(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Nuh Çimento Sanayi A.Ş. and its subsidiaries

Consolidated financial statements at December 31, 2015 together with Independent auditors' report

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Nuh Çimento Sanayi A.Ş. and its subsidiaries

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Nuh Çimento Sanayi A.Ş.

Report to the Financial Statements

We have audited the accompanying consolidated statement of financial position of Nuh Çimento Sanayi A.Ş. ("the Company") and its Subsidiaries (hereafter together referred to as "the Group") as of December 31, 2015 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Management's responsibility for the financial statements

The Group's management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with the Turkish Accounting Standards and for such internal controls as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error and/or fraud.

Independent auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and standards on auditing published by the Public Oversight Accounting and Auditing Standards Authority ("POA") of Turkey. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Independent audit involves performing independent audit procedures to obtain independent audit evidence about the amounts and disclosures in the financial statements. The independent audit procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and/or error. In making those risk assessments, the Company's internal control system is taken into consideration. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design independent audit procedures that are appropriate for the circumstances in order to identify the relation between the consolidated financial statements prepared by the Company and its internal control system. Our independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.

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

Basis for qualified opinion

Tan Kömür Dış Ticaret Limited Şirketi (Tan Kömür), which was established in 2010 and accounted by the equity method in the consolidated financial statements has been sold to the other partners of the associate based on the Board of Directors resolution dated December 23, 2015. The Company recognised 30.920.667 TL of loss under "Expense from investment activities" account in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2015 related to this transaction. However, Tan Kömür could not been audited both in prior years and in 2015 because of the limited control power of the Company on the associate. Accordingly, we could not obtain sufficient audit evidence on the the impact of this loss to prior years.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Qualified opinion

In our opinion, except for the effects of the matters explained in the basis for qualified opinion paragraphs, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Nuh Çimento Sanayi A.Ş. and its Subsidiaries as of December 31, 2015 and their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards.

Reports on other responsibilities arising from regulatory requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") no. 6102; Auditors' Report on System and Committee of Early Identifcation of Risks is presented to the Board of Directors of the Company on 7 March 2016.

2) Pursuant to the fourth paragraph of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities and financial statements for the period 1 January – 31 December 2015 are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

3) Pursuant to the fourth paragraph of Article 402 of the TCC, except for the topic at the "basis for qualified opinion" paragraph, the Board of Directors provided us the necessary explanations and requested documents in connection with the audit.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Sinem Arı Öz, SMMM
Engagement Partner

March 7, 2016
İstanbul, Türkiye

Nuh Çimento Sanayi A.Ş. and its subsidiaries

Consolidated financial position
as of December 31, 2015
(Amounts expressed in Turkish Lira (TL))

	Notes	Current period Audited December 31, 2015	Prior period Audited (Revised Note 2) December 31, 2014
Assets			
Current assets		**525.201.938**	484.526.309
Cash and cash equivalents	4	**102.952.334**	67.338.791
Financial investments	4	**1.479.173**	-
Trade receivables		**296.930.914**	249.917.137
- Due from related parties	7, 26	**2.643.641**	4.454.990
- Trade receivables from third parties	7	**294.287.273**	245.462.147
Other receivables	8	**3.546.016**	18.473.574
- Due from related parties	8, 26	**-**	11.233.573
- Other receivables from third parties		**3.546.016**	7.240.001
Inventories	9	**102.031.302**	99.107.651
Prepaid expenses	17-b	**10.775.300**	32.786.009
Current tax assets		**75.714**	27.299
Other current assets	17-a	**7.411.185**	16.875.848
Non-current assets		**898.055.353**	905.469.011
Trade receivables		**1.919.261**	915.886
- Trade receivables from third parties	7	**1.919.261**	915.886
Other receivables		**2.415.167**	3.710.638
- Other receivables from third parties	8	**2.415.167**	3.710.638
Financial investments	5	**3.134.161**	3.134.161
Investments accounted under equity method	10	**111.996.741**	128.599.278
Investment properties	11	**179.915.999**	173.330.905
Tangible assets	12	**533.386.370**	532.243.596
Intangible assets	13	**29.347.526**	28.693.861
Goodwill	14	**19.067.067**	19.067.067
Prepaid expenses	17-b	**2.454.171**	1.814.230
Deferred tax assets	24	**13.253.728**	11.873.206
Other non-current assets		**1.165.162**	2.086.183
Total assets		**1.423.257.291**	1.389.995.320

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

Nuh Çimento Sanayi A.Ş. and its subsidiaries

Consolidated financial position
as of December 31, 2015
(Amounts expressed in Turkish Lira (TL))

	Notes	Current period Audited December 31, 2015	Prior period Audited (Revised Note 2) December 31, 2014
Liabilities			
Current liabilities		**194.198.684**	204.784.529
Short-term financial liabilities	6	**-**	2.784.979
Short-term portion of long-term financial liabilities	6	**65.590.638**	70.376.441
Trade payables		**61.799.107**	55.901.157
- Trade payables to third parties	7	**61.799.107**	55.901.157
Liabilities for employee benefits		**6.173.871**	5.125.711
Other payables		**8.533.613**	6.877.613
- Other payables to third parties	8	**8.533.613**	6.877.613
Deferred income		**20.877.195**	36.771.774
Current income tax liabilities	24	**14.119.783**	16.739.494
Provisions		**15.347.618**	9.071.951
- Other provisions	15	**15.347.618**	9.071.951
Other current liabilities		**1.756.859**	1.135.409
Non-current liabilities		**165.346.256**	186.184.690
Long-term financial liabilities	6	**119.332.458**	149.395.194
Long-term provisions		**31.102.669**	23.200.411
- Reserve for employee termination benefits	16	**25.206.728**	17.304.470
- Other long-term provisions	15	**5.895.941**	5.895.941
Deferred tax liabilities	24	**14.911.129**	13.589.085
Equity		**1.063.712.351**	999.026.101
Equity holders of the parent		**1.063.712.351**	998.887.931
Paid-in share capital	18	**150.213.600**	150.213.600
Adjustment to share capital	18	**39.338.145**	39.338.145
Other comprehensive income/expense not to be reclassified to profit or loss		**(7.483.706)**	(971.060)
- Actuarial gain/loss arising from defined benefit plans		**(7.483.706)**	(971.060)
Other comprehensive income/expense to be reclassified to profit or loss		**2.180.207**	(6.176.910)
- Currency translation differences		**2.174.495**	(6.182.622)
- Revaluation surplus		**5.712**	5.712
Restricted reserves		**323.012.959**	203.856.226
Retained earnings		**382.313.136**	442.716.848
Net income for the year		**174.138.010**	169.911.082
Non-controlling interest		**-**	138.170
Total liabilities and equity		**1.423.257.291**	1.389.995.320

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

Nuh Çimento Sanayi A.Ş. and its subsidiaries

Consolidated statement of profit or loss and other comprehensive income as of December 31, 2015 (Amounts expressed in Turkish Lira (TL))

		Current period	Prior period
		Audited	Audited (Revised Note 2)
		January 1 - December 31, 2015	January 1 - December 31, 2014
Revenue	19	**989.914.918**	1.004.161.221
Cost of sales (-)	19, 20	**(627.277.236)**	(666.112.927)
Gross profit		**362.637.682**	338.048.294
Selling, marketing and distribution expenses (-)	20	**(31.910.541)**	(47.431.031)
General and administrative expenses (-)	20	**(56.423.639)**	(51.682.002)
Research and development expenses (-)	20	**(8.109)**	(12.776)
Other operating income	21	**21.849.076**	18.338.276
Other operating expenses (-)	21	**(52.237.646)**	(65.040.117)
Operating profit		**243.906.823**	192.220.644
Income from investment activities	22	**43.424.074**	28.992.687
Expense from investment activities (-)	22	**(34.589.194)**	(8.754.575)
Share of profits of investments accounted under equity method		**20.167.348**	24.400.031
Operating profit before financing expense		**272.909.051**	236.858.787
Financial income	23	**14.502.813**	15.483.945
Financial expense (-)	23	**(47.404.304)**	(33.078.167)
Profit before tax		**240.007.560**	219.264.565
Tax İncome/expense		**(66.007.720)**	(49.372.126)
- Current tax expense for the year	24	**(64.394.784)**	(51.876.137)
- Deferred tax income/(expense)	24	**(1.612.936)**	2.504.011
Profit		**173.999.840**	169.892.439
Net income for the year		**173.999.840**	169.892.439
Other comprehensive income/(expense):			
Other comprehensive income not to be reclassified to profit or loss			
- Actuarial gain/loss arising from defined benefit plans		**(8.357.070)**	(171.036)
- Deferred tax effect		**1.671.414**	34.207
Other comprehensive income to be reclassified to profit or loss			
-Actuarial gain/loss arising from defined benefit plans for investments accounted under equity method		**216.263**	(494.955)
- Deferred tax effect		**(43.253)**	98.991
- Change in currency translation differences		**8.357.117**	(7.061.701)
Other comprehensive income/(expense) (after tax)		**1.844.471**	(7.594.494)
Total comprehensive income		**175.844.311**	162.297.945
Profit for the year attributable to		**173.999.840**	169.892.439
Non-controlling interest		**(138.170)**	(18.643)
Share of the parent		**174.138.010**	169.911.082
Total comprehensive income attributable to		**175.844.311**	162.297.945
Non-controlling interest		**(138.170)**	(18.643)
Share of the parent		**175.982.481**	162.316.588
Earnings per share	25	**1,16**	1,13

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

Nuh Çimento Sanayi A.Ş. and its subsidiaries

Consolidated statement of changes in equity as of December 31, 2015 (Amounts expressed in Turkish Lira (TL))

			Other comprehensive income/expense not to be reclassified to profit or loss	Other comprehensive income/expense to be reclassified to profit or loss							
	Paid-in share capital	Adjustment to share capital	Actuarial gain/loss arising from defined benefit plans	Currency translation differences	Revaluation surplus fund	Restricted reserves	Retained earnings	Net income for the year	Equity holders of the parent	Non-controlling interest	Total
Balance as of January 1, 2014	150.213.600	39.338.145	(438.267)	879.079	5.712	133.767.295	480.478.274	87.906.537	892.150.375	156.813	892.307.188
Transfer	-	-	-	-	-	-	87.906.537	(87.906.537)	-	-	-
Transfer from retained earnings to reserves	-	-	-	-	-	70.088.931	(70.088.931)	-	-	-	-
Dividend payments	-	-	-	-	-	-	(55.579.032)	-	(55.579.032)	-	(55.579.032)
Total comprehensive income	-	-	(532.793)	(7.061.701)	-	-	-	169.911.082	162.316.588	(18.643)	162.297.945
Balance as of December 31, 2014	150.213.600	39.338.145	(971.060)	(6.182.622)	5.712	203.856.226	442.716.848	169.911.082	998.887.931	138.170	999.026.101
Transfer	**-**	**-**	**-**	**-**	**-**	**-**	**169.911.082**	**(169.911.082)**	**-**	**-**	**-**
Transfer from retained earnings to reserves	**-**	**-**	**-**	**-**	**-**	**119.156.733**	**(119.156.733)**	**-**	**-**	**-**	**-**
Dividend payments (Note 18)	**-**	**-**	**-**	**-**	**-**	**-**	**(111.158.061)**	**-**	**(111.158.061)**	**-**	**(111.158.061)**
Total comprehensive income	**-**	**-**	**(6.512.646)**	**8.357.117**	**-**	**-**	**-**	**174.138.010**	**175.982.481**	**(138.170)**	**175.844.311**
Balance as of December 31, 2015	**150.213.600**	**39.338.145**	**(7.483.706)**	**2.174.495**	**5.712**	**323.012.959**	**382.313.136**	**174.138.010**	**1.063.712.351**	**-**	**1.063.712.351**

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

Nuh Çimento Sanayi A.Ş. and its subsidiaries

Consolidated statement of cash flows as of December 31, 2015 (Amounts expressed in Turkish Lira (TL))

	Notes	Audited Current period January 1 – December 31, 2015	Audited Prior period January,1 – December 31, 2014
A Cash flows from operating activities			
Continuing operations net income for the year		**173.999.840**	169.892.439
Discontinuing operations net loss for the year		**-**	-
Adjustments to reconcile profit before tax to net cash provided by operating activities:			
Adjustment for depreciation and amortization expense	20	**63.002.825**	58.070.182
Adjustment for tax income/expenses	24	**66.007.720**	49.372.126
Adjustment for provision for expenses		**52.746.358**	45.262.280
Adjustment for rediscount income/expenses		**2.149.111**	663.130
Adjustment for unrealized fx gain/loss		**27.825.240**	6.766.299
Adjustment for interest expense	23	**13.537.420**	22.839.549
Adjustment for interest income	23	**(6.636.993)**	(8.024.203)
Impairment of subsidiaries and joint-ventures	22	**-**	5.903.919
Adjustment for (gain) / loss on sales of tangible and intangible assets, net	22	**(3.434.128)**	(5.198.718)
Adjustment for gain / loss on disposal of investment properties	22	**(25.861.527)**	(8.778.626)
Share of profits of investments accounted under equity method		**(20.167.348)**	(24.400.031)
Loss on sale of subsidiary	22	**30.920.667**	-
Profit on sale of subsidiary and affiliate	22	**-**	(36.890)
Operating income before working capital changes		**374.089.185**	312.331.456
Changes in working capital:			
Adjustment for increase/decrease in trade receivables		**(59.260.479)**	(24.250.776)
Adjustment for increase/decrease in inventories		**(2.923.651)**	(11.201.715)
Adjustment for increase/decrease in trade payables		**6.094.412**	(19.977.433)
Adjustment for increase/decrease in other receivables related with operations		**2.941.364**	(14.939.527)
Adjustment for increase/decrease in other payables related with operations		**(12.568.969)**	8.442.575
Payments for employment termination benefits and seniority incentive premiums	16	**(3.736.812)**	(4.342.791)
Income taxes paid/returns	24	**(67.014.495)**	(44.603.013)
Net cash generated by operating activities		**237.620.555**	201.458.776
B. Cash flows from investing activities			
Dividends received from affiliates and subsidiaries	10	**22.406.949**	20.269.656
Interest received		**6.636.993**	8.024.203
Purchase of tangible and intangible assets	12,13	**(67.552.081)**	(72.137.749)
Proceeds from sale of tangible, intangible assets and investment properties		**39.035.650**	27.423.282
Cash paid for expenditures in investment properties	11	**(13.572.272)**	(2.335.660)
Assets held for sale		**-**	1.303.463
Change in financial investments		**-**	89.928
Net cash used in investing activities		**(13.044.761)**	(17.362.877)
C. Cash flows from financing activities			
Dividends paid, cash	18	**(111.158.061)**	(55.579.032)
Interest paid		**(11.204.839)**	(20.742.171)
Proceeds from borrowings		**2.306.500**	32.952.297
Repayment of borrowings		**(67.426.678)**	(109.279.981)
Net cash used in financing activities		**(187.483.078)**	(152.648.887)
Increase (+) / decrease (-) in cash and cash equivalents (A+B+C)		**37.092.716**	31.447.012
D. Cash and cash equivalents at the beginning of the year	4	**67.338.791**	35.891.779
Cash and cash equivalents at the end of the year	4	**104.431.507**	67.338.791

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

1. Organization and business activities

Nuh Çimento Sanayi A.Ş. (Nuh Çimento or the Company) and its Subsidiaries are joint stock and limited liability companies and their principal activities are production of various types of cement, lime, ready-mixed concrete, gas concrete, machinery and spare parts, power generation, transportation, real estate and marketable securities management.

