakhstan Ijara Company/jsc.	31 December	14.31	17.262	8.610	25.872	1.73	133	306	25.566	3.659	313
IFM	31 December	5.00	130.630	1.931	132.561	106.875	28.952	135.827	(3.266)	3.659	102
VKŞ	31 December	100.00	46.427	--	46.427	46.375	--	46.375	52	51	43
Eurasian Leasing Company	31 December	25.00	3.393	675	4.068	511	--	511	3.557	889	1.304
Albania Leasing Company	31 December	29.99	1.207	693	1.900	7	--	7	1.893	(568)	1.459
TAPCO	31 December	49.87	694	677	1.371	895	--	895	476	237	(34)
Total										6.728	386

Summary financial information for equity-accounted joint ventures was presented below:

Company name-Associates	Reporting period	Ownership rates (%)	31 December 2014					Profit/(loss)	Group's share of net assets	Carrying amount	Group's share of profit/(loss)
			Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net assets		
KÇLE	31 December	50.00	64.876	93.865	158.741	49.607	30.247	79.854	78.887	39.443	17.641
Doğu Aras	31 December	50.00	77.703	206.236	283.939	127.859	189.268	317.127	(33.188)	(16.594)	(25.187)
Çalık Limak Adı Ortaklığı	31 December	50.00	2.417	--	2.417	1.671	--	1.671	746	373	(107)
Atağaz Doğalgaz	31 December	50.00	486	8	494	9	--	9	485	242	--
Polimetel	31 December	50.00	2.904	769	3.673	1.380	18	1.398	2.275	1.820	(9.350)
Tuncınar	31 December	80.00	463	1.044	1.507	170	--	170	1.337	669	(295)
Kartaltepe	31 December	50.00	890	4.233	5.123	1.093	--	1.093	4.030	2.015	(1.862)
LC Electricity	31 December	50.00	17	3	20	1	--	1	19	9	--
Total										45.867	(19.160)

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15 Investments in equity-accounted investees (continued)

Summary financial information for equity-accounted associates was presented below:

Company name-Associates	Reporting period	Ownership rates (%)	31 December 2013							Profit/ (loss)	Group's share of net assets	Carrying amount	Group's share of profit/(loss)
			Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net assets				
Kazakhstan Ijara Company Jsc.	31 December	14.31	27.749	--	27.749	--	--	--	27.749	298	3.971	3.971	43
İstanbul Finans Merkezi	31 December	5.00	111.759	--	111.759	114.309	--	114.309	(2.550)	(3.357)	(127)	47	(168)
VKŞ	31 December	100.00	96.697	--	96.697	96.643	--	96.643	54	8	54	47	9
Albania Leasing Company	31 December	29.99	1.651	--	1.651	--	1.651	1.651	--	--	--	1.651	--
TAPCO	31 December	49.87	745	735	1.480	896	--	896	584	(4)	291	296	(2)
Total												6.012	(118)

Summary financial information for equity-accounted joint ventures was presented below:

Company name-Joint ventures	Reporting period	Ownership rates (%)	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net assets	Revenue	Total expenses	Profit/ (loss)	Group's share of net assets	Carrying amount	Group's share of profit/(loss)
KÇE	31 December	50.00	86.401	106.006	192.407	50.308	91.603	141.911	50.496	248.571	(203.397)	50	25.248	25.241	25.283
Doğu Aras	31 December	50.00	44.359	144.839	189.198	73.644	130.658	204.302	(15.104)	--	(17.066)	(17.066)	(7.552)	(7.552)	(8.533)
Çalık Limak Adı Ortaklığı	31 December	50.00	3.538	--	3.538	2.956	--	2.956	582	3.050	(2.396)	1	291	291	326
Total														17.980	17.076

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15 Investments in equity-accounted investees (continued)

The following table summarises cash and cash equivalents, depreciation and amortisation expenses, interest income and interest expenses of significant joint venture before consolidation eliminations and adjustments:

Company name	31 December 2014			
	Cash and cash equivalents	Depreciation and amortisation	Interest income	Interest expense
KÇLE	8.843	(11.057)	70	(2.983)
Doğu Aras	26.488	(2)	650	(4.282)
Çalık Limak Adi Ortaklığı	366	--	--	(72)
Kartaltepe	886	(27)	--	(20)
Polimetel	2.380	(297)	--	--
Tunçpınar	453	(11)	--	--
Atağaz Doğalgaz	485	--	--	--
LC Electricity	4	--	--	--
Company name	31 December 2013			
	Cash and cash equivalents	Depreciation and amortisation	Interest income	Interest expense
KÇLE	18.932	(6.699)	59	(3.067)

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16 Property, plant and equipment

Movements of property, plant and equipment, and related accumulated depreciation during the years ended 31 December were as follows:

Cost	Land and buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Other tangible assets	Construction in progress	Leasehold improvements	Total
Balance at 1 January 2013	190.353	553.908	12.957	59.783	3.489	100.286	25.859	946.635
Additions	10.112	49.539	2.813	14.124	26.312	100.065	809	203.774
Transfers from investment property	336	--	--	--	--	--	--	336
Transfers	6.333	94.335	36	1.479	--	(102.183)	--	--
Foreign currency translation differences	(19.411)	(59.597)	(933)	(7.066)	(3.416)	(12.300)	(4.237)	(106.960)
Acquired through business combinations	--	--	--	12	--	--	--	12
Disposals	(1.206)	(16.529)	(888)	(3.098)	(46)	(4.936)	(978)	(27.681)
Transfer to disposal group held for sale (**)	(51.564)	(123.004)	(1.040)	(9.950)	(2.423)	(64)	(6.820)	(194.865)
Balance at 31 December 2013	134.953	498.652	12.945	55.284	23.916	80.868	14.633	821.251
Balance at 1 January 2014	134.953	498.652	12.945	55.284	23.916	80.868	14.633	821.251
Additions	3.839	6.698	7.745	34.636	354	38.901	2.724	94.897
Transfers	22.676	(949)	--	6.947	--	(29.611)	937	--
Foreign currency translation differences	(11.729)	(42.552)	(1.319)	(6.387)	(1.921)	(7.135)	(1.415)	(72.458)
Write-off of items that are fully depreciated	(2.147)	(55.791)	(7)	(2.408)	(5)	--	(12)	(60.370)
Disposals	(1.057)	(18.946)	(4.028)	(3.552)	(51)	(610)	--	(28.244)
Balance at 31 December 2014	146.535	387.112	15.336	84.520	22.293	82.413	16.867	755.076

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16 Property, plant and equipment (continued)

Accumulated depreciation	Land and buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Other tangible assets	Construction in progress	Leasehold improvements	Total
Balance at 1 January 2013	(46.867)	(248.783)	(7.978)	(37.336)	(1.948)	--	(17.270)	(360.182)
Current year depreciation	(7.184)	(45.464)	(3.107)	(7.834)	(425)	--	(3.831)	(67.845)
Transfers to investment property	(157)	--	--	--	--	--	--	(157)
Foreign currency translation differences	3.588	36.255	1.388	4.514	369	--	3.128	49.243
Disposal	369	2.635	223	1.333	6	--	573	5.139
Transfer to disposal group held for sale (*)	3.601	67.977	1.040	4.862	1.660	--	4.510	83.649
Balance at 31 December 2013	(46.650)	(187.380)	(8.434)	(34.461)	(338)	--	(12.890)	(290.153)
Balance at 1 January 2014	(46.650)	(187.380)	(8.434)	(34.461)	(338)	--	(12.890)	(290.153)
Current year depreciation	(6.101)	(28.184)	(5.409)	(9.727)	(1.442)	--	(1.010)	(51.873)
Transfers to investment property	4.552	(4.552)	--	--	--	--	--	--
Foreign currency translation differences	4.348	14.544	634	3.026	(26)	--	1.133	23.659
Impairment	154	--	1.146	225	1.052	--	--	2.577
Write-off of items that are fully depreciated	2.147	55.791	7	2.408	5	--	12	60.370
Disposal	75	11.932	1.396	2.604	--	--	--	16.007
Balance at 31 December 2014	(41.475)	(137.849)	(10.660)	(35.925)	(749)	--	(12.755)	(239.413)
Net carrying value at 1 January 2013	143.486	305.125	4.979	22.447	1.541	100.286	8.589	586.453
Net carrying value at 31 December 2013	88.303	311.272	4.511	20.823	23.578	80.868	1.743	531.098
Net carrying value at 31 December 2014	105.058	249.263	4.676	48.595	21.544	82.413	4.112	515.663

(*) For the year ended 31 December 2013, construction of Hydro Electric Power Plant located in Adacami, Rize, has been completed and transferred to the machinery and equipment and building.

(**) Please refer to Note 5.