The address of the Company is İnönü Cad. No:102 Kat:6-7 Kozyatağı – Istanbul

The Company is registered to the Capital Markets Board (CMB) and 13,14% of its shares are being traded on Borsa Istanbul (BIST) since 24 February 2000.

Consolidated financial statements have been authorized on March 7, 2016 by the Board of Directors of the Company. The General Board and other legal regulatory institutions have the right to amend the statutory and consolidated financial statements.

Shareholder structure as of December 31, 2015 and December 31, 2014 is as follows:

	Percentage of shares	
Name	**December 31, 2015**	December 31, 2014
Nuh Ticaret ve Sanayi A.Ş.	**%44,12**	%43,94
Partaş Tekstil İnş. San.ve Tic. A.Ş.	**%15,94**	%15,94
Traded on BIST	**%13,14**	%12,40
Other(*)	**%26,80**	%27,72
	%100,00	%100,00

(*) Represents total of shares less than 5%.

.

The average number of personnel is categorized as follows:

	December 31, 2015	December 31, 2014
White collar	**724**	726
Blue collar	**414**	324
Total	**1.138**	1.050

Subsidiaries:

The Company and its subsidiaries within the scope of consolidation will then be referred as "Group".

Nuh Beton A.Ş. (Nuh Beton)

Nuh Beton started to produce ready-mixed concrete in 1987 at the Bostancı facility as a separate entity of Nuh Çimento parallel to the developments in concrete industry, new facilities were established in Hereke, B. Bakkalköy, İkitelli, Büyükçekmece and İzmit.

In order to get better organized in the rapid developing ready-mixed concrete sector, the facilities separated from Nuh Çimento and Nuh Beton was established in 1995.31 concrete plants, 255 mixers, 60 pumps, 15 place pump and 31 loaders exist in 17 separate facilities. Besides,

1. Organization and business activities (continued)

the bazaar and hotel constructions on the land owned by the Company in Bostancı were finalized in 2014 and carried to financial statements as investment property.

Nuh Yapı Ürünleri A.Ş.(Nuh Yapı)

A limestone manufacturing plant and an aerated concrete block (white brick) manufacturing plant were established within Nuh Çimento in 1984 and 1996 with annual production capacities of 160.000 m^3/year 160.000 ton/year, respectively.

The legal establishment of Nuh Yapı was realized in 1995. The Company started its operations with two facilities stated above and machine factory which was a part of Nuh Çimento.

Nuh Yapı completed the construction of aerated concrete block production facility, in 2008 with an annual capacity of 400.000 m^3, which was started in 2007. Besides, the limestone production facility whose investment started in 2007 was completed at the end of 2010 with an annual quicklime production capacity of 212.000 tons.

Nuh Enerji Elektrik Üretim A.Ş. (Nuh Enerji)

Nuh Enerji was established in 2000 to deliver electricity mainly to Nuh Group companies in an economic and safe manner. It started its operations in 2004 after transferring a 38 MW power production plant which was established in 1999 for the same purpose within the structure of Nuh Çimento The first unit with 60 MW capacity of the second power plant with a capacity of 120 MW power was established in 2005 and the other unit of the power plant was established in 2009. While the company operated with 3 natural gas power plants with a power of 158 MW, due to the increase in the cost of natural gas-based production and price competition, the company discontinued its production in the 38 MW production capacity and applied to Energy Market Regulatory Authority ("EMRA") for the cancellation of its license, which was cancelled as of August 31, 2014. Enerji central's licence that has 120 MW power, decrease to 47 MW by applying to EMRA.

Nuh Enerji Elektrik İthalat İhracat ve Toptan Ticaret A.Ş.(Nuh Enerji Toptan)

Nuh Enerji Toptan was established in 2006 in order to procure electricity from both local and foreign markets and to sell them in bulk or directly to the free consumer It started its operations in 2010. Due to the economic conditions, company apply to EMRA for cancel buying-selling licence and its licence canceled at September 19, 2015.

Kudret Enerji Elektrik Üretim A.Ş.(Kudret Enerji)

Kudret Enerji was established in Yağmur River, Araklı, Trabzon. As of 25 February 2011, all of its shares belong to the group. Kudret Enerji, which owns the 49-year production license of "Bangal Regulator and Kuşluk HES" with a capacity of 17 MW, started production in May 2012.
Its share capital amounts to TL 20.000.000.

Nuh Gayrimenkul İnşaat A.Ş. (Nuh Gayrimenkul)

The company was established in 1997 for the purpose of ensuring efficient use of the real estate within the structure of the group companies, of production and project preparation operations in the construction sector.

1. Organization and business activities (continued)

The company provides consulting services to group companies and it has shares of Nuh Beton, Nuh Yapı and Ünye Çimento Sanayi ve Ticaret A.Ş.

Çim-Nak Taşımacılık Limited Şirketi

Çim-Nak Taşımacılık Limited Şirketi was established in 1979 to provide land and sea transportation services, run mineral ore administration operations and realize sea logistics-transportation operations. Çim-Nak Taşımacılık Limited Şirketi still provides the mentioned and additional services to Nuh Çimento.

Navig Holding Trade B.V.

Navig Holding Trade B.V. was established in 1997 in Netherlands with the 100% participation of Nuh Çimento to assist the export-import operations of the group's firms, finding long-term external credits for investments and making securities investments. As at 17 December 2015, paid in capital has been decreased amounting to 12.027.617 Euro and current capital amount is 12.041 Euro.

Nuh Beton – Torgoviy port Ltd.

Torgoviy Port Ltd. was established in 2009 in the province of Rostov-on-Don of Russian Federation for the purpose of producing products from concrete, plaster and cement.

Tekkale Elektrik Üretim Ticaret Sanayi A.Ş – (Tekkale Elektrik)

On July, 2011 the Group purchased all shares of Tekkale Elektrik which is the license owner of "Tekkale HES" Project built in Artvin with 17,48 MW power.

Joint ventures and associates

Kovcheg Ltd.

Kovcheg Ltd. was established in 2007 in Russian Federation provinces of Rostov-on-Don and Kalach for operating in port administration, cement production and sales, etc., with a total share capital of Ruble 10.257.026. The Company participated in the firm with a 50% share in 2008.

Torgoviy Port Ltd.

Torgoviy Port Ltd. was established in 2008 in the Russian Federation province of Rostov-on-Don for the purpose of operating in port administration; cement sales, etc., with a total share capital of Ruble 121.732.238 in which the Company has become a shareholder at 50%. As of 31 December 2015, the share capital of Torgoviy Port Ltd. is Ruble 190.526.000 and the Company's shareholding rate is 50%.

Tan Kömür Dış Ticaret Limited Şirketi (Tan Kömür)

Tan Kömür Dış Ticaret Limited Şirketi was established on 5 August 2009 in Istanbul with a share capital of TL 20.000.000 and a shareholding rate of 50% in Nuh Çimento for management and trading of coal mines, cement, plaster, briquette, ready-made concrete in local and foreign markets, and for establishing partnerships with companies operating in related fields.
Based on the Board of Directors' meeting of Nuh Çimento dated December 23, 2015; shares of the Company in Tan Kömür was sold to other shareholders of the associate at the amount of USD 1.250.000 (including VAT). Sales transaction has been completed on December 24, 2015. (Note 22)

1. Organization and business activities (continued)

Ünye Çimento Sanayi ve Ticaret A.Ş. (Ünye Çimento)

The Group has held shares of Ünye Çimento since 1997 and currently the nominal share capital of Ünye Çimento is amounting to TL 123.586.411 and Nuh Beton and Nuh Gayrimenkul holds 40,03% of its shares in total.

Ünye Çimento was established in 1969 in Ünye for the purpose of production and sales of clinker and cement, and started its operations with an annual production capacity of 600.000 tons in 1974. Upon the investments made, the clinker production capacity reached 1,5 million tons and the cement grinding capacity reached 2,6 million tons per year. Ünye Çimento realizes its exports through Ünye Port and the usage right of the port belongs to Ünye Çimento for a period of 49 years.

2. Basis of preparation of consolidated financial statements

i. Basis of preparation

The consolidated financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" (the Communiqué) announced by the Capital Markets Board ("CMB") on 13 June 2014 which is published on Official Gazette numbered 28676. In accordance with article 5th of the CMB Accounting Standards, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority ("POA").

The consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with the Turkish Accounting Standards published by the POA.

Statutory record of the subsidiaries and participations of the Group operating in Turkey have been prepared in accordance with Turkish Commercial Code ("TCC"), tax code and uniform chart of accounts published by Turkish Republic Ministry of Finance. Further statutory records are comply with principles and requirements issued by the CMB. Subsidiaries and participations operating in foreign countries have prepared their legal financial statements in accordance with applicable laws in their countries. Consolidated financial statements prepared in accordance with TFRS are based on the statutory records with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Turkish Accounting Standards. Consolidated financial statements except financial assets shown with fair value and assets provided during the acquisition of subsidiaries have been prepared taking the historical cost basis into consideration.

Functional and presentation currency

The functional currency of the Group is Turkish Lira (TL) and accompanying consolidated financial statements and explanatory notes are represented in Turkish Lira (TL). The consolidated financial statements have been prepared under the historical cost convention.

Seasonality

Operations of the Group increases in spring and summer months when the construction industry brisks and the demand increases.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

2. Basis of preparation of consolidated financial statements (continued)

ii. Basis of consolidation

The direct and indirect shareholdings of the Company within its subsidiaries are as follows:

	December 31, 2015	December 31, 2014
Subsidiaries		
Nuh Beton A.Ş.	**%100,00**	%100,00
Nuh Yapı Ürünleri A.Ş.	**%100,00**	%100,00
Nuh Enerji Elektrik Üretim A.Ş.	**%100,00**	%100,00
Çim-Nak Taşımacılık Limited Şirketi	**%98,00**	%98,00
Nuh Gayrimenkul İnşaat A.Ş.	**%100,00**	%100,00
Navig Holding Trade B.V.	**%100,00**	%100,00
Nuh Beton Torgoviy Port Ltd. (*)	**-**	%75,00
Nuh Enerji Elektrik İthalat İhracat ve Toptan Ticaret A.Ş.	**%100,00**	%100,00
Kudret Enerji Elektrik Üretim A.Ş.	**%100,00**	%100,00
Tekkale Elektrik Üretim Ticaret Sanayi A.Ş.	**%100,00**	%100,00
Joint ventures and associates accounted under equity method		
Torgoviy Port Ltd. (*)	**%50,00**	%50,00
Kovcheg Ltd.(*)	**-**	%50,00
Tan Kömür Dış Ticaret Limited Şirketi (**)	**-**	%50,00
Ünye Çimento Sanayi ve Ticaret A.Ş.	**%40,03**	%40,03

(*) At the Board of Directors meeting of the Company dated May 11, 2011, it has been decided to terminate their partnership within Nuh Beton Torgoviy Port Ltd., Torgoviy Port Ltd. and Kovcheg Ltd. As a result of this decision, with the joint venture partners, which are the same for the three companies, the Company signed a good faith agreement, and accordingly it was agreed that 50% of the shares of the other partners in Nuh Beton Torgoviy Port Ltd. and Kovcheg Ltd. will be transferred to the Company, and 50% of the shares of the Company in Torgoviy Port Ltd. will be transferred to the other partners. As of 31 December 2014, the process regarding the termination of the partnerships continues. As of 31 December 2015 and 31 December 2014, the Group has recognized a provision for the whole carrying value of Torgoviy Port Ltd. and Kovcheg Ltd.

As of December 31, 2015, the termination processes of the partnerships are still in progress and insolvency of Kovcheg Ltd has been completed. The insolvency process of the Nuh Beton Torgoviy Port Ltd. has been started and is in progress. As of December 31, 2015 the Group has recognized a provision for the whole carrying value of Nuh Beton Torgoviy Port Ltd. The process of Torgoviy Port's case in progress.

(**) Based on the Board of Directors' meeting of Nuh Çimento dated December 23, 2015; shares in Tan Kömür has been sold to the other shareholders at the amount of USD 1.250.000 (including VAT) (Note 22).

Consolidated financial statements have been prepared on the basis of principles stated below:

Full consolidation method

- All items in the balance sheet except for the paid in capital and the equities of the Parent Company and the subsidiary at the acquisition date are combined and inter-company balances are eliminated. Paid in capital in the subsidiary's financial statements and long term investments within the Parent Company's financials are offset against to each other.

- As of the acquisition date, the acquisition cost of the Parent Company's shareholding in its subsidiaries is offset against the portion of share capital it owns in the subsidiary's equity for one time. The equity of the subsidiary at the acquisition date should be drawn up according to the fair value of the subsidiary's net assets at that date. If the cost value of the Parent Company's shareholding in its subsidiary is more than the nominal value of the part of the share capital in the subsidiary's equity, the difference is recorded as positive goodwill in the asset side of the consolidated balance sheet as a separate item. If the difference is negative, it is reflected to the consolidated income statement.

2. Basis of preparation of consolidated financial statements (continued)

- Non-controlling interests are deducted from all equity account group items including the paid in/issued share capital of subsidiaries included in the consolidation and are recognized as "Non-controlling interests" in the consolidated balance sheet before the equity account group and in the consolidated income statement.

- The purchases and sales among the Parent Company and its Subsidiaries and the profit or losses arising from these transactions are eliminated in the consolidated in income statement. Furthermore, profits or losses arising from the purchase or sale of marketable securities, stocks, tangible and intangible assets, long term financial assets and other assets among the consolidated group companies are also eliminated.

Equity method

- Affiliates are stated at the acquisition cost initially.

- For the period starting as of the acquisition date of the affiliate until the reporting date, the Parent Company's share of the increases and decreases in the affiliate's equity are either added to or deducted from the acquisition cost of the affiliate. The increases and decreases corresponding to the equity share in comparison with the acquisition cost are stated in the consolidated in income statement as profit or loss, respectively. In case the differences arise from equity items other than profit and loss, adjustments in the relevant items need also to be made in the shareholders' equity of the Parent Company. The dividends received from affiliates are deducted from the related investments.

iii. Adjustments

The accompanying consolidated financial statements are prepared in accordance with the TAS/TFRS and include the following adjustments which are not included in the statutory books.

- Consolidation accounting and elimination of inter-group balances and transactions
- Rediscount calculation on post-dated cheques, notes receivable, customers, notes payable, and suppliers
- Depreciation adjustment on tangible and intangible assets for prorate depreciation calculation
- Employee benefits in accordance with IAS 19
- Deferred tax adjustment
- Provision for impairment in financial investments
- Recognizing the effects of equity method of accounting
- Loan discount as per the effective interest method
- Adjustment of provision for doubtful receivables
- Provisional accounting in accordance with IAS 37
- Calculation of goodwill in accordance with IAS 3
- Impairment of assets in accordance with IAS 36

iv. Comparative information and re-classification of the prior period financial statements

The current period consolidated financial statements of the Company have been prepared comparatively in order to provide opportunity for identification of financial situation and performance analysis. Comparative information is reclassified in order to conform with the current period financial statements presentation when necessary.

2. Basis of preparation of consolidated financial statements (continued)

- Advances given amounting to TL 5.465.020 to buy buildings accounted under "prepaid expenses" has been reclassified to the "investment properties" account group. Since investment properties is continued to be valued at cost, no change has occurred in the carrying value of the subject asset.

- Mud cleaning expenses amounting to TL 1.765.585 carried under "general administrative expense" in the Group's statement of profit or loss and other comprehensive income dated December 31, 2014 have been reclassified to the "cost of goods sold".

- Sales discount amounting to TL 2.470.404 carried under "marketing, selling and distribution expenses" in the Group's statement of profit or loss and other comprehensive income dated December 31, 2014 has been reclassified to the "sales" account.

- Depreciation expense of investment properties amounting to TL 2.118.516 carried under "general administrative expenses" in the Group's statement of profit or loss and other comprehensive income dated December 31, 2014 has been reclassified to the "expense from investment activities" account.

- Property tax expense related to investment properties amounting to TL 732.140 accounted under "general administrative expense" in the Group's statement of profit or loss and other comprehensive income dated December 31, 2014 has been reclassified to the "investment activity expenses" account.

- Advance given to buy buildings amounting to TL 2.335.660 carried under "adjustment for increase/decrease in other receivables related with operations" in the Group's statement of cash flow dated December 31, 2014 have been reclassified to the "cash paid for expenditures in investment properties" item.

v. Changes and errors in the accounting policies and estimates:

The Group's accounting policies are consistent with those of the prior year. Material changes in accounting policies or material errors are corrected, retrospectively; by restating the prior periods' consolidated financial statements. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

vi. Changes in accounting policy and disclosures

Significant accounting policy and evaluation methods

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2015 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2015. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

2. Basis of preparation of consolidated financial statements (continued)

i) New standards, changes and interpretations applicable to the financial statements as of January 1, 2015:

TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)

TAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The amendment did not have an impact on the consolidated financial statements of the Group.

Annual Improvements to TAS/TFRSs

In September 2014, POA issued the below amendments to the standards in relation to "Annual Improvements - 2010–2012 Cycle" and "Annual Improvements - 2011–2013 Cycle.

Annual Improvements - 2010–2012 Cycle

TFRS 2 Share-based Payment:

Definitions relating to performance and service conditions which are vesting conditions are clarified. The amendment is effective prospectively.

TFRS 3 Business Combinations

The amendment clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39 (or IFRS 9, as applicable). The amendment is effective for business combinations prospectively.

TFRS 8 Operating Segments

The changes are as follows: i) An entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

TAS 16 Property, Plant and Equipment and TAS 38 Intangible Assets

The amendment to TAS 16.35(a) and TAS 38.80(a) clarifies that revaluation can be performed, as follows:
i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

TAS 24 Related Party Disclosures

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. . In addition, an entity

2. Basis of preparation of consolidated financial statements (continued)

that uses a management entity is required to disclose the expenses incurred for management services. The amendment is effective retrospectively.

Annual Improvements – 2011–2013 Cycle

TFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of TFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

TFRS 13 Fair Value Measurement

The portfolio exception in TFRS 13 can be applied to financial assets, financial liabilities and other contracts within the scope of IAS 39 (or IFRS 9, as applicable). The amendment is effective prospectively.

TAS 40 Investment Property

The amendment clarifies the interrelationship of TFRS 3 and TAS 40 in determining whether the transaction is the purchase of an asset or business combination. The amendment is effective prospectively.

The amendments did not have a significant impact on the consolidated financial statements of the Group.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012 and February 2015, the new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 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. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

TFRS 11 Acquisition of an Interest in a Joint Operation (Amendment)

TFRS 11 is amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in TFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in TFRS 3 and other

2. Basis of preparation of consolidated financial statements (continued)

TFRSs except for those principles that conflict with the guidance in this TFRS. In addition, the acquirer shall disclose the information required by TFRS 3 and other TFRSs for business combinations. These amendments are to be applied prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Group.

TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to TAS 16 and TAS 38)

The amendments to TAS 16 and TAS 38, have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Group.

TAS 16 Property, Plant and Equipment and TAS 41 Agriculture (Amendment) – Bearer Plants

TAS 16 is amended to provide guidance that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in TAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of TAS 41, measured at fair value less costs to sell. Entities are required to apply the amendments for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendment is not applicable for the Company / the Group and will not have an impact on the financial position or performance of the Group.

TAS 27 Equity Method in Separate Financial Statements (Amendments to TAS 27)

In April 2015, Public Oversight Accounting and Auditing Standards Authority (POA) of Turkey issued an amendment to TAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either:
At cost
• In accordance with IFRS 9,
Or
• Using the equity method defined in TAS 28

The entity must apply the same accounting for each category of investments. The amendment is effective for annual periods beginning on or after January 1, 2016. The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In February 2015, amendments issued to TFRS 10 and TAS 28, to address the acknowledged inconsistency between the requirements in TFRS 10 and TAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in TFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only

2. Basis of preparation of consolidated financial statements (continued)

to the extent of unrelated investors' interests in that former subsidiary. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

TFRS 10, TFRS 12 and TAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)

In February 2015, amendments issued to TFRS 10, TFRS 12 and TAS 28, to address the issues that have arisen in applying the investment entities exception under TFRS 10 Consolidated Financial Statements. The amendments are applicable for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance ofthe Group.

TAS 1: Disclosure Initiative (Amendments to TAS 1)

In February 2015, amendments issued to TAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. The amendments are applicable for annual periods beginning on or afterJanuary 1, 2016. Earlier application is permitted. These amendments are not expected have significant impact on the notes to the consolidated financial statements of the Group.

Annual Improvements to TFRSs - 2012-2014 Cycle

In February 2015, POA issued, Annual Improvements to TFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – clarifies that changes in methods of disposal (through sale or distribution to owners) would not be considered a new plan of disposal, rather it is a continuation of the original plan
- IFRS 7 Financial Instruments: Disclosures – clarifies that i) the assessment of servicing contracts that includes a fee for the continuing involvement of financial assets in accordance with IFRS 7; ii) the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report
- IAS 19 Employee Benefits – clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located
- IAS 34 Interim Financial Reporting –clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report

The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

2. Basis of preparation of consolidated financial statements (continued)

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS.Tthe Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

Annual Improvements – 2011–2013 Cycle

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 original effective date was January 1, 2017. However, in September 2015, IASB decided to defer the effective date to reporting periods beginning on or after January 1, 2018, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IFRS 9 Financial Instruments - Final standard (2014)

In July 2014 the IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effec
tive for annual periods beginning on or after January 1, 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

2. Basis of preparation of consolidated financial statements (continued)

IFRS 16 Leases

In January 2016, the IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (Amendments)

In January 2016, the IASB issued amendments to IAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If the Group applies this relief, it shall disclose that fact. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

IAS 7 'Statement of Cash Flows (Amendments)

In January 2016, the IASB issued amendments to IAS 7 'Statement of Cash Flows'. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The improvements to disclosures require companies to provide information about changes in their financing liabilities. These amendments are to be applied for annual periods beginning on or after January 1, 2017 with earlier application permitted. When the Group first applies those amendments, it is not required to provide comparative information for preceding periods. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

vii. Summary of significant accounting policies:

Financial instruments

Financial instruments constituted of financial assets and liabilities below:

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits at banks and highly liquid short-term investments, with maturity periods of less than three months, which has insignificant risk of change in fair value.

Bank accounts consist of time and demand deposit accounts and the related interest accrued. The Turkish Lira balances are stated at face values and the foreign currency balances are translated into Turkish Lira at the foreign currency rate issued by the Central Bank as at the report date. Time deposit

2. Basis of preparation of consolidated financial statements (continued)

accounts are stated as calculated by adding accrued interest as of balance sheet date on the principle amount.

Post-dated cheques received with maturity dates exceeding the balance sheet date are classified in trade receivables and are rediscounted using the interest rates determined for government debt securities by considering the interest levels arising in the stock exchanges or other organized markets

Other cash and cash equivalents include the credit card slips obtained through credited sales.

Trade receivables

Trade receivables are financial assets created by the Company and its subsidiaries through selling goods and services directly to the customers. Trade receivables and notes and post-dated checks classified within trade receivables which are recognized at original invoice amount are measured at amortized cost using the effective interest rate method. Short term trade receivables without specified interest rate, are measured at invoice amount when the interest accrual effect is immaterial.

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.
The allowance for doubtful receivables is established through a provision charged to expenses. The allowance is an estimated amount that management believes to be adequate to absorb possible future losses on existing receivables that may become uncollectible due to current economic conditions and inherent risks in the receivables. Bad debts are written off when identified.

If the impairment amount decreases due to an event occurring after the write-down, the release of the provision is credited to other income in the current period.

Financial investments

Financial assets held for trading are financial assets for which the fair value differences are reflected to the income statement. Financial investments are carried at cost when no market price in the stock exchange market is available, the fair value cannot be estimated reliably since the methods to be used in determining the fair value are not appropriate or they do not operate properly or the fair value cannot be assessed reliably.

Impairment in financial assets

Except for financial assets held for trading for which the fair value differences are reflected to the income statement, financial asset are assessed at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that had occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. For loans and receivables impairment loss has been incurred the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Except for trade receivables, which is reduced through the use of an allowance account, impairment on all other financial assets are directly written off in the related account. In case trade receivables

2. Basis of preparation of consolidated financial statements (continued)

cannot be collected, the related amount is written off from allowance account. The change in allowance account is accounted in the consolidated income statement.

Trade payables

Trade payables are financial liabilities created by the Company and its Subsidiaries through purchasing goods directly from the suppliers. Trade payables are subject to rediscount.

Short and long term bank loans

Short and long term bank loans are stated at the value computed through addition of the principal amount and the interest expenses accrued as of the balance sheet date.

Borrowings are recognized initially at proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between the proceeds and redemption value is recognized in the income statement over the period of the borrowings. Borrowing costs arising from bank loans are charged to the income statement when they are incurred.

Derecognition of financial assets and liabilities

The Group recognizes a financial asset or financial liability in its balance sheet when only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of it only when the control on rights under the contract is discharged. The Group derecognizes a financial liability when the obligation under the liability is discharged or cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liabilities simultaneously.

Business combinations and goodwill

Business combinations have been accounted for by using the purchase method in the scope of IFRS 3 "Business combinations". The cost of a business combination is the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquire and in addition, any costs directly attributable to the business combination.

Any excess of the cost of acquisition over the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill in the consolidated financial statements. All transaction costs are expensed and the changes in the fair value of the contingent considerations are reflected to the consolidated comprehensive income.

Goodwill recognized in business combinations is tested for impairment annually or more frequently if events or changes in circumstances indicate impairment, instead of amortization. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

2. Basis of preparation of consolidated financial statements (continued)

Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a)
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

The shareholders of the Company and the subsidiaries, the executive management personnel including the members of the Board and the General Manager, subsidiaries controlled by close family members, participations are defined as related parties. The Group's key management personnel and close family members of the parties mentioned above, the parties representing the benefits plans provided to the personnel who left the Company or a related party of the Company are also defined as related parties.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Financial leases

The Group records the fixed assets acquired through financial leasing with the present value of the minimum lease payments as of the balance sheet date. The discount rate used to calculate the present value of the minimum lease payments is the rate that equalizes -present value of the total of minimum lease payments and the uncertain residual value at the initial period of the lease contract- to the fair value of the leased asset and any direct initial costs of the lessor. As of the balance sheet date, leasing liabilities have been classified in the balance sheet as short or long term based on their payment terms and the interest expenses related with the current year are reflected to the consolidated income statement.

2. Basis of preparation of consolidated financial statements (continued)

Operational leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the moving weighted average method and includes materials, labour and a reasonable amount of factory overhead costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Net realizable value is the estimated selling price in the ordinary course of business, less marketing, selling and other various expenses to be incurred in order to realize sale.

Assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuous use and depreciation and amortization charges for those assets are ceased. Non-current assets classified as held for sale are measured at the lower of carrying amounts and their fair values less costs to sell. Non-current assets classified as held for sale of the Group includes properties acquired as collaterals during the credit risk management of trade receivables.

Projected lands in the context of revenue sharing by land sales

The Group has made revenue sharing agreements with construction companies to increase revenue from land sales. These lands are carried at cost until the recognition of the sale as they are subject to revenue sharing agreements arranged with construction companies. Revenue is recognized when risks and rewards of ownership of lands have transferred to the buyer (customers of construction companies) and the amount of revenue can be measured reliably.

Discontinuing operations

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and: is an operating segment, or represents a separate major line of business or geographical area of operations, or is a business that meets the criteria to be classified as held for sale on acquisition

Until the date of sale current year profit/loss of associates after eliminating balances resulting from operations with the Company is included in the consolidation and shown under income/expense from discontinued operations section in income statement.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation as of December 31, 2015. Tangible assets have been restated using the measuring unit current at December 31, 2004 from the dates of acquisition. Acquisitions subsequent to January 1, 2005 are stated at nominal values.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

2. Basis of preparation of consolidated financial statements (continued)

Depreciation is provided on cost or revalued amount of property, plant and equipment on a straight-line basis. Estimated useful lives are as follows:

Buildings	5-50 years
Land improvements	5-25 years
Machinery and equipment	5-25 years
Vehicles	4-15 years
Furniture and fixtures	3-25 years

Repair and maintenance costs are expensed in the statement of comprehensive income for the year. Costs incurred after the acquisition can be added to the net book value of the assets or can be booked as another asset if and only if it is probable that the future economic benefits will flow to the Company and cost of the asset can be measured reliably.

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their restated carrying amounts and are included in the related income and expense accounts, as appropriate.

Intangible assets

Intangible assets are stated at cost less accumulated depreciation as of December 31, 2015.

The acquisition values of intangible assets are considered in the restatement of intangible assets as at December 31, 2004. Depreciation is provided on cost or revalued amount of intangible assets on a straight-line basis with respect to the estimated useful lives stated as follows:

Rights	4 - 20 years
Leasehold improvements	3 - 10 years
Other intangible assets	1,5 - 10 years

Intangible assets acquired separately are measured on initial recognition at cost. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is charged to the consolidated income statement in the year in when the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or infinite. The Group does not have any intangibles with infinite useful lives.

Assets and liabilities in foreign currencies

Assets and liabilities in foreign currencies stated in balance sheet are translated into Turkish Lira using the buying rate of Turkish Central Bank as of balance sheet date. Transactions in foreign currencies during the period have been translated into Turkish Lira at the exchange rates prevailing at the dates of the transactions. Exchange gains or losses arising from those transactions are recognized in the consolidated income statement.

2. Basis of preparation of consolidated financial statements (continued)

Investment properties

Buildings or real estate constructions in progress held for rental yields or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as "investment property".

Group's investment properties comprise the cost of construction of mall and hotel blocks which are in progress in Bostancı on a 90.000 m² land. As of December 31, 2015, investment properties have been completed and ready for their intended use are carried at cost less accumulated depreciation. Useful lives for buildings are determined as 50 years and are depreciated on a straight-line basis over the expected useful lives.