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17 Intangible assets

Movements of intangible assets and related accumulated amortisation during the years ended 31 December 2014 and 2013 were as follows

	Goodwill	Licences & software	Electric distribution rights	Brand names	Other intangibles	Total
Cost						
Balance at 1 January 2013	93.911	51.381	279.969	537.389	40.203	1.002.853
Additions	1.779	3.731	--	--	2.703	8.213
Foreign currency translation differences	(15.475)	3.256	(46.134)	(88.553)	(6.721)	(153.627)
Acquisition through business combinations	--	3	--	--	--	3
Disposals	--	(4.766)	--	--	(1.633)	(6.399)
Transfer to assets held for sale ^(*)	(78.436)	(5.138)	--	(448.836)	(3.559)	(535.969)
Balance at 31 December 2013	1.779	48.467	233.835	--	30.993	315.074
Balance at 1 January 2014	1.779	48.467	233.835	--	30.993	315.074
Additions	--	29.363	--	--	15.092	44.455
Foreign currency translation differences	(142)	(5.816)	(18.615)	--	(3.370)	(27.943)
Disposals	--	(1.381)	--	--	(1.026)	(2.407)
Balance at 31 December 2014	1.637	70.633	215.220	--	41.689	329.179
Accumulated amortisation						
Balance at 1 January 2013	--	(14.707)	(21.595)	--	(9.260)	(45.562)
Current year amortisation	--	(19.412)	(10.085)	--	(2.582)	(32.079)
Foreign currency translation differences	--	4.415	4.650	--	2.171	11.236
Disposals	--	236	--	--	55	291
Transfer to assets held for sale ^(*)	--	2.580	--	--	2.806	5.386
Balance at 31 December 2013	--	(26.888)	(27.030)	--	(6.810)	(60.728)
Balance at 1 January 2014	--	(26.888)	(27.030)	--	(6.810)	(60.728)
Current year amortisation	--	(17.185)	(8.780)	--	(4.336)	(30.301)
Foreign currency translation differences	--	3.243	2.654	--	885	6.782
Disposals	--	10	--	--	58	68
Balance at 31 December 2014	--	(40.820)	(33.156)	--	(10.203)	(84.179)
Net carrying value at 1 January 2013	93.911	36.674	258.374	537.389	30.943	957.291
Net book value at 31 December 2013	1.779	21.579	206.805	--	24.184	254.346
Net book value at 31 December 2014	1.637	29.813	182.064	--	31.487	245.000

^(*) Please refer to Note 5.

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18 Investment property

As at 31 December, investment properties comprised the following:

	31 December 2014	31 December 2013
Investment property under development	107.861	7.206
Investment property	46.500	134.879
	154.361	142.085

For the years ended 31 December, movements in investment property were as follows:

	31 December 2014	31 December 2013
Balance at 1 January 2013	142.085	362.048
Additions	10.232	21.788
Changes in fair value	14.785	(4.243)
Translation	(12.741)	(40.205)
Transfers to trading properties	--	(197.123)
Transfers to property, plant and equipment	--	(180)
Total	154.361	142.085

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

2014	Level 1	Level 2	Level 3	Total
Investment property	--	--	154.361	154.361
Total	--	--	154.361	154.361

2013	Level 1	Level 2	Level 3	Total
Investment property	--	--	142.085	142.085
Total	--	--	142.085	142.085

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18 Investment property (continued)

As at 31 December, fair value of the investment properties is calculated by using the discounted cash flow method and a peer comparison by independent appraisal.

Peer comparison method determines recently listed or sold properties in market and takes into consideration of other factors for the adjustment of value based on size of land of property with current condition and location. For current market outlook the appraisers contact with the property sale intermediaries.

The following table shows the discounted cash flow valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.	• Expected market rental growth, 3% • Occupancy rate (100%) • Risk-adjusted discount (13%).

As at 31 December 2014, the Group capitalized interest expense amounting to USD 22.568 (accumulated) on investment properties (31 December 2013: USD 14.386 (accumulated)).

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19 Other assets and liabilities

Other current assets

As at 31 December, other current assets comprised the following:

	31 December 2014	31 December 2013
Reserve Deposits at Central Banks (*)	387.717	362.264
Value Added Tax ("VAT") receivables	64.622	47.885
Other income accruals	23.045	7.568
Other current assets	23.038	15.090
	498.422	432.807

(*) As at 31 December 2014 and 2013, this amount only consist only of reserve deposits, which represents the mandatory deposit and is not available in the Group's day-to-day operations.

Other short term liabilities

As at 31 December, other short term liabilities comprised the following:

	31 December 2014	31 December 2013
Taxes and funds payable	39.048	21.774
VAT payable	191	11.235
Blockage on corporate collection account	24.019	--
Turkish Football Federation' share on collection of card sales	4.434	--
Other current liabilities	29.950	27.043
	97.642	60.052

20 Due from/due to customers for contract work

Due from customers for contract work and due to customers for contract work were included in the accompanying consolidated statement of financial position under the following captions:

	2014	2013
Due from customers for contract work (Note 10)	485.276	331.892
Due to customers for contract work (Note 14)	(69.144)	(70.476)
Total	416.132	261.416

As at 31 December 2013, the details of uncompleted contracts were as follows:

	2014	2013
Total costs incurred on uncompleted contracts	1.851.541	1.061.147
Estimated earnings/(costs)	458.020	113.191
Total estimated revenue on uncompleted contracts	2.309.561	1.174.338
Less: Billings to date	(1.893.429)	(912.922)
Net amounts due from customers for contract work	416.132	261.416

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21 Loans and borrowings

As at 31 December 2014, loans and borrowings comprised the following:

Short term loans and borrowings	31 December 2014	31 December 2013
Bank loans	202.656	42.288
Current portion of long term loans and borrowings	84.829	292.541
Lease obligations	12.157	18.817
Factoring payables	10.804	1.329
Funds borrowed by the Group's banking subsidiaries	576.408	491.983
Securities issued	1.292.168	898.188
Other financial liabilities	19.410	313
Total	2.198.432	1.745.459

Long term loans and borrowings	31 December 2014	31 December 2013
Bank loans	337.642	389.906
Lease obligations	14.236	6.800
Subordinated liabilities	18.243	13.797
Deferred lease interest payables	(2.270)	(560)
Funds borrowed by the Group's banking subsidiaries	97.242	28.399
Securities issued	6.528	--
Total	471.621	438.342

As at 31 December 2014, the terms and conditions of outstanding loans and borrowings including factoring payables comprised the following:

31 December 2014					
	Currency	Nominal interest rate (%)	Year of maturity	Nominal value	Carrying amount
Secured bank borrowings	TL	8,10-14,65	2015	99.836	92.490
Secured bank borrowings	TL	Revolving	2015	9.257	9.257
Secured bank borrowings	USD	2,44-10,00	2015-2021	399.462	385.836
Secured bank borrowings	EUR	0,82-8,25	2015-2025	46.372	45.354
Unsecured bank borrowings	TL	7,75-14,65	2015-2018	83.835	81.683
Unsecured bank borrowings	USD	3,84-8,25	2015-2017	526.817	526.674
Unsecured bank borrowings	USD	Spot	2015	7.586	7.586
Unsecured bank borrowings	USD	Revolving	2015	4.201	4.201
Unsecured bank borrowings	EUR	0,15-8,25	2015-2031	174.865	174.746
Debt securities issued	TL	10,00-13,75	2015	1.138.408	1.056.118
Debt securities issued	USD	0,50 - 4,60	2015-2016	164.902	161.013
Debt securities issued	EUR	1,50 - 3,34	2015	83.076	81.565
				2.738.617	2.626.523

At 31 December 2013, the terms and conditions of outstanding loans and borrowings including factoring payables were as follows:

31 December 2013					
	Currency	Nominal interest rate (%)	Year of maturity	Nominal value	Carrying amount
Unsecured bank borrowings	TL	7,80-11,30	2026-2031	466.671	432.102
Secured bank borrowings	EUR	1,80-6,05	2014	15.385	15.126
Unsecured bank borrowings	USD	1,50-13,50	2014	699.376	813.016
Debt securities issued	USD	7,70-11,50	2014	832.076	775.490
Debt securities issued	EUR	3,20-6,40	2014	140.561	122.698
				2.154.069	2.158.432

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21 Loans and borrowings (continued)

As at 31 December 2014, there are mortgages on administrative buildings and investment properties under construction which belong to Gap İnşaat amounting to USD 21.437 (31 December 2013: USD 19.159) and USD 169.937 (31 December 2013: USD 117.694), respectively, against the bank borrowings used.

There are pledges over the 85 (USD 0.34), 115 (USD 0.50) and 192.780.000 (USD 83.134) shares of YEDAŞ, YEPAŞ and ÇEDAŞ, respectively, which are owned by the Group, as a guarantee for the bank borrowings used and will be used by Çalık Holding, ÇEDAŞ, YEDAŞ and YEPAŞ from Ziraat Bankası A.Ş..

22 Derivatives

The carrying values of derivative instruments held at 31 December, were as follows:

	2014		2013	
	Assets	Liabilities	Assets	Liabilities
Forward transactions	85	(825)	1.128	(15.546)
Swap transactions	200	(257)	16	--
Currency options	156	--	19	(25)
	441	(1.082)	1.163	(15.571)

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.

Further disclosure regarding the derivative contracts of the Group are explained at Note 33.