Impairment of assets

When recoverable amount of an asset (or a cash generating unit) is lower than its carrying value, the asset's carrying value is reduced to its recoverable amount. An impairment loss is recognized immediately in income statement.

Recoverable amount is the higher of net selling price or value in use. Net selling price is determined by deducting any expenses to be incurred for the sale of an asset from the fair value of the asset. Value in use is calculated as the discounted value of the estimated future cash flows the entity expects to receive from the asset.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In such case, the tax is also recognised in shareholders' equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associates of the Group operate. Under the Turkish Tax Code, companies having head office or place of business in Turkey are subject to corporate tax.

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

Furthermore, provisional corporate taxes are paid at 20% over profits declared for interim periods in order to be deducted from the final corporate tax.

As of December 31, 2015 and 2014, income tax provisions have been accrued in accordance with the prevailing tax legislation.

2. Basis of preparation of consolidated financial statements (continued)

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Provided that deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and it is legally eligible, they may be offset against one another.

Employment termination benefits

(a) Defined employee benefits:

Provision for retirement pay liability

In accordance with existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

In the consolidated financial statements, the Group has recognized a liability using the "Projected Unit Credit Method" based upon factors derived using the experience of personnel terminating and being eligible to receive benefits, discounted by using the current market yield at the balance sheet date on government bonds. All actuarial gains and losses are recognized in the income statement.

Provision for seniority incentive premiums

In accordance with the employee benefit named "seniority incentive premiums" provided by some subsidiaries of the Group and the Company to their employees having certain working seniority in order to enhance their loyalty to the jobs and employers; the benefits are provided as follows; employees with 5 year work experience are paid for their 30 days wage, those with 10 year work experience are paid for their 55 days of their gross wage, those with 20 year work experience are paid for their 70 days wage, those with 25 or 30 year work experience are paid for their 75 days wage, for each level of payment with their actual working wage in the month they complete the respective seniority level in the mentioned range.

To calculate the provision for seniority incentive payments, the Group has considered the duration passed for each employee as of the balance sheet date since their job entrance dates and booked a liability for the discounted amount of the future payments as of the balance sheet date.

(b) Defined contribution plans:

The Group pays contributions to the Social Security Institution on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense when they are due.

3. Basis of preparation of consolidated financial statements (continued)

Provisions

Provisions are recognised when an entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are revised at each balance sheet date and amended in order to reflect management's recent estimations.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the sale of goods is recognized when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods, when the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, when the amount of revenue can be measured reliably, when it is probable that the economic benefits associated with the transaction will flow to the entity, and when the costs incurred or to be incurred in respect of the transaction can be measured reliably. Net sales are invoiced amounts of delivered goods excluding sales returns. When the arrangement effectively includes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized on an accrual basis as financial income.

Interest income is recognised using the effective interest method.

Dividend income is assumed to be accrued when the shareholders gain their right to collect dividends.

Revenue and expenses

Accruals basis accounting is applied for the recognition of revenue and expenses. The accrual concept requires that revenue, income and profits should be matched with costs, expenses and losses belonging to the same period.

Earnings per share

Earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding.

Companies in Turkey can increase their share capital through distributing shares (bonus shares) from retained earnings and differences arising from inflation adjustment in changes in equity to their current shareholders on a prorate basis. When calculating profit/(loss) per share, these bonus shares are recognized as issued shares. Therefore, the weighted average of shares used in the calculation of profit/(loss) per share is derived through retrospective application with respect to bonus shares.

Contingent assets and liabilities

Possible assets or obligations that arise from past events and which existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are treated as contingent assets or liabilities.

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. If the possibility of transfer of assets is probable, contingent liability is

2. Basis of preparation of consolidated financial statements (continued)

recognized in the financial statements. A contingent asset is disclosed, when an inflow of economic benefits is highly probable.

Subsequent events

The Group updates its consolidated financial statements and respective disclosures that relate to conditions that existed at the end of the reporting period to regarding any new information that they receive after the reporting period which require amendment. Non-adjusting events are solely disclosed if they are of such importance.

Segment reporting

The operating segments of the Group are based on the revenue generating operations whose financial information is available. Accordingly, the financial information of entities operating in the production and trade of cement, concrete, and construction material is classified under the "Construction and construction materials" account group whilst the financial information of those operating in generation and sales of electrical energy is stated under the "Energy Operations" account group. Other than these segments, some entities which provide construction-related transportation and services have been also classified under "Construction and construction materials" since their assets do not exceed 10% of the total assets.

viii. Significant accounting judgments and estimates

The preparation of financial statements require management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known. However, actual results may vary from these results.

Significant estimates used in the preparation of these financial statements and the significant judgments with the most significant effect on amounts recognized in the financial statements are as follows:

a) Reserve for retirement pay is determined by using actuarial assumptions (discount rates, future salary increases and employee turnover rates) (Note 16)

b) Provision for doubtful receivables is an estimated amount that management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than related parties, are assessed with their prior year performances, their credit risk in the current market, their individual performances after the balance sheet date up to the issuing date of the financial statements and furthermore, the renegotiation conditions with these debtors are considered.

c) Provision for restoration costs of mining land arises from the obligation of the Company to spread soil to restore and green the lands currently used by the Company in the mining facilities. To calculate the restoration cost provision for lands with mining licenses, the Company considers the estimated restoration costs as of the balance sheet date.

2. Basis of preparation of consolidated financial statements (continued)

d) Deferred tax asset is recognised to the extent that taxable profit will be available against which the deductible temporary differences can be utilized. When taxable profit is probable, deferred tax asset is recognised for all temporary differences. The Group management, based on their evaluations, has recognized deferred tax assets for the portion of tax losses carried forward that they relied to have utilized in the foreseeable future in the pre-expiration period. Such evaluation is based on the assumption that the respective subsidiaries will have taxable profits in the future.

e) Inventory price lists after discount is used to calculate impairment for inventories. In such cases that sales price cannot be predicted, inventory aging and physical status are considered together with technical personnel's opinion. If anticipated expected net realizable value is less than the cost, impairment for the difference is provided for.

f) When allocating provision for legal risks, the probabilities of failure in the cases and the possible liabilities to be arisen in the case of failure are evaluated by the management through begin counselled by legal advisors of the Company or the subsidiaries. The management determines the amount of the provisions based on their best estimates.

g) In determining the fair value of the electricity production license acquired during the business combination, when calculating the expected discounted cash flows from this project, certain assumptions and estimates were made and used.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

3. Segmental reporting

The Group management evaluates the performance of segments according to current year profit/loss. Geographical segment reporting is not given hence management does not follow the performance according to geographical segments.

As of December 31, 2015, segment reporting is as follows:

January 1 – December 31, 2015	Construction and construction materials	Energy	Consolidation adjustments	Consolidated
Non-group sales, net	963.776.188	26.138.730	-	989.914.918
Inter-group sales	54.880	1.710.410	(1.765.290)	-
Total sales, net	963.831.068	27.849.140	(1.765.290)	989.914.918
Cost of sales	(600.590.064)	(28.353.380)	1.666.208	(627.277.236)
Gross profit / (loss) from main operations	363.241.004	(504.240)	(99.082)	362.637.682
Selling, marketing and distribution expenses	(25.462.266)	(6.464.601)	16.326	(31.910.541)
General and administrative expenses	(54.801.277)	(1.742.558)	120.196	(56.423.639)
Research and development expenses	(8.109)	-	-	(8.109)
Other operating income	21.548.658	338.772	(38.354)	21.849.076
Other operating expenses	(51.617.214)	(621.346)	914	(52.237.646)
Operating profit / (loss)	252.900.796	(8.993.973)	-	243.906.823
Investing activities income	39.853.014	3.571.060	-	43.424.074
Investing activities expenses(-)	(34.589.194)	-	-	(34.589.194)
Share of profits of investments accounted under equity method	20.167.348	-	-	20.167.348
Operating profit/(loss) before financing expense	278.331.964	(5.422.913)	-	272.909.051
Financial income	13.647.479	1.129.888	(274.554)	14.502.813
Financial expense (-)	(25.288.758)	(22.390.100)	274.554	(47.404.304)
Current tax income / (expense)	(65.634.633)	(373.087)	-	(66.007.720)
Current period income / (expense) from continuing operations	201.056.052	(27.056.212)	-	173.999.840
Depreciation and amortisation expenses	(56.254.296)	(6.748.529)	-	(63.002.825)
Financial position				
Total assets	1.220.332.055	202.925.236	-	1.423.257.291
Total liabilities	256.471.906	103.073.034	-	359.544.940

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

3. Segment reporting (continued)

As of December 31, 2014, segment reporting is as follows:

January 1 – December 31, 2014	Construction and construction materials	Energy	Consolidation adjustments	Consolidated
Non-group sales, net	923.627.713	80.533.508	-	1.004.161.221
Inter-group sales	668.808	35.435.522	(36.104.330)	-
Total sales, net	924.296.521	115.969.030	(36.104.330)	1.004.161.221
Cost of sales	(587.038.944)	(114.934.079)	35.860.096	(666.112.927)
Gross profit / (loss) from main operations	337.257.577	1.034.951	(244.234)	338.048.294
Selling, marketing and distribution expenses	(29.944.486)	(17.498.357)	11.812	(47.431.031)
General and administrative expenses	(49.385.700)	(2.456.391)	160.089	(51.682.002)
Research and development expenses	(12.776)	-	-	(12.776)
Other operating income	16.411.043	1.972.469	(45.236)	18.338.276
Other operating expenses	(64.802.508)	(355.178)	117.569	(65.040.117)
Operating profit / (loss)	209.523.150	(17.302.506)	-	192.220.644
Investing activities income	28.924.113	68.574	-	28.992.687
Investing activities expenses(-)	(8.754.575)	-	-	(8.754.575)
Share of profits of investments accounted under equity method	24.400.031	-	-	24.400.031
Operating profit before financing expense	254.092.719	(17.233.932)	-	236.858.787
Financial income	15.271.645	245.366	(33.066)	15.483.945
Financial expense (-)	(20.972.393)	(12.138.840)	33.066	(33.078.167)
Current tax income / (expense)	(48.968.938)	(403.188)	-	(49.372.126)
Current period income / (expense) from continuing operations	199.423.033	(29.530.594)	-	169.892.439
Depreciation and amortisation expenses	(50.286.585)	(7.783.597)	-	(58.070.182)
Balance sheet				
Total assets	1.171.028.057	218.967.263	-	1.389.995.320
Total liabilities	294.705.899	96.263.320	-	390.969.219

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

4. Cash and cash equivalents

Cash and cash equivalents are as follows:

	December 31, 2015	December 31, 2014
Cash	**79.311**	103.081
Banks	**91.406.101**	55.860.246
-Demand deposits	**1.098.296**	2.159.250
-Time deposits	**90.307.805**	53.700.996
Cheques and notes received	**10.955.088**	11.029.282
Other cash equivalents	**511.834**	346.182
Cash and cash equivalents	**102.952.334**	67.338.791
Addition: Time Deposit maturities more than 3 months	**1.479.173**	-
Cash and cash equivalents in Cash Flow Statement	**104.431.507**	67.338.791

Details of time deposit accounts are as follows:

	December 31, 2015		December 31, 2014	
	Amount (TL equivalent)	**Annual interest rate (%)**	Amount (TL equivalent)	Annual interest rate (%)
TL	**66.218.168**	**10,75 - 13,60**	51.100.371	6,25 - 11,50
USD	**23.774.419**	**1,20 - 1,65**	2.600.625	1,80 - 2,10
Euro	**315.218**	**0,8**	-	-
Total	**90.307.805**		53.700.996	

As of December 31, 2015 maturities of time deposits vary between 1 to 32 (December 31, 2014 - 1 to 34) days. Time deposits have fixed interest rates.

The Group has long term time deposit amounting to TL 1.479.173 (equivalent to USD 508.726) and %2,35 interest rate. The related amount classified in the "short term financial properties" account group.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

5. Financial investments

Long term financial investments are stated below:

	Participation rates	**December 31, 2015**	Participation rates	December 31, 2014
Nuh Beton LLC (a)	**100,00%**	**2.828.214**	100,00%	2.828.214
Cementos Esfera S.A. (b)	**10,00%**	**2.433.760**	10,00%	2.433.760
Çimpaş Çimento ve İnşaat Mlz. Paz. A.Ş. (b)	**12,10%**	**90.900**	12,10%	90.900
Nuh Cement BG Jsc (c)	**100,00%**	**235.982**	100,00%	235.982
Kosbaş Kocaeli Serbest Bölgesi (b)	**Less than 1%**	**37.500**	Less than 1%	37.500
Antalya Güç Birliği (b)	**Less than 1%**	**7.805**	Less than 1%	7.805
		5.634.161		5.634.161
Impairment - Nuh Beton LLC		**(2.500.000)**		(2.500.000)
		3.134.161		3.134.161

(a) At the board of directors meeting dated June 5, 2013, it has been decided to wind up Nuh Beton L.L.C. which is 100% owned by the Company. Thus, the Group has recognised an impairment loss in value of the subsidiary at the amount of TL 2.500.000. As of December 31, 2015 the Group's management believes that the carrying value of Nuh Beton L.L.C. amounting to TL 328.214 after the impairment, represents the estimated recoverable amount of the tangible asset.

(b) As of December 31, 2015 and December 31, 2014, Çimpaş Çimento ve İnşaat Mlz. Paz. A.Ş., Cementos Esfera S.A., Antalya Güç Birliği and Kosbaş Kocaeli Serbest Bölgesi which are financial assets held for sales, are carried at cost in the consolidated balance sheet since these investments have no significant effect on the consolidated financial statements and a reasonable calculation of their fair value is also not possible.

(c) As of December 31, 2015 Nuh Cement BG Jsc which is 100% owned by the Company (100% in 2014) total assets of these entities represent less then 1% of the Group assets and assets of these entities have no significant effect on Group financial statements, in aggregate or individually. The related investment carried at cost in consolidated financial statements.

6. Financial liabilities

	December 31, 2015	December 31, 2014
Short-term		
Short-term bank loans	**-**	2.784.979
Short-term portion of long term financial liabilities	**65.590.638**	70.376.441
	65.590.638	73.161.420
Long-term		
Long-term bank loans	**119.332.458**	149.395.194
	119.332.458	149.395.194

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

6. Financial liabilities (continued)

As of December 31, 2015, details of short and long term loans are as follows:

				December 31, 2015
	Maturity	**Interest rate (%)**	**Original currency**	**TL**
Short-term bank loans				
EURO loans	**31.03.2016-30.11.2016**	**3,55-5,50**	**3.167.540**	**10.065.175**
USD loans	**25.01.2016-23.11.2016**	**3,49-3,62**	**9.482.177**	**27.570.378**
TL loans	**11.01.2016-09.12.2016**	**6,71-11,15**	**27.955.085**	**27.955.085**
Total				**65.590.638**

				December 31, 2015
	Maturity	**Interest rate (%)**	**Original currency**	**TL**
Long-term bank loans				
EURO loans	**31.03.2017-23.05.2020**	**3,55-5,50**	**4.723.468**	**15.009.292**
USD loans	**24.01.2017-23.05.2020**	**3,49-3,62**	**28.462.070**	**82.756.314**
TL loans	**28.02.2017-22.10.2019**	**6,71-11,15**	**21.566.852**	**21.566.852**
Total				**119.332.458**

As of December 31, 2014, details of short and long term loans are as follows:

				December 31, 2014
	Maturity	Interest rate (%)	Original currency	TL
Short-term bank loans				
EURO loans	02.03.2015-23.11.2015	3,55 - 5,50	3.279.383	9.250.156
USD loans	26.01.2015-23.11.2015	1,01 - 3,50	7.253.001	16.818.983
TL loans	29.01.2015-12.12.2015	3,23 - 11,29	47.092.281	47.092.281
Total				73.161.420

				December 31, 2014
	Maturity	Interest rate (%)	Original currency	TL
Long-term bank loans				
Euro loans (*)	01.03.2016-23.05.2020	3,55 - 5,50	7.563.592	21.334.625
USD loans (**)	25.01.2016-23.05.2020	2,05 - 3,50	36.513.974	84.672.254
TL loans (*)	02.03.2016-22.10.2019	6,71 - 11,15	43.388.315	43.388.315
Total				149.395.194

(*) Loans with fixed interest rate
(**) Loans with variable interest rate

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

6. Financial liabilities (continued)

Summary of repayment plans for long-term loans is as follows:

	December 31, 2015	December 31, 2014
12-24 months	**43.209.103**	53.448.791
24-36 months	**36.693.908**	35.206.783
36-48 months	**28.179.510**	29.576.730
More than 48 months	**11.249.937**	31.162.890
	119.332.458	149.395.194

7. Trade receivables and payables

Short-term trade receivables are as follows:

	December 31, 2015	December 31, 2014
Trade receivables	**171.111.678**	156.043.641
Notes receivables	**191.722.174**	140.087.857
Trade receivables from related parties (Note 26)	**13.320.280**	15.523.782
Income accruals	**136.288**	673.045
	376.290.420	312.328.325
Rediscount on receivables (-)	**(6.549.472)**	(4.553.957)
Allowance for doubtful trade receivables		
- Trade receivables from related parties	**(10.676.639)**	(11.068.792)
- Trade receivables from third parties	**(62.133.395)**	(46.788.439)
	296.930.914	249.917.137

The movement of allowance for doubtful trade receivables is as follows:

	2015	2014
January 1	**57.857.231**	48.388.670
Collections and write-offs	**(4.689.656)**	(4.707.549)
Current year allowance for doubtful receivables	**19.642.459**	14.176.110
December 31	**72.810.034**	57.857.231

Long-term trade receivables are as follows:

	December 31, 2015	December 31, 2014
Notes receivables	**2.385.000**	1.155.845
Rediscount on receivables (-)	**(465.739)**	(239.959)
	1.919.261	915.886

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

7. Trade receivables and payables (continued)

Short-term trade payables are as follows:

	December 31, 2015	December 31, 2014
Trade payables	**58.664.549**	53.056.882
Notes payable	**3.521.620**	3.346.352
Rediscount on payables (-)	**(387.062)**	(502.077)
	61.799.107	55.901.157

8. Other receivables and payables

i) Other short-term receivables:

	December 31, 2015	December 31, 2014
Financial receivables from related parties (Note 26)	**29.068.151**	34.246.675
Other short-term receivables	**4.319.201**	5.497.394
Due from personnel	**521.336**	492.217
Deposits and guarantees given	**16.116**	2.561.027
	33.924.804	42.797.313
Allowance for other doubtful receivables		
- Other receivables from related parties (Note 26)	**(29.068.151)**	(23.013.102)
- Other receivables from third parties	**(1.310.637)**	(1.310.637)
	3.546.016	18.473.574

The movement of allowance for other doubtful receivables is as follows:

	2015	2014
January 1	**24.323.739**	24.547.154
Collections and reversals	**(110.798)**	(885.223)
Current year allowance	**6.165.847**	661.808
December 31	**30.378.788**	24.323.739

ii) Other long-term receivables:

	December 31, 2015	December 31, 2014
Deposits and guarantees given	**768.589**	657.682
Other miscellaneous receivables	**1.646.578**	3.052.956
	2.415.167	3.710.638

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

8. Other receivables and payables (continued)

iii) Other short-term payables:

	December 31, 2015	December 31, 2014
Taxes, fees and other deductions	**5.397.418**	5.201.653
Deposits and guarantees received	**3.003.279**	1.582.184
Expense accruals	**54.605**	51.197
Other miscellaneous payables	**78.311**	42.579
	8.533.613	6.877.613

9. Inventories

	December 31, 2015	December 31, 2014
Raw materials and supplies	**79.953.147**	80.002.527
Work in progress	**20.631.680**	17.751.359
Finished goods	**3.328.890**	3.210.605
Merchandises	**157.583**	183.158
Provision for impairment of inventories	**(2.039.998)**	(2.039.998)
	102.031.302	99.107.651

10. Investments accounted under equity method

	December 31, 2015	December 31, 2014
Ünye Çimento	**111.996.741**	114.272.787
Tan Kömür	**-**	14.326.491
Torgoviy Port Ltd.	**5.903.919**	5.903.919
Kovcheg Ltd.	**-**	2.930.750
	117.900.660	137.433.947
Provision for impairment of Torgoviy Port LLC.	**(5.903.919)**	(5.903.919)
Provision for impairment of Kovcgeg LLC	**-**	(2.930.750)
	111.996.741	128.599.278

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

10. Investments accounted under equity method (continued)

Details of financial statements of investments accounted under equity method are as follows (amounts stated as 100%):

	Torgoviy Port Ltd.(*)		**Kovcheg Ltd.(***)**		**Tan Kömür (****)**	
	December 31, 2015	December 31, 2014	**December 31, 2015**	December 31, 2014	**December 31, 2015**	December 31, 2014
Assets	**(**)**	(**)	**(***)**	15.596.179	**-**	44.827.895
Liabilities	**(**)**	(**)	**(***)**	33.560.200	**-**	16.174.914
Net sales	**(**)**	(**)	**(***)**	554.358	**-**	23.766
Net profit/(loss)	**(**)**	(**)	**(***)**	(14.140.918)	**-**	(460.418)

(*) As stated in note 2 of the consolidated financial statements, with the Board of Directors decision dated May 11, 2011 the Company has decided to end its partnerships with Nuh Beton Torgoviy Port Ltd., Torgoviy Port Ltd. and Kovcheg Ltd. and per the agreement between the venturers at these three companies, it has been decided that 50% shares of Nuh Beton Torgoviy Port Ltd and Kovcheg Ltd will be transferred to the Company and the Company will transfer its 50% share in Torgoviy Port Ltd to other venturers. As of December 31, 2015, procedures for termination of the partnership is ongoing, but the Company also initiated lawsuits against the other venture on May and June, 2012 and other venturers made a counterclaim. The Company's joint control on Torgoviy Port Ltd. was actually ended and the operation results of this investment was lastly included in consolidation financial statement on September 30, 2011.

(**) The financial statements, dated on December 31, 2015 and 2014, of Torgoviy Port Ltd. could not been obtained and presented. As of December 31, 2015 provision for impairment loss has been recognised for the carrying amount of TL 5.903.919.

(***) As of December 31, 2015, since equity of Kovcheg Ltd. has a negative value, for the whole carrying value of this investment, a provision for impairment loss has been recognised at the amount of TL 2.930.750 in the consolidated financial statements. As of December 31, 2015 bankruptcy process of Kovcheg Ltd. has been completed.

(****) As of December 23, 2015, shares of the Company in Tan Kömür was sold to other shareholders amounting to USD 1.250.000, loss on sale was recognized in the "expense from investment activities" account, and equity method accounting has been terminated.

Ünye Çimento	**December 31, 2015**	December 31, 2014
Total assets	**322.438.104**	326.128.394
Current assets	**179.579.672**	179.281.240
Non-current assets	**142.858.432**	146.847.154
Total liabilities	**322.438.104**	326.128.394
Short-term liabilities	**31.423.939**	28.497.249
Long-term liabilities	**11.232.149**	12.163.278
Owner's equity	**279.782.016**	285.467.867
Group's share	**%40,03**	%40,03
Subsidiaries book value	**111.996.741**	114.272.787

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

10. Investments accounted under equity method (continued)

Ünye Çimento	January 1 - December 31, 2015	January 1 – December 31, 2014
Sales	**222.299.279**	241.278.533
Net profit	**48.335.797**	60.954.361
Other compressive income/expense	**1.953.164**	(1.972.301)
Group's share of profit	**19.348.820**	24.400.031

The Group, presented the summary financial statements of Ünye Çimento according to TFRS financial statements.

As of December 31, 2015 the shares of Unye Çimento are listed in Borsa Istanbul and market value of shares held by the Group amounts to TL 180.076.771 (December 31, 2014 - TL - 276.051.753). As of December 31, 2015 and 2014, the Company has obtained a cash dividend amounting to TL 22.406.949 and TL 20.269.656 respectively, from Ünye Çimento.

11. Investment properties

	Opening January 1, 2015	Additions	Disposals	Transfers	Closing December 31, 2015
Investment properties	**176.721.860**	**13.572.272**	**(3.916.691)**	**-**	**186.377.441**
-Lands	**28.309.711**	**-**	**(3.766.691)**	**-**	**24.543.020**
-Buildings	**142.947.129**	**11.048.317**	**(150.000)**	**-**	**153.845.446**
- Advances given	**5.465.020**	**2.523.955**	**-**	**-**	**7.988.975**
Accumulated depreciation (-)	**(3.390.955)**	**(3.089.987)**	**19.500**	**-**	**(6.461.442)**
Net book value	**173.330.905**				**179.915.999**

	Opening January 1, 2014	Additions	Disposals	Transfers	Closing December 31, 2014
Investment properties	160.413.270	2.335.660	(1.932.562)	15.905.492	176.721.860
- Lands	30.242.273	-	(1.932.562)	-	28.309.711
- Buildings	127.041.637	-	-	15.905.492	142.947.129
- Advances given	3.129.360	2.335.660	-	-	5.465.020
Accumulated depreciation (-)	(1.272.438)	(2.118.517)	-	-	(3.390.955)
Net book value	159.140.832				173.330.905

Investment property consist of shopping mall and the hotel block and the lands which are held for investment purposes by the Group. The Group evaluates any indicator of reduction in value of its investment properties. If there is such an indicator exist, the Group compares the fair value and carring value of the asset and records the impairment in value.

The Grup do not calculate fair value of investment properties every year due to cost-utilization balance. Because of that reason, fair value of investment properties could not be explained as of the balance sheet date.

As of December 31, 2015 The Group's rent revenue obtained by investment of real estate properties amounting to TL 14.128.419. The Group paid property tax for investment of real estate properties amounting to TL 875.476.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

12. Tangible assets

The movement of tangible assets for the year ended December 31, 2015 is as follows:

	Opening January 1, 2015	Additions	Disposals	Transfers	Closing December 31, 2015
Cost					
Land	46.139.723	4.424.365	(1.115.701)	-	49.448.387
Land improvements	74.715.029	1.390.958	-	2.153.932	78.259.919
Buildings	151.925.563	1.015.579	(474.005)	474.006	152.941.143
Machinery and equipment	830.842.920	16.950.738	(22.254.984)	12.451.914	837.990.588
Vehicles	93.505.538	20.920.623	(8.708.244)	-	105.717.917
Furniture and fixtures	43.203.616	2.547.650	(357.233)	3.715	45.397.748
Other tangible assets	500.489	-	(2.155)	-	498.334
Construction in progress	8.590.226	17.997.982	-	(15.991.071)	10.597.137
Leasehold improvements	9.935.588	4.500	-	907.504	10.847.592
Total	1.259.358.692	65.252.395	(32.912.322)	-	1.291.698.765
Accumulated Depreciation (-)					
Land improvements	(41.095.940)	(4.147.499)	-	-	(45.243.439)
Buildings	(68.369.959)	(3.993.017)	-	-	(72.362.976)
Machinery and equipment	(509.212.607)	(38.670.536)	20.995.147	-	(526.887.996)
Vehicles	(70.652.962)	(7.509.496)	5.742.245	-	(72.420.213)
Furniture and fixtures	(32.774.065)	(2.832.343)	354.971	-	(35.251.437)
Other tangible assets	(498.690)	(932)	2.155	-	(497.467)
Leasehold improvements	(4.510.873)	(1.137.994)	-	-	(5.648.867)
Total	(727.115.096)	(58.291.817)	27.094.518	-	(758.312.395)
Net Book Value	532.243.596				533.386.370

As of December 31, 2015, there is no capitalized financial expense. (December 31, 2014: 475.487 TL)

The movement of tangible assets for the year ended December 31, 2014 is as follows:

	Opening January 1, 2014	Additions	Disposals	Transfers	Closing December 31, 2014
Cost					
Land	46.933.155	748.503	(1.541.935)	-	46.139.723
Land improvements	70.744.282	406.826	(230.763)	3.794.684	74.715.029
Buildings	145.728.636	4.285.666	(331.097)	2.242.358	151.925.563
Machinery and equipment	836.650.063	18.518.327	(30.189.784)	5.864.314	830.842.920
Vehicles	92.355.992	13.668.118	(12.565.922)	47.350	93.505.538
Furniture and fixtures	39.162.614	3.895.956	(164.296)	309.342	43.203.616
Other tangible assets	515.876	2.011	(17.398)	-	500.489
Construction in progress	8.457.314	28.785.398	(89.846)	(28.562.640)	8.590.226
Leasehold improvements	12.137.885	283.818	(2.885.215)	399.100	9.935.588
Total	1.252.685.817	70.594.623	(48.016.256)	(15.905.492)	1.259.358.692
Accumulated Depreciation (-)					
Land improvements	(37.687.415)	(3.432.722)	24.197	-	(41.095.940)
Buildings	(64.937.492)	(4.011.796)	579.329	-	(68.369.959)
Machinery and equipment	(495.773.363)	(36.894.389)	23.455.145	-	(509.212.607)
Vehicles	(74.504.043)	(6.765.130)	10.616.211	-	(70.652.962)
Furniture and fixtures	(30.634.672)	(2.271.940)	132.547	-	(32.774.065)
Other tangible assets	(457.654)	(58.434)	17.398	-	(498.690)
Leasehold improvements	(4.745.500)	(1.443.426)	1.678.053	-	(4.510.873)
Total	(708.740.139)	(54.877.837)	36.502.880	-	(727.115.096)
Net book value	543.945.678				532.243.596

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

12. Tangible assets (continued)

For the years 2015 and 2014, the allocation of depreciation and amortisation expense of tangible and intangible assets, and investment properties is as follows:

	2015	2014
Cost of goods sold	**52.756.811**	51.356.912
General administrative expenses	**6.450.976**	3.392.486
Selling and marketing expenses	**3.795.038**	3.320.784
	63.002.825	58.070.182

Insurance coverage on assets of the Group is as follows:

	December 31, 2015	December 31, 2014
Insurance amount	**2.960.494.611**	2.373.163.433

13. Intangible assets

The movement of intangible assets for the year ended December 31, 2015 is as follows:

	Opening January 1, 2015	**Additions**	**Disposals**	**Closing December 31, 2015**
<u>Cost</u>				
Rights	**34.873.700**	**2.299.686**	**(250.000)**	**36.923.386**
Other intangible assets	**187.924**	**-**	**-**	**187.924**
Total	**35.061.624**	**2.299.686**	**(250.000)**	**37.111.310**
<u>Accumulated depreciation (-)</u>				
Rights	**(6.205.880)**	**(1.613.850)**	**225.000**	**(7.594.730)**
Other intangible assets	**(161.883)**	**(7.171)**	**-**	**(169.054)**
Total	**(6.367.763)**	**(1.621.021)**	**225.000**	**(7.763.784)**
Net book value	**28.693.861**			**29.347.526**

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

13. Intangible assets (continued)

The movement of intangible assets for the year ended December 31, 2014 is as follows:

	Opening January 1, 2014	Additions	Disposals	Closing December 31, 2014
Cost				
Rights	33.375.933	1.540.730	(42.963)	34.873.700
Other intangible assets	246.183	2.396	(60.655)	187.924
Total	33.622.116	1.543.126	(103.618)	35.061.624
Accumulated depreciation (-)				
Rights	(5.182.396)	(1.066.447)	42.963	(6.205.880)
Other intangible assets	(215.157)	(7.381)	60.655	(161.883)
Total	(5.397.553)	(1.073.828)	103.618	(6.367.763)
Net book value	28.224.563			28.693.861

14. Goodwill

	December 31, 2015	December 31, 2014
Goodwill	**24.910.842**	24.910.842
Provision for impairment of goodwill	**(5.843.775)**	(5.843.775)
	19.067.067	19.067.067

Goodwill of Kudret Enerji is valued by independent experts using discounted cash flow method. According to the valuation as of December 31, 2013 impairment amounting to TL 5.843.775 is determined and accounted under other expenses from operating activities.