23 Payables related to employee benefits

As at 31 December, payables related to employee benefits comprised the following:

	31 December 2014	31 December 2013
Social security premiums payable	2.860	2.005
Due to personnel	2.698	2.275
	5.558	4.280

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24 Provisions

As at 31 December, provisions comprised the following items:

	31 December 2014	31 December 2013
Short term provisions		
Short term employee benefits	13.856	14.268
Other short term provisions	11.834	16.699
Total short term provisions	25.690	30.967
Long term provisions		
Long term employee benefits	13.286	12.534
Other short term provisions	100	413
Total long term provisions	13.386	12.947
Total provisions	39.076	43.914

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

	31 December 2014	31 December 2013
Short-term		
Vacation pay liability	4.916	4.889
Bonus provisions	8.739	9.376
Other employee benefits	201	3
	13.856	14.268
Long term		
Employee termination benefits	13.286	12.534
	13.286	12.534

As at 31 December, other provisions comprised the following items:

	31 December 2014	31 December 2013
Short-term		
Provisions for expenses	6.394	10.020
Provision for litigations	5.402	6.595
Other current provisions	38	84
	11.834	16.699
Long-term		
Other	100	413
	100	413

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24 Provisions (continued)

Reserve for employee severance indemnity

In accordance with the existing labour law in Turkey, the Group entities operating in Turkey are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire (age of 58 for women, age of 60 for men) or completed service years of 20 for women or 25 for men, are called up for military service or die. According to change of regulation, dated 8 September 1999, there are additional liabilities for the integration articles.

For the years ended 31 December, the movements in the reserve for employee severance indemnity were as follows:

	2014	2013
Balance at the beginning of the year	12.534	40.177
Interest cost	347	1.998
Cost of services	2.033	11.422
Paid during the year	(799)	(5.867)
Translation difference	(1.103)	(7.062)
Actuarial difference	274	(3.465)
Transfer to liabilities held for sale	--	(24.669)
Balance at the end of the year	13.286	12.534

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

Actuarial valuation methods were developed to estimate the Group's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	2014	2013
	%	%
Discount rate	2,42	1,22
Interest rate	8,56	8,04
Expected rate of salary/limit increase	6,0-9,0	6,0-8,0
The range of turnover rate to estimate the probability retirement	1,0-6,0	1,0-6,0

The computation of the liability is predicated upon retirement pay ceiling announced by the Government. As at 31 December 2014, the ceiling amount was USD 1,48 (31 December 2013: USD 1,52).

For the years ended 31 December, the movements in the provisions were as follows:

	1 January 2014	Provision for the reserve	Reversal	Currency translation differences	31 December 2014
Provision for litigations	6.595	938	(1.646)	(485)	5.402
Vacation pay liability	4.889	1.455	(1.014)	(414)	4.916
Bonus provisions	9.376	5.795	(5.180)	(1.252)	8.739
Employee termination benefits	12.534	2.655	(799)	(1.104)	13.286
Other expense provisions	10.020	2.421	(5.420)	(627)	6.394
Other	500	400	(484)	(77)	339
Total	43.914	13.664	(14.543)	(3.959)	39.076

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24 Provisions (continued)

	1 January 2013	Provision for the reserve	Reversal	Currency translation differences	31 December 2013
Provision for litigations	8.192	4.807	(5.084)	(1.320)	6.595
Vacation pay liability	8.866	1.317	(4.139)	(1.155)	4.889
Bonus provisions	8.640	3.953	(1.530)	(1.687)	9.376
Employee termination benefits	40.177	5.672	(29.245)	(4.070)	12.534
Other expense provisions	305	11.104	(153)	(1.236)	10.020
Other	--	560	--	(60)	500
Total	66.180	27.413	(40.151)	(9.528)	43.914

25 Commitments and contingencies

Guarantee, pledge and mortgages ("GPM") in respect of commitment and contingencies realised in the ordinary course of business were given as at 31 December 2014 are as follows:

31 December 2014	Original currency (USD equivalent)			
	USD	TL	Others	Total
A Total amount of GPMs given in the name of its own legal personality	148.621	147.323	51.849	347.792
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	--	83.134	--	83.134
-Total amount of GPMs given in the name of the consolidated subsidiaries	--	83.134	--	83.134
C Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties	--	--	--	--
D Other GPMs given	2.156	--	--	2.156
Total	150.777	230.457	51.849	433.082

GPMs in respect of commitment and contingencies realised in the ordinary course of business were given as at 31 December 2013 are as follows:

31 December 2013	Original currency (USD equivalent)			
	USD	TL	Others	Total
A Total amount of GPMs given in the name of its own legal personality	88.577	183.116	60.056	331.749
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	--	90.325	--	90.325
-Total amount of GPMs given in the name of the consolidated subsidiaries	--	--	--	--
C Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties	--	--	--	--
D Other GPMs given	--	--	--	--
Total	88.577	273.441	60.056	422.074

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25 Commitments and contingencies (continued)

Details of the commitments and contingent liabilities arising in the ordinary course of the business of the Group comprised the following items as at 31 December:

	31 December 2014	31 December 2013
TETAŞ and TEİAŞ	53.907	77.557
Given to employers of the engineering, procurement, construction projects	268.199	207.084
Pledge on shares	83.133	90.325
Given to banks	23.289	44.201
Given to EMRA	3.825	1.537
Given to others	729	1.370
Total contingent liabilities	433.082	422.074

Litigation and claims

As at 31 December 2014, the expected cash outflow amount for the pending claims filed against to the Group is USD 5.402 (31 December 2013: USD 6.595). As at 31 December 2014, 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 31 December, non cancellable operating lease commitments are payable as follows:

Operating lease commitment – Group as lessee and rent commitments	2014	2013
Within one year	4.431	2.760
After one year not more than five years	14.972	7.372
More than five years	2.386	1.725
Total	21.789	11.857

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26 Taxation

Turkey

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

Corporate income tax is levied at the rate of 20% (2013: 20%) and advance tax returns are filed on a quarterly basis.

According to the new Corporate Tax Law, 75% (2013: 75%) of the capital gains arising from the sale of properties and investments owned for at least two years are exempted from corporate tax on the condition that such gains are kept under equity as restricted funds within five years from the date of the sale. The remaining 25% of such capital gains are subject to corporate tax.

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

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

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

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

Transfer pricing regulations

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

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

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26 Taxation (continued)

Tax applications for foreign subsidiaries and joint ventures of the Group

Republic of Albania

The applicable corporate tax rate in Republic of Albania is 15% (31 December 2013: 10%). 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 2013: 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 31 December 2014, the applicable corporate tax rate for the subsidiaries and branches operating in Iraq is 15% (31 December 2013: 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 31 December 2014 and 2013, profit generated from Group's operations in Iraq is not subject to corporate tax.

Arab Republic of Egypt

The applicable corporate tax rate for the subsidiaries operating in Egypt is 20% (31 December 2013: 20%). Since the Group is operating in free trade zone of Egypt, the Group is not subject to corporate tax.

United Arab Emirates

As at 31 December 2013, the Group has subsidiaries in the United Arab Emirates located in Dubai. There is no federal corporate tax in United Arab Emirates. However, similar taxes are implemented in different sectors in different emirates. As at 31 December 2014 and 2013, the Group's subsidiaries operating in Dubai are not subject to corporate tax.

USA

As at 31 December 2014, the applicable corporate tax rate for the subsidiary operating in USA is 40% (31 December 2013: 40%) but additional tax applications up to 12% could be charged.

Georgia

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

Turkmenistan

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

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26 Taxation (continued)

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

Serbia

The applicable corporate tax rate in Serbia is 15%.

Uzbekistan

The applicable corporate tax rate in Uzbekistan is 17,2%.

Tax recognised in profit or loss

Income tax expense for the years ended 31 December comprised the following items:

Reconciliation of effective tax rate

	Continuing operations		Discontinued operations		Total	
	2014	2013	2014	2013	2014	2013
Current corporation and income taxes	28.734	31.082	231	384	28.965	31.466
Deferred tax expense/(benefit)	28.851	(11.413)	(3.469)	(17.037)	25.382	(28.450)
Total income tax expense/(benefit)	57.585	19.669	(3.238)	(16.653)	54.347	3.016

The reported income tax expense for the years ended 31 December are different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

	2014		2013	
	Amount	%	Amount	%
Reported (loss)/profit before taxation	202.247		(240.758)	
Taxes on reported profit per statutory tax rate of the Company	(40.450)	(20)	48.152	20
Permanent differences:	--		--	
Disallowable expenses	(6.661)	(3,29)	(10.823)	(4,5)
Unrecognised deferred tax assets on temporary differences	--	--	(11.585)	(4,81)
Tax exempt income	48.378	23,92	13.631	5,66
Derecognition of previously recognised deferred tax asset on tax losses	--	--	(5.853)	(2,43)
Effect of different tax rates in foreign jurisdictions	4.426	2,19	1.550	0,64
Investment incentives effect	5.490	2,71	8.964	3,72
Recognition of previously unrecognized temporary differences	(30.231)	(14,95)	--	--
Effect of share of profit of equity-accounted investees	(3.755)	(1,86)	(88)	(0,04)
Current-year losses for which no deferred tax asset is recognised	(34.649)	(17,13)	(64.959)	(27)
Utilisation of previously unrecognised tax losses	2.841	1,4	940	0,39
Current-year amortisation expense of electricity distribution rights for which no deferred tax asset is recognized	(1.756)	(0,87)	(2.017)	(0,84)
Others, net	(1.218)	(0,6)	2.419	1
Tax benefit/(expense)	(57.585)	(28,47)	(19.669)	(8,17)

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26 Taxation (continued)

Current tax assets/liabilities

As at 31 December, current tax assets and liabilities comprised the following:

	2014	2013
Taxes on income	57.585	19.669
Less: Deferred tax expense/(benefit)	28.851	(11.413)
Corporation taxes paid in advance	(29.947)	(31.689)
Foreign currency translation difference	(1.643)	(3.363)
Current tax liabilities/(assets), net	(2.856)	(3.970)

As at 31 December 2014, current tax liabilities on income amounting to USD 4.723 (31 December 2013: USD 5.443) is not offset with prepaid taxes amounting to USD 7.579 (31 December 2013: USD 9.413) since they are related to different tax jurisdictions.