In accordance with the valuations performed by the independent valuation specialists using the discounted cash flows method as of December 31, 2015, impairment amounting to 13 – 19,3 million USD was identified for which no provision was booked by the Group. The USD-based weighted average cost of capital was calculated as 9,11% (December 31, 2014: 9,06%) and the unit electricity sale prices were held fixed for a 10-year purchase guarantee period and were presumed to increase at the rate of annual average consumer inflation as of the subsequent periods. The estimated electricity production throughout the period was assumed to be 40.038 kWh (December 31, 2014: 46.373 kWh)

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

15. Provisions, contingent assets and liabilities

Provision for short-term liabilities:

	December 31, 2015	December 31, 2014
Provision for litigations	**15.047.562**	9.071.951
Accruals for costs	**300.056**	-
	15.347.618	9.071.951

The movement of provision for litigations for the years 2015 and 2014 is as follows:

	2015	2014
January 1	**9.071.951**	8.906.437
Payment and closings	**(681.393)**	(385.000)
Current year provisions	**6.657.004**	550.514
December 31	**15.047.562**	9.071.951

Provision for long-term liabilities:

Provision for land restoration:

As of December 31, 2015, the Company owns mines in which the ownership belongs to the Company and mines in which the company owns operating license, but the ownership belongs to the Treasury. To comply with the Communiqué of Ministry of Environment named as "Mining Operations and Recovery of Damaged Land" which became effective after being published in the Official Gazette on December 14, 2007 and was amended on January 23, 2012, the Company has booked a provision amounting to TL 5.895.941 (Dec 31,2014: TL 5.895.941) for restoration costs, to restore green lands, related to the portion used until the balance sheet date. In accordance with the Communiqué, the land shall be restored in two years' period after the termination of the mining operations. After the completion of such activities, the license holder is permitted to leave the land in the following five years period.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

15. Provisions, contingent assets and liabilities (continued)

Contingent assets and liabilities:

a) Breakdown of the guarantees, mortgage and pledges given by the Group for the respective periods is as follows:

		December 31, 2015	December 31, 2014
A.	Total amount of guarantees, pledges and mortgages given on behalf of the legal entity	**50.178.066**	56.532.714
B.	Total amount of guarantees, pledges and mortgages given in favour of the parties which are included in the scope of full consolidation	**170.130.419**	192.736.529
C.	Total amount of guarantees, pledges and mortgages given for the liabilities of third parties in the purpose of conducting the ordinary operations	**-**	-
D.	Total amount of other guarantees, pledges and mortgages (*)	**23.832.000**	47.951.900
Total		**244.140.485**	297.221.143

(*) As of December 31, 2015, Company had a pledge amounting to 7.500.000 Euro (December 31, 2014 – 17.000.000 Euro) for the loans taken by and due to the investments of SPA SPCC, the affiliate in Algeria of its subsidiary Nuh Ay which was sold in 2013. This situation contradicts with the Capital Market Board Communiqué Regarding Corporate Management dated January 3, 2014 and numbered 28871. The subject amount decreased to 5.500.000 Euro as of January 21, 2016.

As of December 31, 2015, the ratio of guarantees, mortgage and pledges given by the Company and its subsidiaries to total equity is 2% (December 31, 2014 – 5%).

b) Guarantees given to third parties by the Group are as follows:

	December 31, 2015	December 31, 2014
Guarantee letters given	**28.760.594**	57.769.190
Mortgages and collaterals given	**215.379.891**	239.451.953
Total	**244.140.485**	297.221.143

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

15. Provisions, contingent assets and liabilities (continued)

	Original currency		TL equivalent	
	December 31, 2015	December 31, 2014	**December 31, 2015**	December 31, 2014
Guarantee letters given				
TL	**28.760.594**	57.769.190	**28.760.594**	57.769.190
Mortgages and collaterals given				
Euro	**14.069.769**	24.000.092	**44.708.098**	67.697.060
USD	**44.162.408**	46.839.394	**128.406.618**	108.615.871
TL	**42.265.175**	63.139.022	**42.265.175**	63.139.022
			244.140.485	297.221.143

c) As of December 31, 2015, the ongoing legal disputes filed against the Company and its subsidiaries by third parties are amounting to TL 18.798.438 (December 31, 2014 – TL 12.822.827).

In the consolidated financial statements the Group booked provision amounting to TL 15.047.562 (December 31, 2014 – TL 9.071.951) for the legal disputes. The Group management does not estimate any cash outflows for other ongoing cases.

d) Nuh Enerji Elektrik Üretim A.Ş has given gas purchase commitment to its gas supplier and could not meet this commitment during 2013. Although per agreement the Company may purchase the remaining part in following years, the supplier issued an invoice amounting to TL 3.750.877 for related remaining gas amount as of January 24, 2014. The Company has protested this invoice and was sued by the supplier. According to the Company and lawyers the probability of winning the case is higher than losing it, so no provision is accounted by the Company in line with TAS 37. However, there is a contingent liability regarding the possibility of a negative outcome.

e) As of December 31, 2015, total amount of checks and notes endorsed to third parties is TL 29.783.529 (December 31, 2014 – TL 56.417.588).

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

16. Reserves related to employee benefits

Long term employee benefits

	December 31, 2015	December 31, 2014
Provision for severance pay	**19.448.127**	12.222.111
Provision for seniority incentive bonus	**4.065.218**	3.729.186
Provision for unused annual leave	**1.693.383**	1.353.173
	25.206.728	17.304.470

In the period ended December 31, 2015 and 2014, the movement of provision for seniority incentive bonus is as follows:

	December 31, 2015	December 31, 2014
1 January	**3.729.186**	3.397.412
Current year provision	**533.596**	712.892
Payments	**(197.564)**	(381.118)
	4.065.218	3.729.186

Reserve for severance pay:

There are no agreements for pension commitments other than the legal requirements as explained below.

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age.

The payable amount consists of one month's salary limited to a maximum of TL 3.828,37for each year of service as of December 31, 2015 (December 31, 2014 - TL 3.438,22).

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

The CMB Accounting Standards require actuarial valuation methods to be developed to estimate the enterprises' obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	December 31, 2015	December 31, 2014
Inflation rate (%)	**6**	5
Interest rate (%)	**10,5**	9
Discount rate (%)	**4,25**	3,81

The voluntarily leave of employment rate of the Group's employees changes between 1% and 10%.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

16. Reserves related to employee benefits (continued)

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the real rate after adjusting anticipated effects of inflation.

Reserve calculation for severance pay of the Group is based on the severance pay ceiling valid on balance sheet date. As of January 1, 2016, the severance pay liability ceiling is increased to TL 4.092,53 (January 1, 2015 – TL 3.541,37).

The movement of reserve for severance pay of the Group as of December 31, 2015 and 2014 is as follows:

	2015	2014
January 1	**12.222.111**	14.005.866
Interest expense	**1.099.993**	1.448.207
Current period service cost	**1.308.201**	1.281.864
Payments	**(3.539.248)**	(4.342.790)
Actuarial loss / (gain)	**8.357.070**	(171.036)
December 31	**19.448.127**	12.222.111

Sensivity of the significant assumptions used at the calculation of provision for severance pay as of December 31, 2015 is as follows:

	Discount rate		**Salary increase rate**		**The rate of voluntary employee withdrawal**	
Sensitivity ratio	**0,25% dercrease (10,25%)**	**0,25 increase (10,75%)**	**0,25% decrease (5,75%)**	**0,25% increase (6,25%)**	**0,25% decrease**	**0,25% increase**
Net effect on severance pay provision	387.661	(373.638)	(390.102)	403.468	63.276	(59.896)

With the decisions of Supreme Court, it has been resolved that employees who has completed 15 years of insurance period and 3600 days premium payment deserve severance pay even if they continue working at a new job. Accordingly, employees who have completed 15 years of insurance period and 3600 days premium payment are assumed to be paid severance pay and the severance pay provision is calculated based on this assumption as of December 31, 2015.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

17. Other assets and liabilities

a. Other current assets

	December 31, 2015	December 31, 2014
VAT receivables	**7.290.684**	16.664.033
Other VAT	**-**	72.289
Job advances	**42.337**	51.092
Personnel advances	**78.079**	64.700
Other	**85**	23.734
	7.411.185	16.875.848

b. Prepaid expenses

	December 31, 2015	December 31, 2014
Short term		
Advances given	**39.196.250**	62.061.034
Prepaid expenses	**5.696.977**	4.174.744
Provision for doubtful receivable - prepaid expenses	**(34.117.927)**	(33.449.769)
	10.775.300	32.786.009

The movement of doubtful receivables is as follows:

	2015	2014
January 1	**33.449.769**	-
Current period provision (*)	**668.158**	33.449.769
December 31	**34.117.927**	33.449.769

(*) Provision has been booked for slow moving inventory advances.

	December 31, 2015	December 31, 2014
Long term		
Advances given	**1.854.888**	1.226.254
Prepaid expenses	**599.283**	587.976
	2.454.171	1.814.230

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

18. Equity

a) Share capital

As of December 31, 2015 and 2014, the share capital of the Company consists of the following:

	December 31, 2015		December 31, 2014	
Name	**Share percentage**	**Share value**	Share percentage	Share value
Nuh Ticaret ve Sanayi A.Ş.	**%44,12**	**66.280.583**	%43,94	66.005.583
Partaş Tekstil İnş. San.ve Tic. A.Ş.	**%15,94**	**23.943.979**	%15,94	23.943.979
Other (*)	**%39,94**	**59.989.038**	%40,12	60.264.038
		150.213.600		150.213.600
Share capital adjustments (**)		**39.338.145**		39.338.145
Total share capital		**189.551.745**		189.551.745

(*) Represents total of shareholdings less than 5%.

(**) "Adjustment to share capital" represents the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with the CMB Financial Reporting Standards. "Adjustment to share capital" has no use other than being transferred to paid-in share capital.

The Company is subject to authorized capital system. The paid-in capital amounts to TL 150.213.600 consisting of 150.213.600 shares of TL 1 nominal value each.

The capital adjustment differences may be used in free capital increase or loss deduction. Furthermore, the inflation adjustment differences arising from legal reserves bearing no annotation to disable profit distribution may be used in profit distribution.

(b) Restricted reserves

As of December 31, 2015 and 2014, the restricted reserves consist of the legal reserves.

According to Turkish Commercial Code, legal reserves are classified as First Legal Reserve and Second Legal Reserve:

a) First legal reserve: Appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital.

b) Second legal reserve: Appropriated out of the net profit at the rate of 10% of distributions after providing for First Legal Reserve and an amount equal to 5% of capital as dividends.

Historical values of legal and extraordinary reserves in the statutory financial statements are as follows:

	December 31, 2015	December 31, 2014
Legal reserves	**141.125.203**	130.760.465
Extraordinary reserves	**351.359.073**	265.798.109
Total	**492.484.276**	396.558.574

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

18. Equity (continued)

(c) Retained earnings

"Paid-in Capital, Issue Premiums and Restricted Reserves" are recognized over the totals stated in the legal books, and the differences arising upon valuations made in accordance with TAS/TFRS are associated with the retained earnings/accumulated losses. Retained earnings/accumulated losses other than the net profit for the period, are stated in the "Retained Earnings" account together with the extraordinary reserves regarded in essence as retained earnings/accumulated losses.

Dividend distribution

	2015	2014
Dividends distributed during year based on previous year's net income per statutory financial statements	**111.158.061**	55.579.032
Dividend paid per share (TL)	**0,74**	0,37

Listed companies distribute dividends according to the Communique numbered II-19.1 and published on January 23, 2015 in the Official Gazette.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

Accumulated losses of companies including previous year's earnings, related premiums, legal reserves, share capital inflation adjustments are taken into account as deduction in calculation of current year distributable net income.

In order to distribute dividends to the holders of dividend shares, privileged shareholders, to the members of the board of directors or to the employees, there has to be a provision in the articles of association. If there is no specific rate in terms of dividend distribution in the articles of association, dividends to be distributed to those cannot exceed one-fourth of dividends distributed to shareholders with the exception of privileged situations.

Share capital inflation adjustment differences and historical value of extraordinary reserves can be used for free capital increase, cash dividend distribution or loss deduction. If share capital inflation adjustment is used for cash dividend distribution, it will be subject to corporation taxation.

Legal and statutory reserves are shown with statutory values. In this context share capital inflation adjustment differences, which are not subject to capital increase or dividend distribution, are associated to retained earnings.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

18. Equity (continued)

d) Foreign currency translation differences

As of December 31, 2015 foreign currency translation differences are related to the Company's share in the foreign currency translation differences of the associates accounted under equity method.