Deferred tax assets and liabilities

Deferred tax is provided in respect of taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences relating to goodwill not deductible for tax purposes and the initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

Unrecognised deferred tax assets and liabilities

As at 31 December 2014, deferred tax assets amounting to USD 167.542 (31 December 2013: USD 180.417) have not been recognised with respect to the statutory tax losses carried forward and deductible temporary differences amounting to USD 142.340 and USD 25.202, respectively (31 December 2013: USD 122.068 and USD 58.349, respectively). Such losses carried forward expire until 2019. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

The table below shows the expiration date of the tax losses carried forward for which no deferred asset has been recognised:

	2014	2013
2014	--	12.210
2015	30.591	33.237
2016	119.839	139.183
2017	85.602	86.368
2018	312.327	339.342
2019	163.341	--
	711.700	610.340

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26 Taxation (continued)

Recognised deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities at 31 December are attributable to the items detailed in the table below:

	2014		2013	
	Asset	Liability	Asset	Liability
Vacation pay liability	1.019	--	533	--
Employee severance indemnity	2.659	--	2.507	--
Loans and receivables impairment provision	870	--	--	(3.178)
Financial assets at fair value through profit or loss	--	(7.840)	--	(6.452)
Available for sale investment securities	188	--	149	(986)
Derivative financial instruments	216	(88)	138	(232)
Provisions	1.750	(2.001)	2.659	--
Inventories	--	(22.418)	9.868	--
Deferred income	4.452	--	1.229	--
IAS 39 effect on loans and borrowings	781	(1.105)	713	(6)
Investment property	--	(37.053)	20.604	(63.497)
Property, plant and equipment and intangible assets	72.221	(10.127)	61.579	(2.645)
Investment incentives	16.027	--	11.709	--
Tax losses carried forward	8.294	--	2.829	--
Loss provision	--	(2.280)	1.899	--
Effect of percentage of completion method	858	--	3.361	--
Service concession receivables	--	(41.296)	--	(31.229)
Allowance for doubtful receivables	1.556	--	2.375	--
Security deposits	2.540	--	2.145	--
Other temporary differences	2.296	(3.811)	1.749	(2.274)
Total deferred tax assets/(liabilities)	115.727	(128.019)	126.046	(110.499)
Set off of tax	(62.216)	62.216	(56.650)	56.650
Deferred tax assets/(liabilities), net	53.511	(65.804)	69.396	(53.849)

According to the Tax Procedural Law in Turkey, statutory losses can be carried forward maximum for five years. Consequently, 2019 is the latest year for recovering the deferred tax assets arising from such tax losses carried forward.

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26 Taxation (continued)

Movements in deferred tax balances during the year 2014:

	1 January 2014	Recognised in profit or loss	Discontinued operations	Recognised in other comprehensive income	Translation Reserve	31 December 2014
Vacation pay liability	533	347	214	--	(75)	1.019
Employee severance indemnity	2.507	(1.452)	1.825	--	(221)	2.659
Loan impairment provision	(3.178)	4.025	--	--	23	870
Financial assets at fair value through profit or loss	(6.452)	(2.017)	--	--	629	(7.840)
Available for sale investment securities	(836)	2.910	--	(1.894)	8	188
Derivative financial instruments	(94)	228	--	--	(6)	128
Provisions	2.659	(2.862)	--	--	(48)	(251)
Inventories	9.868	(33.411)	--	--	1.125	(22.418)
Deferred income	1.229	3.521	--	--	(298)	4.452
IAS 39 effect on borrowings	707	(1.035)	--	--	4	(324)
Investment property	(42.893)	2.572	--	--	3.268	(37.053)
Property, plant and equipment and intangible assets	58.934	7.075	1.430	--	(5.345)	62.094
Investment incentives	11.709	5.568	--	--	(1.250)	16.027
Tax losses carried forward	2.829	6.034	--	--	(569)	8.294
Loss provision	1.899	(3.676)	--	--	(503)	(2.280)
Effect of percentage of completion method	3.361	(2.371)	--	--	(132)	858
Service concession receivables	(31.229)	(13.314)	--	--	3.247	(41.296)
Allowance for doubtful receivables	2.375	(667)	--	--	(152)	1.556
Security deposits	2.145	600	--	--	(205)	2.540
Other temporary differences	(526)	(926)	--	--	(64)	(1.516)
Total deferred tax assets/(liabilities)	15.547	(28.851)	3.469	(1.894)	(564)	(12.293)

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26 Taxation (continued)

Movements in deferred tax balances during the year 2013:

	1 January 2013	Recognised in profit or loss	Discontinued operation	Recognised in other comprehensive income	Translation	31 December 2013
Vacation pay liability	2.015	334	(1.624)	--	(192)	533
Employee severance indemnity	4.212	1.945	(3.079)	--	(571)	2.507
Loan impairment provision	(3.107)	(38)	--	--	(33)	(3.178)
Financial assets at fair value through profit or loss	(13.290)	5.212	--	--	1.626	(6.452)
Available for sale investment securities	(98)	(2.784)	--	3.756	(1.710)	(836)
Derivative financial instruments	(104)	(8)	--	--	18	(94)
Provisions	4.875	(1.627)	--	--	(589)	2.659
Inventories	203	10.875	--	--	(1.210)	9.868
Deferred income	1.705	216	(510)	--	(181)	1.230
IAS 39 effect on borrowings	(204)	984	--	--	(73)	707
Investment property	(42.922)	(7.899)	--	--	7.928	(42.893)
Property, plant and equipment and intangible assets	56.719	9.186	3.689	--	(10.660)	58.934
Investment incentives	4.449	8.964	--	--	(1.704)	11.709
Tax losses carried forward	72.456	(15.814)	(48.875)	--	(4.938)	2.829
Loss provision	249	1.897	--	--	(247)	1.899
Effect of percentage of completion method	--	3.769	--	--	(408)	3.361
Service concession receivables	(26.986)	(9.745)	--	--	5.502	(31.229)
Allowance for doubtful receivables	201	2.475	--	--	(301)	2.375
Security deposits	1.875	649	--	--	(379)	2.145
Other temporary differences	(366)	2.822	--	--	(2.983)	(527)
Total deferred tax assets/(liabilities)	61.882	11.413	(50.399)	3.756	(11.105)	15.547

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27 Capital and reserves

Paid in capital

At 31 December 2014, the Group's statutory nominal value of authorised and paid-in share capital is USD 200.302 (31 December 2013: USD 127.509) (comprising of 400.000.000 registered shares (31 December 2013: 240.852.000) having par value of TL 1 (31 December 2013: TL 1) each).

At 31 December, the shareholding structure of Çalık Holding based on the number of shares is presented below:

	2014		2013	
	Thousand of shares	%	Thousand of shares	%
Ahmet Çalık	399.999	99,99	240.828	99,99
Other	1	0,01	24	0,01
	400.000	100	240.852	100

As per the Board of Directors' Meeting dated 17 December 2014, the Company has increased its share capital by a total amount of USD 72.793. In this regard USD 39.086 were offset from current accounts of shareholders whereas the remaining USD 33.707 has been transferred from the retained earnings to the share capital of the Company.

Restricted reserves

The legal reserves are established by annual appropriations amounting to 5% of income disclosed in the Group's statutory accounts until it reaches 20% of paid-in share capital (first legal reserve). Without limit, a further 10% of dividend distributions in excess of 5% of share capital is to be appropriated to increase legal reserves (second legal reserve). The first legal reserve is restricted and is not available for distribution as dividend unless it exceeds 50% of share capital. In the accompanying consolidated financial statements, the total of the legal reserves included in the restricted reserves of the consolidated entities amounted to USD 145.825 as at 31 December 2014 (31 December 2013: USD 98.600).

Non-controlling interests

For the years ended 31 December, movements of the non-controlling interest were as follows:

	2014	2013
Non controlling interest at the beginning of the year	96.684	159.131
Net loss for the year attributable to non controlling interest	(9.271)	(61.495)
Net fair value change in financial assets available for sale	--	(38)
Foreign currency translation differences	(400)	(905)
Sale of interests in consolidated subsidiaries resulting loss of control	(23.892)	--
Change in non-controlling interests in an entity under common control	(606)	--
Dividend distribution	(634)	(9)
Balance at the end of the year	61.881	96.684

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

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28 Revenue and cost of sales

For the years ended 31 December, revenue and cost of sales comprised the following:

	2014	2013
Domestic sales	1.071.686	873.872
Export sales	1.377.662	826.626
Other sales	13.806	1.689
Sales discounts (-)	(7.368)	(5.643)
Subtotal	2.455.786	1.696.544
Cost of sales (-)	(1.945.196)	(1.404.821)
Gross profit from non-finance operations	510.590	291.723
Revenue from finance sector operations	291.563	338.198
Cost of revenues from finance sector operations (-)	(121.683)	(140.327)
Gross profit from finance sector activities	169.880	197.871
Gross profit	680.470	489.594

The Group recognises a depreciation and amortisation amount of USD 51.840 in the cost of sales.