19. Sales and cost of sales

	January 1 – December 31, 2015	January 1 – December 31, 2014
Domestic sales	**886.056.804**	896.875.992
Export sales	**106.580.655**	111.091.990
Other sales	**112.304**	38.397
Sales returns (-)	**(301.028)**	(128.047)
Sales discounts (-)	**(2.533.817)**	(3.717.111)
	989.914.918	1.004.161.221

	January 1 – December 31, 2015	January 1 – December 31, 2014
Cost of goods sold	**585.876.301**	581.670.455
Cost of merchandises sold	**19.609.806**	65.564.340
Cost of services rendered	**21.425.283**	18.658.316
Cost of other sales	**365.846**	219.816
	627.277.236	666.112.927

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

20. Expenses by nature

	January 1 – December 31, 2015	January 1 – December 31, 2014
General overheads and change in finished goods and work in progress	**465.263.048**	508.101.264
Personnel expenses	**85.182.519**	79.646.303
Depreciation and amortization expenses	**63.002.825**	58.070.182
Outsourced services	**53.997.347**	49.443.303
Subcontractor labour expenses	**2.242.146**	13.541.866
Sales transportation expenses	**15.086.953**	25.122.923
Taxes and duties	**6.881.943**	6.465.216
Other operating expenses	**23.962.744**	24.847.679
	715.619.525	765.238.736
Cost of sales	**627.277.236**	666.112.927
Selling, marketing and distribution expenses	**31.910.541**	47.431.031
General and administrative expenses	**56.423.639**	51.682.002
Research and development expenses	**8.109**	12.776
	715.619.525	765.238.736

Personnel expenses

For the years 2015 and 2014, the allocation of personnel expenses is as follows:

	January 1 – December 31, 2015	January 1 – December 31, 2014
General and administrative expenses	**28.448.223**	27.121.316
Cost of sales and inventory	**45.953.825**	44.143.435
Marketing expenses	**10.780.471**	8.381.552
	85.182.519	79.646.303

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

20. Expenses by nature (continued)

For the years 2015 and 2014, employee benefits consist of the following:

	January 1, - December 31, 2015	January 1, - December 31, 2014
Wages and salaries	**68.602.325**	61.822.239
SSK employer contributions	**10.591.701**	10.568.804
Other social benefits	**2.251.681**	2.773.021
Employee termination benefits	**3.539.248**	4.101.121
Seniority incentive payments	**197.564**	381.118
	85.182.519	79.646.303

21. Other operating income and expense

Other operating income

	December 31, 2015	December 31, 2014
Foreign exchange gains	**14.074.368**	8.864.114
Insurance income due to damages	**1.588.796**	2.978.609
Subcontractor service income	**1.738.000**	2.211.273
Rediscount income	**196.462**	1.021.223
Salvage Sales Income	**1.088.806**	783.612
Other income	**3.162.644**	2.479.445
	21.849.076	18.338.276

Other operating expense

	December 31, 2015	December 31, 2014
Foreign exchange losses	**9.955.621**	8.380.757
Provisions		
- Provision for doubtful receivables (Note 7,8,17)	**21.676.010**	38.212.875
- Provision for litigation (Note 15)	**6.657.004**	550.514
Donation expenses	**6.946.442**	5.936.359
Subcontractor expenses	**1.613.906**	1.896.662
Rediscount expenses	**2.345.573**	1.684.353
Accident and damage expenses	**1.434.217**	1.543.741
Other expenses	**1.608.873**	6.834.856
	52.237.646	65.040.117

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

22. Income/expenses from investment activities

Income from investment activities

	December 31, 2015	December 31, 2014
Rent income (*)	**14.128.419**	14.978.453
Sales profit of investment property	**25.861.527**	8.778.626
Gain on sale of fixed assets	**3.434.128**	5.198.718
Gain on sale of financial investment and subsidiary (*)	**-**	36.890
	43.424.074	28.992.687

(*) Includes the rent income from investment properties.

Expenses from investment activities

	December 31, 2015	December 31, 2014
Loss on sale of subsidiary (*)	**30.920.667**	-
Investment Property Depreciation Expense	**2.793.051**	2.118.516
İnvestment Property Real Estate Tax	**875.476**	732.140
Provision for impairment of subsidiaries and Investments accounted under equity method	**-**	5.903.919
	34.589.194	8.754.575

(*) The Company used its receivable amounting to TL 13.200.00 for the capital incease of Tan Kömür and the Company's ownership increased to 69,88% as at November 13, 2015. As a result of Board of Directors' meeting of Nuh Çimento dated December 23, 2015; shares of Nuh Çimento in Tan Kömür was sold to other shareholders at the amount of USD 1.250.000. Sales transaction has been completed on December 24, 2015, and a loss on sale from this transaction has been recognised amounting to TL 30.920.667.

23. Financial income and expense

Financial income

	December 31, 2015	December 31, 2014
Foreign exchange gains	**7.865.820**	7.459.742
Interest income	**6.636.993**	8.024.203
	14.502.813	15.483.945

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

23. Financial income and expense (continued)

Financial expense

	December 31, 2015	December 31, 2014
Foreign exchange losses	**33.866.884**	10.238.618
Interest expenses	**13.537.420**	22.839.549
	47.404.304	33.078.167

24. Tax assets and liabilities

a) Corporation tax

The Group is subject to taxation in accordance with the tax regulation and the legislation effective in Turkey.

In Turkey, the corporate tax rate is 20% (2014 - 20%). This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one instalment by the end of the fourth month.

The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

15% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax. Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. As of December 31, 2015 and 2014, current income tax payables have been offset against the prepaid taxes in entity basis but such offset amounts have been classified in gross basis in the consolidated financial statements. Prepaid taxes and corporate tax provision have been demonstrated as follows:

	December 31, 2015	December 31, 2014
Current income tax provision	**(64.394.784)**	(51.876.137)
Prepaid taxes	**50.275.001**	35.136.643
Corporation tax liabilities	**(14.119.783)**	(16.739.494)

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

24. Tax assets and liabilities (continued)

The breakdown of consolidated tax expense for the years ended December 31, 2015 and 2014 is as follows:

	January 1 – December 31, 2015	January 1 – December 31, 2014
Deferred tax income	**(1.612.936)**	2.504.011
Corporate tax	**(64.394.784)**	(51.876.137)
Current period of corporate tax	**(68.434.122)**	(51.876.137)
Adjustment for prior period corporate tax	**4.039.338**	-
Total tax expense	**(66.007.720)**	(49.372.126)

b) Deferred tax

Temporary differences creating a basis for deferred tax assets / liabilities, deferred tax income / expenses and deferred tax calculations are as follows:

	Total temporary differences		Deferred tax asset/ (liability)	
	December 31, 2015	December 31, 2014	**December 31, 2015**	**December 31, 2014**
Adjustment of rediscount on receivables	**2.386.742**	1.869.517	**477.348**	373.903
Provision for doubtful receivables	**20.811.072**	23.383.148	**4.162.214**	4.676.630
Provision for prepaid expense	**3.113.379**	14.401.113	**622.676**	2.880.223
Tax utilization by investment incentive	**126.313.591**	119.629.655	**1.665.224**	1.575.586
Taxable losses	**137.789.680**	133.351.385	**27.557.936**	26.670.277
Provision for severance pay	**19.448.127**	12.222.111	**3.889.625**	2.444.422
Provision for unused vacation pays	**1.693.383**	1.353.173	**338.677**	270.635
Provision for seniority incentive premiums	**4.065.218**	3.729.186	**813.043**	745.837
Provision for land restoration costs	**5.895.941**	5.895.941	**1.179.188**	1.179.188
Provision for litigation	**13.860.468**	4.329.649	**2.772.094**	865.930
Rediscount for payable balances and notes given	**(387.062)**	(502.076)	**(77.412)**	(100.415)
Loan discount	**97.449**	(318.198)	**19.490**	(63.640)
Temporary differences in tangible and intangible assets	**(100.246.063)**	(114.730.035)	**(20.609.478)**	(23.414.267)
Temporary differences in inventories	**2.039.998**	2.039.998	**408.000**	408.000
Other	**778.655**	1.710.934	**155.731**	342.187
Provision for taxable losses	**(116.832.662)**	(94.973.942)	**(23.366.532)**	(18.994.788)
Provision for tax utilization by investment incentive	**(126.313.591)**	(119.629.655)	**(1.665.225)**	(1.575.587)
Total temporary differences			**(1.657.401)**	(1.715.879)
Deferred tax asset			**13.253.728**	11.873.206
Deferred tax liability			**(14.911.129)**	(13.589.085)
Deferred tax liability, net			**(1.657.401)**	(1.715.879)

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

24. Tax assets and liabilities (continued)

The movement of financial loss which are not subject to deferred tax and provisions for financial loss for the years is as follows:

	Prior Period Loss		**Provision Amount**	
	December 31,2015	December 31,2014	**December 31,2015**	December 31,2014
2011	**16.759.035**	16.759.035	**3.351.807**	3.351.807
2012	**14.349.979**	14.349.979	**2.869.996**	2.869.996
2013	**43.452.116**	43.452.116	**8.690.423**	8.690.423
2014	**20.412.812**	20.412.812	**4.082.562**	4.082.562
2015	**21.858.720**	-	**4.371.744**	-
Total Provision Amount	**116.832.662**	94.973.942	**23.366.532**	18.994.788

The movement of deferred tax liability for the years ended December 31, 2015 and 2014 is as follows:

	December 31, 2015	December 31, 2014
January 1	**(1.715.879)**	(4.353.088)
Current year deferred tax income	**(1.612.936)**	2.504.011
Other comprehensive deferred tax income	**1.671.414**	133.198
	(1.657.401)	(1.715.879)

The reconciliation of profit before tax to corporate income tax is presented below:

	January 1– December 31, 2015	January 1– December 31, 2014
Profit before income tax provision	**240.007.560**	219.264.565
Income tax expense at effective tax rate 20%	**(48.001.512)**	(43.852.913)
Change in provision for taxable losses	**(4.371.744)**	(4.082.562)
Gain/loss effect of investments accounted under equity method	**4.033.470**	4.880.006
Nondeductible expense	**(12.907.177)**	(2.621.630)
Stopage expense for dividend	**(11.167.803)**	-
Tax adjustment for prior period	**4.039.338**	-
Permanent differences on impairment of subsidiaries	**-**	(1.180.784)
Other permanent differences	**2.367.708**	(2.514.243)
Total tax expense	**(66.007.720)**	(49.372.126)

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

25. Earnings per share

Earnings per share are calculated by dividing net profit by the weighted average number of shares that have been outstanding during the year.

Companies can increase their share capital by making a pro rata distribution of shares (Bonus Shares) to existing shareholders without consideration for amounts resolved to be transferred to share capital from retaind earnings. For the purpose of the earnings per share calculation such Bonus Share issues are regarded as stock dividends. Dividend payments, which are immediately reinvested in the shares of the Company, are regarded similarly.

Earnings per share are determined by dividing net income of the shareholders by the weighted average number of shares that have been outstanding during the related year.

	December 31, 2015	December 31, 2014
Net income for the year	**174.138.010**	169.911.082
Weighted average number of ordinary shares (TL 1 nominal value per share)	**150.213.600**	150.213.600
Earnings per share (TL)	**1,16**	1,13

Besides, the Company paid dividends of 0,74 TL per share in current period (December 31, 2014 - 0,37 TL).

26. Related party disclosures

Short term trade receivables from related parties consist of the following:

	December 31, 2015	December 31, 2014
Kovcheg Ltd.(1)	**8.071.791**	8.463.944
Trade Port	**2.604.848**	2.604.848
Çimpaş Çimento İnşaat Mlz. Paz. A.Ş. (2)	**43.505**	1.993.779
Nuh Cement BG Jsc (2)	**1.590.457**	1.617.318
Cementos Esfera (2)	**14.184**	12.591
Nuh Çimento Eğitim ve Sağlık Vakfı (4)	**4.200**	-
Nuh Beton LLC (3)	**991.295**	800.968
Tan Kömür (1)	**-**	30.334
	13.320.280	15.523.782
Provision for doubtful receivables		
Kovcheg Ltd.	**(8.071.791)**	(8.463.944)
Trade Port	**(2.604.848)**	(2.604.848)
	2.643.641	4.454.990

Receivables from related parties are receivables derived from the sales of cement, supplies and fixed assets to related parties.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

26. Related party disclosures (continued)

Short term other receivables from related parties:

	December 31, 2015	December 31, 2014
Kovcheg Ltd. (1) (*)	**22.902.304**	22.902.304
Nuh Beton Torgoviy Port Ltd. (1) (*)	**6.165.847**	-
Nuh Beton LLC (3)	**-**	110.798
Tan Kömür (1) (**)	**-**	3.155.245
Tkuarchal Ugol Ltd.(1) (**)	**-**	8.078.328
	29.068.151	34.246.675
Provision for doubtful receivables		
Kovcheg Ltd. (1)	**(22.902.304)**	(22.902.304)
Nuh Beton Torgoviy Port Ltd. (1) (*)	**(6.165.847)**	-
Nuh Beton LLC (3)	-	(110.798)
	-	11.233.573

(*) Loans, including interests, provided by the Company or subsidiaries to affiliates
(**) The amount paid for guarantees given for joint ventures. As explained at note 22, during the sales transaction process of Tan Kömür, the receivable amounts have been added to share capital.
(1) Joint ventures
(2) Financial investments of the Company
(3) Subsidiaries
(4) Foundation which was established by the Company with the decision of Council of Ministers.

Short term payables to related parties:

None (December 31, 2014 – None).

In 2015 and 2014, sales to related parties consist of the following:

	December 31, 2015	December 31, 2014
Çimpaş Çimento İnşaat Mlz Paz. A.Ş. (2)	**9.583.396**	3.906.379
Nuh Cement BG Jsc (2)	**1.689.740**	1.904.334
Nuh Beton LLC (2)	**-**	1.009.678
Kovcheg.(1)	**-**	480.346
Tan Kömür (1)	**32.373**	16.200
	11.305.509	7.316.937

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

26. Related party disclosures (continued)

In 2015 and 2014, purchases from related parties consist of the following:

	December 31, 2015	December 31, 2014
Çimpaş Çimento İnşaat Mlz. Paz. A.Ş.(2)	**35.690**	92.602
	35.690	92.602

In 2015 and 2014, interest income from related parties consists of the following:

	December 31, 2015	December 31, 2014
Tan Kömür (1)	**207.965**	459.004
Tkuarchal Ugol Ltd.(1)	**-**	54.736
	207.965	513.740

(1) Joint ventures
(2) Financial investments of company

As of December 31, 2015, remunerations provided to top managing executives of the Group such as CEO, members of the Board, General Manager and Deputy General Managers amount to TL 10.817.668 (December 31, 2014 – 8.688.965 TL).

27. Nature and level of risks arising from financial instruments

The Group is exposed to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. These risks are market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Financial and Risk Management Board holds monthly meetings for the purpose of implementing a risk efficient management at the Group wide. In this meeting, the Group's financial performance and its commercial and financial risks are evaluated.

Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by limiting the aggregate risk from any individual counterparty (excluding related parties) and by receiving guarantees from customers when considered necessary. Credit risk of the Group mainly arises from trade receivables. The Group manages this risk that may arise from its dealers or from other customers by restricting the credit limits determined for the dealers according the amount of guarantees received. Credit limits are regularly monitored by the Group and the customers' credit quality are regularly evaluated by considering the customer's financial position, past experiences and other factors.