29 General and administrative expenses, selling, marketing and distribution expenses, and research and development expenses

For the years ended 31 December, general and administrative expenses comprised the following:

	2014	2013
Personnel expenses	129.072	119.085
Depreciation and amortisation expenses	29.347	29.551
Consulting expenses	15.790	16.639
Rent expense	14.896	10.936
Travel and accommodation expenses	13.347	9.440
Insurance expenses	9.887	8.547
Maintenance and repair expenses	7.639	6.606
Communication and information expenses	7.102	5.362
Representation expenses	5.697	3.715
Taxes, duties and fees other than on income	5.333	7.261
Utility expenses	2.569	1.637
Office expenses	2.254	1.600
Cleaning expenses	1.753	582
Security expenses	1.600	1.456
Provision for employee severance payment indemnity	417	625
Other	22.906	8.865
	269.610	231.908

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29 General and administrative expenses, selling, marketing and distribution expenses, and research and development expenses (continued)

For the years ended 31 December, selling, marketing and distribution expenses comprised the following:

	2014	2013
Personnel expenses	29.875	31.724
Advertising and promotion expenses	25.246	20.681
Maintenance and repair expenses	33.415	16.730
Transportation expenses	10.211	12.263
Commission expense	5.856	5.641
Depreciation and amortization expenses	987	3.204
Consulting expenses	1.015	2.054
Rent expense	2.977	1.793
Travel and accommodation expenses	2.352	1.678
Taxes, duties and fees	2.867	1.432
Communication and information expenses	1.439	1.292
Fair expenses	694	739
Security expenses	711	657
Office expenses	4.874	614
Other	4.731	10.111
	127.251	110.614

For the years ended 31 December, research and development expenses comprised the following:

	2014	2013
Personnel expenses	7.571	2.464
Travel and accommodation expenses	1.667	1.154
Consulting expenses	664	1.862
Other	6.423	5.203
	16.324	10.683

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30 Other income and expenses

For the years ended 31 December, other income comprised the following:

	2014	2013
Foreign exchange gains	100.730	23
Fair value gain on revaluation of investment properties	14.785	29.485
Interest income	20.052	1.147
Rediscount interest income	18.348	16.528
Recoveries/reversals of provisions made	28.099	17.448
Other income from operating activities	39.558	22.246
	221.572	86.876

For the year ended 31 December, other operating expenses comprised the following

	2014	2013
Foreign exchange losses	25.888	29.902
Provision for doubtful receivables	10.060	20.902
Provision expenses	10.702	5.530
Rediscount interest expense	1.549	505
Fair value loss on revaluation of investment properties	--	33.728
Impairment of loans and receivables of finance sector entities	9.774	32.595
Other expense from operating activities	9.371	78.803
	67.344	201.965

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31 Gain and loss from investing activities

For the years ended 31 December, gains from investing activities comprised the following:

	2014	2013
Gain on financial assets at fair value through profit or loss	12.402	--
Gain from sale of derivative financial instruments	7.654	--
Gain on sale of property, plant and equipment	4.854	12.274
Net gain on other investment activities	3.119	2.915
Foreign exchange gains	4	2.818
Dividend income from equity securities	3	4.756
Other	926	9.976
	28.962	32.739

For the years ended 31 December, losses from investing activities comprised the following:

	2014	2013
Loss on sale of derivative financial instruments	14.207	23.840
Loss on sale of property, plant and equipment	2.451	--
Loss on other investment activities	1.519	5.643
Foreign exchange losses	125	15
Loss on financial assets at fair value through profit or loss	--	22.121
Other	2.325	4.732
	20.627	56.351

32 Finance income and finance costs

For the years ended 31 December, finance income comprised the following:

	2014	2013
Foreign exchange gains on borrowings	16.407	27.230
Other	1.895	177
	18.302	27.407

For the years ended 31 December, finance costs comprised the following:

	2014	2013
Interest expense on borrowings	120.588	98.032
Foreign exchange losses on borrowings	96.176	137.248
Expenses on letters of guarantees	5.060	6.733
Financing expenses on factoring activities	299	1.873
Other	5.006	21.526
	227.129	265.412

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33 Financial instruments – Fair values and risk management

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

Risk management activities are conducted by a realistic organizational structure and it is fully supported with the commitment of top level management.

Group acts proactively in terms of risk management in order to ensure that its business operations in different industries and regions are not adversely affected as a result of market, operational, liquidity and counterparty risks. Risk Management and internal audit departments within each sector and at the Group level provide and maintain awareness for different types of risks, including emerging risks, and ensure that appropriate risk management mechanisms are in place.

Banking:

Risk management framework

For the Group's banking group, Aktifbank and BKT actively use collateral management as the major risk mitigation mechanism. The Board of Directors of the Group's banking group has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit Committee and Risk Management Department, which are responsible for developing and monitoring the Group's banking group's risk management policies in their specified areas. The Audit Committee has non-executive members and report regularly to the Board of Directors on their activities.

The Group's banking group's risk management policies are established to identify and analyse the risks faced, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group's banking group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Audit Committee is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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

Financial risk management (continued)

Credit risk:

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group's principal financial assets are cash and cash equivalents, financial investments, trade receivables and other receivables. The Group requires a certain amount of collateral in respect of its account receivable. Credit evaluations are performed on all customers requiring credit over a certain amount on individual level.

At reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

Banking:

Impaired loans and advances to customers and investment securities

Impaired loans and advances to customers and investment debt securities are those for which the Group's banking group determines that it is probable that it will be unable to collect all principal and interest due to according to the contractual terms of the loans and investment debt securities.

Allowance for impairment

The Group's banking group establishes an allowance for impairment losses on assets carried at amortised cost that represents its estimate of incurred losses in its loans and advances to customers and investment in debt security portfolio. This allowance is a specific loss component that relates to individually significant exposures.

Due to the increase in the consumer loan portfolio of Aktifbank and the availability of the historical trends of the probability of default, starting from 1 January 2012, Aktifbank started to provide collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified except for loans and receivables subject to individual assessment for impairment.

Write-off policy

The Group's banking group write off a loan or investment debt security balance, and any related allowances for impairment losses, when the Group's banking subsidiaries determine that the loan or security is uncollectible. This determination is reached after considering information such as occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group's banking subsidiaries have made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

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

Credit risk (continued):

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 December was:

	Receivables							
	Trade receivables		Other receivables					
	Related party	Third party	Related party	Third party	Cash at banks and other cash and cash equivalents (*)	Financial investments(**)	Receivables from finance sector operations	Derivatives
31 December 2014	437	1.104.028	25.941	167.607	244.183	1.558.386	1.877.870	441
Maximum credit risk exposure at reporting date (A+B+C+D)								
Portion of maximum risk covered by guarantees	--	--	--	--	--	--	--	--
A. Carrying value of financial assets that are neither past due nor impaired	437	1.095.869	25.941	167.607	244.183	1.558.386	1.850.832	441
B. Carrying value of financial assets that are past due but not impaired	--	8.159	--	--	--	--	--	--
C. Carrying value of impaired assets	--	--	--	--	--	--	27.038	--
Past due (gross carrying amount)	--	65.990	--	3.028	--	--	77.962	--
-Impairment (-)	--	(65.990)	--	(3.028)	--	--	(50.924)	--
-The part of net value under guarantee with collateral etc	--	--	--	--	--	--	--	--
Not past due (gross carrying amount)	--	--	--	--	--	--	--	--
-Impairment (-)	--	--	--	--	--	--	--	--
D. Elements including credit risk on off statement of financial position	--	--	--	--	--	--	--	--

(*) This excludes balances of central banks.

(**) Equity securities are excluded.

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

Credit risk (continued):

Exposure to credit risk (continued):

	Receivables						
	Trade receivables			Other receivables			
	Related party	Third party	Related party	Third party	Cash at banks and other cash and equivalents (*)	Financial investments(**)	Receivables from finance sector operations
31 December 2013							
Maximum credit risk exposure at reporting date (A+B+C+D)	73.690	921.718	14.304	147.608	287.721	1.370.559	1.783.079
Portion of maximum risk covered by guarantees	--	--	--	--	--	--	--
A. Carrying value of financial assets that are neither past due nor impaired	73.690	888.528	14.304	147.608	287.721	1.370.559	1.771.077
B. Carrying value of financial assets that are past due but not impaired	--	33.190	--	--	--	--	--
C. Carrying value of impaired assets	--	--	--	--	--	--	12.002
Past due (gross carrying amount)	--	76.657	--	3.417	--	--	68.083
-Impairment (-)	--	(76.657)	--	(3.417)	--	--	(56.081)
-The part of net value under guarantee with collateral etc	--	--	--	--	--	--	--
Not past due (gross carrying amount)	--	--	--	--	--	--	--
-Impairment (-)	--	--	--	--	--	--	--
D. Elements including credit risk on off statement of financial position	--	--	--	--	--	--	--

(*) This excludes balances of central banks.

(**) Equity securities are excluded.

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

Credit risk (continued):

Impairment losses

The aging of trade receivables at the reporting date was:

	2014		2013	
	Gross	Impairment	Gross	Impairment
Not past due	1.096.306	--	962.218	--
Past due 0-30 days	6.108	--	20.720	--
Past due 31-120 days	847	--	11.939	--
Past due 121-365 days	1.204	--	531	--
More than one year	65.990	(65.990)	76.657	(76.657)
Total	1.170.455	(65.990)	1.072.065	(76.657)

Liquidity risk

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both risk of being unable to fund assets at appropriate maturities and rates and risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. The Group has access to funding sources from banks and keeps certain level assets as cash and cash equivalents. The Group continuously assesses liquidity risk by identifying and monitoring changes in funding required in meeting business goals and targets set in terms of the overall Group strategy.

Banking:

Management of liquidity risk

The Group's banking group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to their reputation.

The Group's banking group funds its short-term liquidity with interbank. In the case of long-term liquidity need, the Group's banking group utilises capital market instruments. Additionally, the Group's banking group also funds itself from the domestic and foreign market when it needs additional funds.

Exposure to liquidity risk

The key measure used by the Group's banking group for managing liquidity risk is the ratio of net liquid assets to short-term funds borrowed. For this purpose net liquid assets are considered as including cash and cash equivalents and trading debt securities for which there is an active and liquid market less any short-term funds borrowed and commitments.

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

Liquidity risk (continued)

As at 31 December, the followings are carrying amounts, contractual cash flows and the contractual maturities of financial liabilities are as follows:

31 December 2014	Carrying amount	Contractual cash flows	3 months or less	3-12 Months	1-5 Years	More than five year
Non-derivative financial liabilities						
Payables related to finance sector operations	(2.691.051)	(2.764.610)	(1.559.350)	(988.993)	(198.687)	(17.580)
Loans and borrowings	(2.670.053)	(2.707.861)	(1.365.099)	(864.463)	(439.896)	(38.404)
	(5.361.104)	(5.472.472)	(2.924.449)	(1.853.456)	(638.583)	(55.984)
	Carrying amount	Contractual cash flows	3 months or less	3-12 Months	1-5 Years	More than five year
Trade payables	(415.692)	(432.856)	(228.278)	(156.441)	(48.136)	--
Other payable	(155.358)	(155.359)	(27.419)	(77.172)	(50.768)	--
Payable related to employee benefits	(5.558)	(5.558)	--	(5.558)	--	--
	(576.608)	(593.772)	(255.698)	(239.171)	(98.904)	--
Derivative financial liabilities						
Currency forwards						
Outflow	(1.082)	6.550	4.835	2.145	--	--
Inflow	441	(7.135)	(4.961)	(2.175)	--	--
Total	(5.938.353)	(6.066.830)	(3.180.272)	(2.089.324)	(740.819)	(55.984)

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

Liquidity risk (continued)

31 December 2013	Carrying amount	Contractual cash flows	3 months or less	3-12 Months	1-5 Years	More than five year
Non-derivative financial liabilities						
Payables related to finance sector operations	(2.863.166)	(3.047.672)	(1.858.723)	(1.006.666)	(170.614)	(11.670)
Borrowings	(2.183.801)	(2.319.293)	(1.212.629)	(576.361)	(428.691)	(101.611)
	(5.046.967)	(5.366.965)	(3.071.352)	(1.583.027)	(599.305)	(113.281)
	Carrying amount	Contractual cash flows	3 months or less	3-12 Months	1-5 Years	More than five year
Trade payables	(431.187)	(431.188)	(171.643)	(186.837)	(72.707)	--
Other payable	(201.856)	(201.856)	(124.470)	(32.489)	(44.897)	--
	(633.043)	(633.044)	(296.113)	(219.327)	(117.604)	--
Derivative financial liabilities						
Currency forwards						
Outflow	(15.571)	(170.094)	(163.423)	--	--	--
Inflow	1.163	178.997	178.997	--	--	--
Total	(5.694.418)	(5.991.106)	(3.351.890)	(1.802.354)	(716.910)	(113.281)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprise at different times or in differing amounts. In the case of floating rate assets and liabilities the Group is also exposed to basis risk, which is the difference in reprising characteristics of the various floating rate indices, such as six months Libor and different types of interest. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Group's business strategies.

Profile

As at 31 December, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	2014	2013
Fixed rate instruments		
Financial assets	4.241.154	3.861.382
Financial liabilities	5.692.826	4.814.540
Variable rate instruments		
Financial liabilities	--	25.000

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and the Group does not designate derivatives (interest rate swaps) as hedging instruments under fair value hedge accounting model. Therefore, a change in interest rate as of the reporting date would not affect profit or loss and equity.

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

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 31 December 2014, the currency risk exposures of the Group in USD equivalents are as follows:

	31 December 2014			
	(In USD equivalent)	(Original currency)	(Original currency)	Other ^(*)
	Total	USD	EUR	
Foreign currency monetary assets				
Cash and cash equivalents	188.341	102.047	35.279	43.380
Financial investments	482.415	175.071	189.995	76.234
Receivables from finance sector operations	773.252	192.594	477.067	355
Trade receivables	426.935	376.900	29.956	13.597
Other receivables	101.959	97.180	--	4.780
Total foreign currency monetary assets	1.972.902	943.792	732.297	138.346
Foreign currency monetary liabilities				
Loans and borrowings	(1.386.971)	(1.085.309)	(247.997)	--
Payables from finance sector operations	(1.171.616)	(154.947)	(802.937)	(39.980)
Trade payables	(127.593)	(54.752)	(59.237)	(786)
Other payables	(99.912)	(23.064)	(51.080)	(14.713)
Total foreign currency liabilities	(2.786.092)	(1.318.072)	(1.161.251)	(55.479)
Net statement of financial position	(813.190)	(374.280)	(428.954)	82.867
Currency forwards	61.608	25.968	29.299	--
Net off statement of financial position	61.608	25.968	29.299	--
Net foreign currency position	(751.582)	(348.312)	(399.655)	82.867

(*) USD equivalents are given.

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

Currency risk (continued)

At 31 December 2013, the currency risk exposures of the Group in USD equivalents are as follows:

	31 December 2013			
	(In USD equivalent)	(Original currency)	(Original currency)	
	Total	USD	EUR	Other ^(*)
Foreign currency monetary assets				
Cash and cash equivalents	222.163	46.890	124.230	4.349
Financial investments	442.921	137.942	147.042	102.669
Receivables from finance sector operations	844.924	231.475	445.461	557
Trade receivables	211.809	189.212	16.364	83
Other receivables	44.815	7.462	22.713	6.103
Total foreign currency monetary assets	1.766.632	612.981	755.810	113.761
Foreign currency monetary liabilities				
Loans and borrowings	(1.725.000)	(1.588.504)	(99.207)	--
Payables from finance sector operations	(1.457.880)	(277.728)	(819.109)	(53.172)
Trade payables	(212.643)	(103.746)	(74.073)	(6.984)
Other payables	(24.516)	(4.402)	(6.088)	(11.738)
Total foreign currency liabilities	(3.420.039)	(1.974.380)	(998.477)	(71.894)
Net statement of financial position	(1.653.407)	(1.361.399)	(242.667)	41.867
Currency forwards	71.889	36.874	25.449	--
Net off statement of financial position	71.889	36.874	25.449	--
Net foreign currency position	(1.581.518)	(1.324.525)	(217.218)	41.867

^(*) USD equivalents are given.

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

Currency risk (continued)

Sensitivity analysis

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

31 December 2014	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	34.831	(34.831)	--	--
2-Hedged portion of US Dollar amounts(-)	--	--	--	--
3-Net effect of US Dollar (1+2)	34.831	(34.831)	--	--
Increase/(decrease) 10% of EUR parity				
4-EUR net asset/liability	48.614	(48.614)	--	--
5-Hedged portion of EUR amounts(-)	--	--	--	--
6-Net effect of EUR (4+5)	48.614	(48.614)	--	--
Increase/(decrease) 10% of other parities				
7-Other foreign currency net asset/liability	(8.287)	8.287	--	--
8-Hedged portion of other foreign currency amounts(-)	--	--	--	--
9-Net effect of other foreign currencies (7+8)	(8.287)	8.287	--	--
TOTAL (3+6+9)	75.158	(75.158)	--	--

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

Currency risk (continued)

31 December 2013	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	132.452	(132.452)	--	--
2-Hedged portion of US Dollar amounts(-)	--	--	--	--
3-Net effect of US Dollar (1+2)	132.452	(132.452)	--	--
Increase/(decrease) 10% of EUR parity				
4-EUR net asset/liability	29.886	(29.886)	--	--
5-Hedged portion of EUR amounts(-)	--	--	--	--
6-Net effect of EUR (4+5)	29.886	(29.886)	--	--
Increase/(decrease) 10% of other parities				
7-Other foreign currency net asset/liability	(4.187)	4.187	--	--
8-Hedged portion of other foreign currency amounts(-)	--	--	--	--
9-Net effect of other foreign currencies (7+8)	(4.187)	4.187	--	--
TOTAL (3+6+9)	158.151	(158.151)	--	--

Capital management

The Group's objectives when managing capital include:

- to comply with the capital requirements required by the regulators of the financial markets where the Group operates;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders.