Trade receivables are evaluated by the Group Management based on their past experiences and current economic conditions and are presented net value after deducting provision for doubtful receivables in the consolidated financial statements.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

27. Nature and level of risks arising from financial instruments (continued)

	Trade receivables		Other receivables			
December 31, 2015	**Related party**	**Other party**	**Related party**	**Other party**	**Bank deposits**	**Other (1)**
Maximum credit risk exposure as of reporting date (A+B+C+D)	**2.643.641**	**296.206.534**	**-**	**5.961.183**	**91.406.101**	**11.466.922**
- Maximum risk secured by guarantees (2)	**-**	**(111.168.832)**	**-**	**-**	**-**	**-**
A. Net book value of financial assets neither overdue nor impaired	**52.613**	**269.768.134**	**-**	**5.961.183**	**91.406.101**	**11.466.922**
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	**-**	**-**	**-**	**-**	**-**	**-**
C. Net book value of assets overdue but not impaired	**2.591.028**	**26.438.400**	**-**	**-**	**-**	**-**
- Secured portion by guarantees, etc.	**-**	**(15.334.548)**	**-**	**-**	**-**	**-**
D. Net book value of impaired assets	**-**	**-**	**-**	**-**	**-**	**-**
- Overdue (gross book value)	**10.676.639**	**62.133.395**	**29.068.151**	**1.310.637**	**-**	**-**
- Impairment (-) (Note 7)	**(10.676.639)**	**(62.133.395)**	**(29.068.151)**	**(1.310.637)**	**-**	**-**
- Net value under guarantee	**-**	**-**	**-**	**-**	**-**	**-**

	Trade receivables		Other receivables			
December 31, 2014	Related party	Other party	Related Party	Other party	Bank deposits	Other (1)
Maximum credit risk exposure as of reporting date (A+B+C+D)	4.454.990	246.378.033	11.233.573	10.950.639	55.860.246	11.375.464
- Maximum risk secured by guarantees (2)	-	(118.147.842)	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	2.095.412	231.168.738	-	9.474.639	55.860.246	11.375.464
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	619.200	-	1.476.000	-	-
C. Net book value of assets overdue but not impaired	2.359.578	14.590.095	11.233.573	-	-	-
- Secured portion by guarantees, etc.	-	(14.455.095)	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	11.068.792	46.788.439	23.013.102	1.310.637	-	-
- Impairment (-) (Note 7)	(11.068.792)	(46.788.439)	(23.013.102)	(1.310.637)	-	-
- Net value under guarantee	-	-	-	-	-	-

(1) Comprise checks received and other current assets which are included in cash and cash equivalents.
(2) Guarantees received fully comprise letter of guarantees.

Credit risk

Aging analysis of the receivables which are overdue but not impaired is as follows:

December 31, 2015:	**Trade receivables (*)**	**Other receivables**
1-90 Days past due	**10.817.929**	**2.409**
3-6 Months past due	**7.414.807**	**-**
6-9 Months past due	**4.793.697**	**397.618**
9-12 Months past due	**1.038.307**	**592.125**
More than 1 Year past due	**2.373.660**	**1.598.876**
	26.438.400	**2.591.028**
Net value under guarantee (-)	**(15.334.548)**	**-**

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

27. Nature and level of risks arising from financial instruments (continued)

December 31, 2014:	Trade receivables (*)	Other receivables
1-90 Days past due	10.457.937	-
3-6 Months past due	1.412.179	-
6-9 Months past due	860.611	11.233.573
9-12 Months past due	515.008	-
More than 1 Year past due	1.344.360	-
	14.590.095	11.233.573
Net value under guarantee (-)	(14.455.095)	-

(*) The amount of TL 2.591.028 (December 31, 2014 – TL 9.863.811) are receivables from related companies.

The credit risk of the Group is mainly attributable to its trade receivables.

Overdue trade receivables are evaluated by the Group management taking into account the past experiences and the current economic outlook, and are presented in the consolidated balance sheet net value after necessary provisions for doubtful receivables are deducted. The cheques received classified under liquid assets and maturing earlier than the balance sheet date are shown as "Other". The Group Management does not foresee any risk related to recoverability of its receivables other than the provisions provided for.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by limiting the aggregate risk from any individual counterparty (excluding related parties) and by receiving guarantees from customers when considered necessary.

As of December 31, 2015 and December 31, 2014, maturities of gross trade payables and financial liabilities are as follows:

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

27. Nature and level of risks arising from financial instruments (continued)

December 31, 2015:

Maturities per agreements	**Book value**	**Total cash outflow per agreement (=I+II+III+IV))**	**Less than 3 months (I)**	**Between 3-12 month (II)**	**Between 1-5 year (III)**	**Over 5 years (IV)**
Non-derivative financial liabilities						
Bank loans	**184.923.096**	**202.757.290**	**18.359.119**	**49.509.495**	**134.888.676**	**-**
Trade payables	**61.799.107**	**62.186.169**	**62.186.169**	**-**	**-**	**-**
Other payables	**8.533.613**	**8.533.613**	**8.533.613**	**-**	**-**	**-**

December 31, 2014:

Maturities per agreements	**Book value**	**Total cash outflow per agreement (=I+II+III+IV))**	**Less than 3 months (I)**	**Between 3-12 month (II)**	**Between 1-5 year (III)**	**Over 5 years (IV)**
Non-derivative financial liabilities						
Bank loans	222.556.614	249.282.907	13.644.522	62.288.527	162.790.084	10.559.774
Trade payables	55.901.157	56.403.234	56.403.234	-	-	-
Other payables	6.877.613	6.877.613	6.877.613	-	-	-

Interest rate risk

The interest position as of December 31, 2015 and 2014 is as follows:

	December 31, 2015	December 31, 2014
Financial instruments with fixed interest rates		
Time deposits, denominated in TL	**66.218.168**	51.100.371
Time deposits, denominated in foreign currencies	**24.089.637**	2.600.625
Financial payables, denominated in TL	**49.521.937**	90.480.595
Financial payables, denominated in foreign currencies	**25.074.467**	36.248.911
Financial instruments with variable interest rates		
Financial payables, denominated in foreign currencies	**110.326.692**	95.827.108

As of December 31, 2015, if the variable interest rate in USD and Euro were higher / lower by 100 basis points when all other variables remained constant, the profit before tax would have been lower/higher by TL 338.285 (December 31, 2014 – TL 689.306).

As of December 31, 2015 and 2014, there are no financial instruments denominated in TL with variable interest.

Foreign currency risk

As the short and long term loans are denominated in foreign currency, the payments to be made in foreign currency leads to a foreign currency risk at times when changes in foreign exchange are against the Turkish Lira. Furthermore, the Group is exposed to foreign exchange risk through the rate changes at the translation of foreign currency denominated liabilities to local currency since the Group trades with foreign companies. These risks are monitored and limited through analysis of the foreign currency position. The Group follows a policy of diversifying its foreign currency position in order to manage the foreign currency risk that may arise due to future operations and recognized assets and liabilities.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

27. Nature and level of risks arising from financial instruments (continued)

The accompanying table represents the foreign currency risk of the Company as of December 31, 2015 and 2014:

	December 31, 2015							December 31, 2014						
	TL Equivalent (functional currency)	**U.S. Dollars**	**Euro**	**GBP**	**Yen**	**CHF**	**Ruble**	TL Equivalent (functional currency	ABD Doları	Euro	GBP	Yen	CHF	Ruble
1. Trade receivables	**5.374.831**	**881.246**	**870.149**	**-**	**-**	**-**	**1.200.000**	6.796.785	1.773.662	934.361	-	-	-	1.200.000
2a. Monetary financial assets (including cash, bank accounts)	**25.715.034**	**8.727.359**	**106.766**	**5**	**-**	**-**	**2.120**	3.699.941	1.578.588	13.542	280	1	-	2.130
2b. Non-monetary financial assets	**743.223**	**255.244**	**-**	**250**	**-**	**-**	**-**	28.533.580	12.257.010	39.280	-	-	-	-
3. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	49.740	-	17.634	-	-	-	-
4. Current assets (1+2+3)	**31.833.088**	**9.863.849**	**976.915**	**255**	**-**	**-**	**1.202.120**	39.080.046	15.609.260	1.004.817	280	1	-	1.202.130
6a. Monetary financial assets	**2.408.065**	**-**	**757.825**	**-**	**-**	**-**	**-**	1.850.627	-	656.088	-	-	-	-
8. Non-current assets (5+6+7)	**2.408.065**	**-**	**757.825**	**-**	**-**	**-**	**-**	1.850.627	-	656.088	-	-	-	-
9. Total assets(4+8)	**34.241.153**	**9.863.849**	**1.734.740**	**255**	**-**	**-**	**1.202.120**	40.930.673	15.609.260	1.660.905	280	1	-	1.202.130
10. Trade payables	**(754.455)**	**(105.097)**	**(140.545)**	**(530)**	**-**	**-**	**-**	(555.873)	(106.023)	(109.232)	(530)	-	-	-
11. Financial liabilities	**(34.955.723)**	**(8.739.694)**	**(3.003.584)**	**-**	**-**	**-**	**-**	(28.232.227)	(8.496.544)	(3.023.927)	-	-	-	-
12a. Other monetary liabilities	**(1.500.269)**	**(515.490)**	**(450)**	**-**	**-**	**-**	**-**	(1.195.596)	(515.040)	(450)	-	-	-	-
13. Current liabilities (10+11+12)	**(37.210.447)**	**(9.360.281)**	**(3.144.579)**	**(530)**	**-**	**-**	**-**	(29.983.696)	(9.117.607)	(3.133.609)	(530)	-	-	-
15. Financial liabilities	**(100.383.957)**	**(29.177.541)**	**(4.892.793)**	**-**	**-**	**-**	**-**	(104.322.555)	(35.455.157)	(7.836.917)	-	-	-	-
16 a. Other monetary liabilities	**(5.303.710)**	**(1.819.316)**	**(4.364)**	**-**	**-**	**-**	**-**	(15.021.066)	(6.451.982)	(21.117)	-	-	-	-
17. Non-current liabilities (14+15+16)	**(105.687.667)**	**(30.996.857)**	**(4.897.157)**	**-**	**-**	**-**	**-**	(119.343.621)	(41.907.139)	(7.858.034)	-	-	-	-
18. Total liabilities (13+17)	**(142.898.114)**	**(40.357.138)**	**(8.041.736)**	**(530)**	**-**	**-**	**-**	(149.327.317)	(51.024.746)	(10.991.643)	(530)	-	-	-
20. Net foreign currency asset/(liability) position (9-18)	**(108.656.961)**	**(30.493.289)**	**(6.306.996)**	**(275)**	**-**	**-**	**1.202.120**	(108.396.644)	(35.415.486)	(9.330.738)	(250)	1	-	1.202.130
21. Net foreign currency asset / (liability) position of monetary items (1+2a+6a-10-11-15-16a)	**(109.400.184)**	**(30.748.533)**	**(6.306.996)**	**(525)**	**-**	**-**	**1.202.120**	(136.930.224)	(47.672.496)	(9.370.018)	(250)	1	-	1.202.130
23. Export	**107.356.871**	**38.255.837**	**1.016.665**	**-**	**-**	**-**	**-**	118.406.881	49.943.661	919.107	-	-	-	-
24. İmport	**750.054.367**	**37.398.882**	**4.223.895**	**-**	**290.000.000**	**-**	**-**	135.617.787	52.402.334	4.955.524	34.473	-	-	-

(*) Import and export amounts were converted to Turkish Lira by using weighted average exchange rates.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

27. Nature and level of risks arising from financial instruments (continued)

The following table demonstrates the sensitivity to a possible change of 10% in the U.S. Dollars, Euro and other exchange rates, with all other variables held constant, on the Group's income before tax as of December 31, 2015 and 2014:

	December 31, 2015		December 31, 2014	
		Kar/Zarar		Kar/Zarar
	Value increase in foreign currency	**Value decrease in foreign currency**	Value increase in foreign currency ı	Value decrease in foreign currency
In case 10% appreciation of USD against TL				
1- USD net asset/liability	**(8.866.228)**	**8.866.228**	(8.212.497)	8.212.497
2- Amount hedged for USD risk(-)	**-**	**-**	-	-
3- USD net effect (1+2)	**(8.866.228)**	**8.866.228**	(8.212.497)	8.212.497
In case 10% appreciation of Euro against TL:				
4- Euro net asset/liability	**(2.004.111)**	**2.004.111**	(2.631.921)	2.631.921
5- Amount hedged for Euro risk (-)	**-**	**-**	-	-
6- Euro net effect (4+5)	**(2.004.111)**	**2.004.111**	(2.631.921)	2.631.921
In case average 10% appreciation of other currencies against TL				
7- Other currency net asset/liability	**4.643**	**(4.643)**	4.754	(4.754)
8- Amount hedged for other currency risk (-)	**-**	**-**	-	-
9- Other currency rates net effect (7+8)	**4.643**	**(4.643)**	4.754	(4.754)
Total (3+6+9)	**(10.865.696)**	**10.865.696**	(10.839.664)	10.839.664

Capital risk management

For proper management of capital risk, the Company aims;

- to maintain continuity of operations so as to provide earnings to partners and benefits to other shareholders
- to increase profitability through determining a service pricing policy that is commensurate with the level of risks in the market.

The Group determines the amount of share capital in proportionate to the risk level. The equity structure is arranged in accordance with the economic outlook and the risk features of assets.

The Group monitors capital management by using the debt/equity ratio. This ratio is calculated by dividing the debt, net, by the total share capital. The net debt is calculated by deducting the value of cash and cash equivalents from the total debt (the sum of short and long term liabilities stated in the consolidated statement of financial position). The total share capital is the sum of all equity items stated in the consolidated statement of financial position.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

27. Nature and level of risks arising from financial instruments (continued)

	December, 31 2015	December 31, 2014
Total debt	**184.923.096**	222.556.614
Less: Cash and cash equivalents	**(102.952.334)**	(67.338.791)
Net debt	**81.970.762**	155.217.823
Total equity	**1.063.712.351**	999.026.101
Total debt/equity ratio	**8%**	16%

28. Financial instruments (fair value explanations and disclosures within the framework of hedge accounting)

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The carrying amounts of foreign currency denominated monetary assets which are translated at year end exchange rates are considered to approximate their fair values.

The carrying values of cash and cash equivalents including bank deposits, cheques received and other cash equivalents are estimated to be at their fair values since they have short term maturities and have little impairment risk.

The carrying value of trade receivables which are both discounted and provided provision for doubtful receivables are estimated to be at their fair values.

The fair values of short and long-term bank borrowings are assumed to approximate their book values which are calculated by adding the accrued interest as of the balance sheet date (calculated by effective interest rate method) on the principle.

Discounted values of trade payables are assumed to approximate their respective carrying values.

	Book Value		**Fair Value**	
	Current Period	Prior Period	**Current Period**	Prior Period
Financial assets				
Cash and cash equivalents	**102.952.334**	67.338.791	**102.952.334**	67.338.791
Financial investments	**1.479.173**	-	**1.479.173**	-
Trade / other receivable (İnclude related parties)	**304.811.358**	273.017.235	**304.811.358**	273.017.235
Long-time financial investments (*)	**3.134.161**	3.134.161	**3.134.161**	3.134.161
Financial liabilities				
Bank loans	**184.923.096**	222.556.614	**184.614.337**	221.999.943
Trade/ other payable	**70.332.720**	62.778.770	**70.332.720**	62.778.770

(*) Financial investments of the Group are carried at cost and the fair value of this financial assets is not available.

28. Financial instruments (fair value explanations and disclosures within the framework of hedge accounting) (continued)

Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

As of December 31, 2015 and December 31, 2014, there is no asset or liability that is carried at fair value.

29. Other matters which are significant to the financial statements or which should be disclosed for the purpose of true and fair interpretation of the financial statements

None.