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

Capital management (continued)

Banking:

Aktifbank

The Aktifbank's lead regulator, BRSA sets and monitors capital requirements for the Aktifbank as a whole.

The capital adequacy ratio calculations are made in accordance with the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" published in Official Journal No 28337 of 28 June 2012 from 1 July 2012. Standard Method is used to calculate market risk which is included in computation of capital adequacy ratio.

In implementing current capital requirements of BRSA requires Aktifbank to maintain an 8% ratio of total capital to total risk-weighted assets.

As at 31 December 2014, the Aktifbank's capital adequacy ratio is 12,73% (31 December 2013: 13,23%).

BKT

BKT's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholder's return is also recognised and BKT recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. There have been no material changes in BKT's management of capital during the period.

Regulatory capital: BKT monitors the adequacy of its capital using, among other measures, the rules and ratios established by the Albanian regulator, the Bank of Albania ("BoA"), which ultimately determines the statutory capital required to underpin its business. The regulation "On capital adequacy" is issued pursuant to Law No. 8269 date 23 December 1997 "On the Bank of Albania", and Law No. 9662 dated 18 December 2006 "On Banks in the Republic of Albania".

Capital Adequacy Ratio: The Capital Adequacy Ratio is the proportion of the regulatory capital to risk weighted assets and 'off balance-sheet' items, expressed as a percentage. The minimum Capital Adequacy Ratio required by Bank of Albania is 12%, while BKT has maintained this ratio at 15,6% as at 31 December 2013 (31 December 2013: 14,6%).

The Modified Capital Adequacy Ratio is the proportion of the base capital to risk-weighted assets and 'off balance-sheet' items, expressed as a percentage. The minimum modified capital adequacy is 6%, while BKT has maintained this ratio at 14,5% as at 31 December 2014 (31 December 2013: 13,5%).

Risk-Weighted Assets (RWAs): Assets are weighted according to broad categories of notional risk, being assigned a risk weighting according to the amount of capital deemed to be necessary to support them. Five categories of risk weights (0%, 20%, 50%, 100%, 150%) are applied; for example cash and money market instruments with Bank of Albania have a zero risk weighting, which means that no capital is required to support the holding of these assets. Property and equipment carries a 100% risk weighting, meaning that capital equal to 12% of the carrying amount must support it. Off-balance-sheet credit related commitments are taken into account. The amounts are then weighted for risk using the same percentages as for on-balance-sheet assets.

Compliance: BKT and its individually regulated operations have complied with all internally and externally imposed capital requirements throughout the year.

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

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions,
- compliance with regulatory and other legal requirements,
- documentation of controls and procedures,
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified,
- requirements for the reporting of operational losses and proposed remedial action,
- development of contingency plans,
- training and professional development,
- ethical and business standards,
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the senior management of the Group.

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.

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2014

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

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

Fair value information

The table below shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value. 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.

31 December 2014	Held-for trading	Designated at fair value	Loans and receivables	Available for-sale	Held to maturity	Other financial liabilities	Carrying values Total	Level 1	Level 2	Level 3	Fair values Total
Financial assets measured at fair value											
Financial investments	--	156.800	--	1.382.227	--	--	1.539.519	1.382.719	--	156.800	1.539.519
Derivatives	441	--	--	--	--	--	441	--	441	--	441
Financial assets not measured at fair value											
Financial investments	--	--	--	15.765	206.123	--	221.396	--	--	219.942	219.942
Trade receivables	--	--	1.104.465	--	--	--	1.104.465	--	--	--	--
Other receivables	--	--	193.548	--	--	--	193.548	--	--	--	--
Cash and cash equivalents	--	--	355.641	--	--	--	355.641	--	--	--	--
Receivables related to finance sector operations	--	--	1.877.870	--	--	--	1.877.870	--	--	1.865.305 ^(*)	1.865.305
	441	156.800	3.531.524	1.397.993	206.123	--	5.292.880				
Financial liabilities measured at fair value											
Derivatives	(1.082)	--	--	--	--	--	(1.082)	--	(1.082)	--	(1.082)
Financial liabilities not measured at fair value											
Loans and borrowings	--	--	--	--	--	(2.670.053)	(2.670.053)	--	--	(2.648.180) ^(**)	(2.648.180)
Trade payables	--	--	--	--	--	(415.691)	(415.691)	--	--	--	--
Payables related to finance sector operations	--	--	--	--	--	(2.691.050)	(2.691.050)	--	--	--	--
Other payables ^(*)	--	--	--	--	--	(91.239)	(91.239)	--	--	--	--
	(1.082)	--	--	--	--	(5.868.034)	(5.869.116)				

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

^(**) Calculated for disclosure purpose.

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2014

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

33 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.

31 December 2013	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	--	180.400	--	1.181.327	--	--	1.361.727	1.181.327	--	180.400	1.361.727
Derivatives	1.163	--	--	--	--	--	1.163	--	1.163	--	1.163
Financial assets not measured at fair value											
Financial investments	--	--	--	38.302	217.756	--	256.058	--	--	--	--
Trade receivables	--	--	995.407	--	--	--	995.407	--	--	991.252	991.252
Other receivables	--	--	161.913	--	--	--	161.913	--	--	--	--
Cash and cash equivalents	--	--	356.818	--	--	--	356.818	--	--	--	--
Receivables related to finance sector operations	--	--	1.783.079	--	--	--	1.783.079	--	--	--	--
	1.163	180.400	3.297.217	1.219.629	217.756	--	4.916.165	--	--	--	--
Financial liabilities measured at fair value											
Derivatives	(15.571)	--	--	--	--	--	(15.571)	--	(15.571)	--	(15.571)
Financial liabilities not measured at fair value											
Loans and borrowings	--	--	--	--	--	(2.183.801)	(2.183.801)	--	--	(2.877.226) ^(*)	(2.877.226)
Trade payables	--	--	--	--	--	(431.188)	(431.188)	--	--	--	--
Payables related to finance sector operations	--	--	--	--	--	(2.863.166)	(2.863.166)	--	--	--	--
Other payables ^(*)	--	--	--	--	--	(143.276)	(143.276)	--	--	--	--
	(15.571)	--	--	--	--	(5.621.431)	(5.637.002)	--	--	--	--

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

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

Çalık Holding Anonim Şirketi and its Subsidiaries

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

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

Fair value information (continued)

Fair value hierarchy

The fair value hierarchy consists of three levels, depending upon whether fair values are determined based on quoted prices in an active market (Level 1), valuation techniques with observable inputs (Level 2) or valuation techniques that incorporate inputs which are unobservable and which have significant impact on the fair value of the instrument (Level 3):

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: This category includes inputs that are quoted market prices (unadjusted) in active markets for identical instruments. These are instruments where the fair value can be determined directly from prices which are quoted in active, liquid markets and where the instrument observed in the market is representative of that being priced in the Group's portfolio.
- Level 2: This category includes inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: This category includes all instruments where the valuation technique uses inputs based on unobservable data, which could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant, unobservable adjustments or assumptions are required to reflect differences between instruments. Unobservable in this context means that there is little or no current market data available from which the price at which an arm's length transaction would be likely to occur can be derived.

Valuation models

The Group uses following assumptions to estimate the fair value of financial instruments:

Equity securities: Fair values of publicly traded equity securities are based on quoted market prices where available. In the case of where no quoted market is available, fair value is determined based on quoted prices for similar securities or other valuation techniques. Valuation techniques include discounted cash flow models and transaction multiple methods. Where equity securities are not traded in stock exchange and have no quoted market price, and therefore their fair value cannot be reliably estimated since there is significant variability in the range of reasonable fair value estimates and the probabilities of the various estimates within the range cannot be assessed reasonably, they are measured at cost less impairment, if any, and their fair values are expected to approximate to their costs.

Valuation of equity securities designated as at fair value through profit or loss was carried out by an independent appraiser firm as at 31 December 2014. Discounted cash flow method was used as valuation method and the fair value of this investment was assessed USD 156.800 (31 December 2013: USD 180.400).

Debt securities: Fair values are based on quoted market prices, where available. Quoted market prices may be obtained from an exchange, dealer, broker, pricing service or regulatory service. If quoted prices in an active market are not available, fair value is based on an analysis of available market inputs, which may include values obtained from one or more pricing services or by a valuation technique that discounts expected future cash flows using a market interest rate curves, referenced credit spreads and maturity of the investment.

Çalık Holding Anonim Şirketi and its Subsidiaries

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

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

Fair value information (continued)

Valuation models (continued)

Derivative assets and liabilities: Derivatives are valued using valuation techniques. The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instruments. Observable prices or model inputs are usually available in the market for exchange-traded derivatives and simple over-the-counter derivatives.

Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. The principal technique used to value these instruments are based on discounted cash flows. These valuation models calculate the present value of expected future cash flows. Inputs to valuation models are determined from observable market data where possible. The inputs used include prices available from exchanges, dealers, brokers or providers of consensus pricing, yield curves, credit spreads, default rates, recovery rates, volatility of underlying interest rates, equity prices and foreign currency exchange rates. These inputs are determined with reference to quoted prices, recently executed trades, independent market quotes, where available.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Group believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate. For measuring derivatives, fair values taken into account both credit valuation adjustments and debit valuation adjustments.

Çalık Holding Anonim Şirketi and its Subsidiaries

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

34 Group enterprises

The consolidated financial statements aggregate financial information from the following entities:

Subsidiaries

Company name	Direct controlling interest of Çalık Holding and its subsidiaries		Effective ownership interest of Çalık Holding and its Subsidiaries	
	2014	2013	2014	2013
Adacami Enerji ⁽¹⁾	99,90	99,90	99,80	99,80
Akçay Enerji	99,89	99,89	99,89	99,89
Aktif Doğalgaz ⁽¹⁾	97,50	97,50	97,40	97,40
Aktifbank	99,86	99,86	99,86	99,86
Albtelecom ⁽⁵⁾	76,00	76,00	60,80	60,80
Ant Enerji ⁽¹⁾	50,00	50,00	49,95	49,95
Asset Aktif Sortif ve Sanatsal Etkinlik Hizmetleri Tic. A.Ş. ⁽⁶⁾	100,00	100,00	99,86	99,86
Atayurt İnşaat ⁽¹⁾	99,75	99,75	99,65	99,64
Atlas Petrol ⁽¹⁾	100,00	100,00	99,90	99,89
Ayas Rafineri	99,89	99,89	99,89	99,89
Başak Yönetim	100,00	100,00	100,00	100,00
BKT ⁽⁹⁾	100,00	100,00	100,00	100,00
Çalık Alexandria ⁽³⁾	100,00	100,00	98,88	98,88
Çalık Elektrik ⁽¹⁾	100,00	100,00	99,90	99,90
Çalık Enerji	99,90	99,90	99,90	99,89
Çalık Enerji Dubai ⁽¹⁾	100,00	100,00	99,90	99,90
Çalık Finansal Hizmetler	100,00	100,00	100,00	100,00
Çalık Gayrimenkul ⁽²⁾	99,00	99,00	98,33	98,33
Çalık Hava	100,00	100,00	100,00	100,00
Çalık İnşaat ⁽²⁾	99,75	99,75	99,04	99,04
Çalık Korea ⁽³⁾	100,00	100,00	98,97	98,97
Çalık NTF ⁽¹⁾	100,00	100,00	99,90	99,90
Çalık Pamuk ⁽³⁾	55,00	55,00	54,43	54,43
Çalık Petrol ⁽¹⁾	100,00	100,00	99,90	99,89
Çalık Rüzgar ⁽¹⁾	95,00	95,00	94,90	94,90
Çalık Solar Enerji ⁽¹⁾	100,00	100,00	99,90	99,90
Çalık Turizm	97,46	97,46	97,27	97,27
Çalık USA ⁽³⁾	100,00	100,00	98,97	98,97
ÇED ⁽¹⁾	100,00	100,00	99,95	99,95
ÇEDAŞ ⁽¹⁾	99,95	99,95	99,90	99,90
ÇEP Petrol ⁽¹⁾	99,75	99,50	99,65	99,39
Cetel Çalık ⁽⁷⁾	100,00	100,00	100,00	100,00
Cetel Telekom ⁽⁶⁾	80,00	80,00	80,00	80,00
Doğu Akdeniz Petrokimya	84,40	84,20	84,31	84,11
Dore Altın	99,99	99,99	99,28	99,28
E-Kent ⁽⁸⁾	100,00	100,00	99,86	99,86
E-Post ⁽⁸⁾	100,00	100,00	99,86	99,86
Emlak Girişim ⁽⁸⁾	100,00	100,00	99,86	99,86
Gap İnşaat Dubai ⁽²⁾	100,00	100,00	99,28	99,28
Gap Elektrik	99,96	99,96	99,85	99,85
Gap Güneydoğu	99,18	99,18	98,97	98,97
Gap Güneydoğu FZE ⁽³⁾	100,00	100,00	98,97	98,97
Gap İnşaat	99,32	99,32	99,28	99,28

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

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

34 Group enterprises (continued)

Subsidiaries (continued)

Company name	Direct controlling interest of Çalık Holding and its subsidiaries		Effective ownership interest of Çalık Holding and its Subsidiaries	
	2014	2013	2014	2013
Gap İnşaat Cons. ⁽²⁾	100,00	100,00	99,41	99,41
Gap Pazarlama	95,01	95,01	95,01	95,01
Gap Pazarlama FZE ⁽⁴⁾	100,00	100,00	95,01	95,01
Gap İnşaat Ukraine ⁽²⁾	99,00	99,00	98,29	98,29
GapYapı	99,75	99,75	99,75	99,75
Gappa ⁽⁴⁾	100,00	100,00	95,01	95,01
Çalık Construction AB ⁽²⁾	100,00	100,00	99,28	99,28
İkideniz Petrol ⁽¹⁾	99,99	99,99	99,89	99,85
Irmak Yönetim	100,00	100,00	100,00	100,00
Japan International ⁽¹⁾	25,00	25,00	24,97	24,97
Kentsel Dönüşüm ⁽²⁾	99,75	99,75	99,04	99,04
Kızılırmak ⁽¹⁾	99,40	99,40	99,30	99,30
Lidya Maden	99,29	99,29	99,29	99,29
Momentum Enerji ⁽¹⁾	100,00	100,00	99,90	99,89
N Kolay Mağazacılık A.Ş. ⁽⁸⁾	100,00	100,00	99,86	99,86
Ortur Elektrik ⁽¹⁾	90,00	90,00	89,91	89,91
Pavo ⁽⁸⁾	80,00	80,00	79,89	79,89
Petrotrans Enerji	99,92	99,92	99,92	99,92
Sembol Enerji ⁽¹⁾	100,00	100,00	99,90	99,90
Sigortayeri ⁽⁸⁾	100,00	100,00	99,86	99,86
Telemed	100,00	100,00	100,00	100,00
Tura	99,99	99,99	99,28	99,28
Türkmen Elektrik ⁽¹⁾	97,00	97,00	96,90	96,90
Vadi Elektrik ⁽¹⁾	99,00	99,00	98,90	98,90
YEDAŞ ⁽¹⁾	100,00	100,00	99,90	99,90
Yenikom ⁽¹⁾	99,99	99,99	99,94	99,94
YEPAŞ ⁽¹⁾	100,00	100,00	99,90	99,89

⁽¹⁾ First consolidated under Çalık Enerji, then consolidated under the Group

⁽²⁾ First consolidated under Gap İnşaat, then consolidated under the Group

⁽³⁾ First consolidated under Gap Güneydoğu Tekstil, then consolidated under the Group

⁽⁴⁾ First consolidated under Gap Pazarlama, then consolidated under the Group

⁽⁵⁾ First consolidated under Cetel Telekom, then consolidated under Cetel Çalık, then consolidated under Telemed, then consolidated under the Group

⁽⁶⁾ First consolidated under Cetel Çalık, then consolidated under Telemed, then consolidated under the Group

⁽⁷⁾ First consolidated under Telemed, then consolidated under the Group

⁽⁸⁾ First consolidated under Aktifbank, then consolidated under the Group

⁽⁹⁾ First consolidated under Çalık Finansal Hizmetler, then consolidated under the Group

All media segment entities have been excluded from the table above since they have been sold in 2014.

Çalık Holding Anonim Şirketi and its Subsidiaries

Notes to Consolidated Financial Statements

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

34 Group enterprises (continued)

Joint ventures

The table below sets out the joint ventures and their shareholding structure at 31 December:

	Direct controlling interest of Çalık Holding and its subsidiaries		Effective ownership interest of Çalık Holding and its Subsidiaries	
	2014	2013	2014	2013
Çalık Limak Adi Ortaklığı	50,00	50,00	49,92	49,92
Doğu Aras	50,00	50,00	48,97	48,97
KÇLE	50,00	50,00	37,17	37,17
Kartaltepe	50,00	50,00	49,65	49,65
Polimetal	80,00	80,00	79,43	79,43
Tunçpınar	50,00	50,00	49,65	49,65
LC Electricity	50,00	50,00	50,00	50,00
Atagas Doğalgaz	50,00	50,00	50,00	50,00

Joint operation

The table below sets out the joint operation and their shareholding structure at 31 December:

	Direct controlling interest of Çalık Holding and its subsidiaries		Effective ownership interest of Çalık Holding and its Subsidiaries	
	2014	2013	2014	2013
Varyap-Gap Ortak Girişimi	33,14	33,14	33,14	33,14

Çalık Holding Anonim Şirketi and its Subsidiaries

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34 Group enterprises (continued)

Associates

The table below sets out the associates and their shareholding structure at 31 December:

	Direct controlling interest of Çalık Holding and its subsidiaries		Effective ownership interest of Çalık Holding and its Subsidiaries	
	2014	2013	2014	2013
Albania Leasing	29,99	29,99	26,25	26,25
Balkan Dokuma	31,00	31,00	31,00	31,00
IFM	5,00	5,00	4,99	4,99
Kazakhstan Ijara Company KIC Leasing	14,31	14,31	14,31	14,31
Serdar Pamuk	10,00	10,00	10,00	10,00
TAPCO	49,87	49,87	49,87	49,87
TJK	40,20	40,20	49,96	49,96
TTK	32,00	32,00	32,00	32,00
VKŞ	100,00	100,00	100,00	100,00

35 Subsequent events

None.

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