(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, 2014 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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(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

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. and its Subsidiaries (hereafter together referred to as "Company") as of December 31, 2014 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.

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

Basis for qualified opinion

1) An impairment has been recognized for the whole carrying value of Torgoviy Port Ltd that is incorporated in Russia and is accounted using the equity method in the consolidated financial statements for the period ended December 31, 2014 at the amount of TL 5.903.919; however the effect of this provision on the prior period financial statements was not assessed and the full effect was reflected in the financial statements dated December 31, 2014.

2) The consolidated financial statements of Tan Kömür Dış Ticaret Limited Şirketi, established in 2010 and carried using the equity method, dated December 31, 2014 and for the period then ended were not audited within the scope of consolidation since the controlling power of the Company on the mentioned associate is limited. Accordingly, we were unable to obtain sufficient and appropriate audit evidence on the loss for the period amounting to TL 230.209 (December 31, 2013: TL 374.260) in the account of "Share of profits of investments accounted under equity method" in the consolidated statement of profit or loss and other comprehensive income and the amount of assets amounting to TL 14.326.491 (December 31, 2013 - TL 21.309.331) in the account of "investments accounted under equity method " and the translation difference amounting to TL (5.685.956) (December 31, 2013 - TL 1.195.032) reflected in the "translation difference" account.

3) As also explained at Note 14, the Company management has assigned an independent valuation company in order to perform an impairment test on carried value of goodwill and tangible assets in relation to Kudret Enerji Elektrik Üretim A.Ş. ("Kudret Enerji"), based on which an impairment is identified amounting to TL 12.556.000. However, this amount was not reflected in the consolidated financial statements. Had the identified amount of impairment been recognized in the consolidated financial statements dated December 31, 2014, the goodwill and net profit for the period would have been lower by TL 12.556.000.

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, 2014 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 5 March 2015.

2) Pursuant to the fourth paragraph of Article 402 of the TCC, except for the 1st and 3rd topics of "basis for qualified opinion " paragraphs, 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 2014 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 2nd topic of the "basis for qualified opinion" paragraph, the Board of Directors provided us the necessary explanations and requested documents in connection with the audit.

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

Additional paragraph for convenience translation to English:

The accounting principles described at Note to the consolidated financial statements (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosures requirement of the POA. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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 5, 2015
İstanbul, Türkiye

Nuh Çimento Sanayi A.Ş. and its subsidiaries

Consolidated financial position
as of December 31, 2014
(Amounts expressed in Turkish Lira (TL))

	Notes	Current period Audited December 31, 2014	Prior period Audited (Revised Note 2) December 31, 2013
Assets			
Current assets		**489.991.329**	452.204.096
Cash and cash equivalents	4	**67.338.791**	35.891.779
Trade receivables		**249.917.137**	237.863.338
- Due from related parties	7, 26	4.454.990	3.657.059
- Trade receivables from third parties	7	245.462.147	234.206.279
Other receivables		**18.473.574**	8.599.123
- Due from related parties	8, 26	11.233.573	2.869.772
- Other receivables from third parties	8	7.240.001	5.729.351
Inventories	9	**99.107.651**	87.905.936
Prepaid expenses	17-b	**38.251.029**	56.615.102
Current tax assets		**27.299**	57.505
Other current assets	17-a	**16.875.848**	23.967.850
Subtotal		**489.991.329**	450.900.633
Assets classified as held for sale	17-c	-	1.303.463
Non-current assets		**900.003.991**	906.976.058
Trade receivables	7	**915.886**	95.238
- Trade receivables from third parties		915.886	95.238
Other receivables		**3.710.638**	5.967.593
- Other receivables from third parties	8	3.710.638	5.967.593
Financial investments	5	**3.134.161**	3.187.199
Investments accounted under equity method	10	**128.599.278**	138.152.315
Investment properties	11	**167.865.885**	156.011.472
Tangible assets	12	**532.243.596**	543.945.678
Intangible assets	13	**28.693.861**	28.224.563
Goodwill	14	**19.067.067**	19.067.067
Prepaid expenses	17-b	**1.814.230**	1.488.418
Deferred tax assets	24	**11.873.206**	10.836.515
Other non-current assets		**2.086.183**	-
Total assets		**1.389.995.320**	1.359.180.154

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

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

Nuh Çimento Sanayi A.Ş. and its subsidiaries

Consolidated financial position
as of December 31, 2014
(Amounts expressed in Turkish Lira (TL))

	Notes	Current period Audited December 31, 2014	Prior period Audited (Revised Note 2) December 31, 2013
Liabilities			
Current liabilities		**250.125.939**	325.481.721
Short-term financial liabilities	6	**2.784.979**	17.072.056
Short-term portion of long-term financial liabilities	6	**70.376.441**	96.312.602
Trade payables	7	**55.901.157**	76.899.813
- Due to related parties	26	**-**	151.218
- Trade payables to third parties		**55.901.157**	76.748.595
Liabilities for employee benefits		**5.125.711**	4.464.777
Other payables	8	**6.877.613**	8.546.934
- Due to related parties		**6.877.613**	8.546.934
Deferred income		**36.771.774**	26.031.955
Current income tax liabilities	24	**16.739.494**	9.466.370
Provisions		**9.071.951**	8.907.166
- Other provisions	15	**9.071.951**	8.907.166
Other current liabilities		**1.135.409**	2.424.266
Non-current liabilities		**186.184.690**	216.747.027
Long-term financial liabilities	6	**149.395.194**	176.635.963
Long-term provisions		**23.200.411**	24.921.461
- Reserve for employee termination benefits	16	**17.304.470**	18.434.741
- Other long-term provisions	15	**5.895.941**	6.486.720
Deferred tax liabilities	24	**13.589.085**	15.189.603
Equity		**999.026.101**	892.307.188
Equity holders of the parent		**998.887.931**	892.150.375
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		**(971.060)**	(438.267)
- Actuarial gain/loss arising from defined benefit plans		**(971.060)**	(438.267)
Other comprehensive income/expense to be reclassified to profit or loss		**(6.176.910)**	884.791
- Currency translation differences		**(6.182.622)**	879.079
- Revaluation surplus		**5.712**	5.712
Restricted reserves		**203.856.226**	133.767.295
Retained earnings		**442.716.848**	480.478.274
Net income for the year		**169.911.082**	87.906.537
Non-controlling interest		**138.170**	156.813
Total liabilities and equity		**1.389.995.320**	1.359.180.154

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, 2014 (Amounts expressed in Turkish Lira (TL))

	Notes	Current period Audited January 1 - December 31, 2014	Prior period Audited (Revised Note 2) January 1 - December 31, 2013
Continuing operations			
Revenue	19	1.006.631.625	962.798.183
Cost of sales (-)	19	(664.347.342)	(721.464.800)
Gross profit		342.284.283	241.333.383
Selling, marketing and distribution expenses (-)		(49.901.435)	(41.942.881)
General and administrative expenses (-)		(56.298.243)	(46.665.826)
Research and development expenses (-)		(12.776)	(23.431)
Other operating income	21	18.338.276	44.041.470
Other operating expenses (-)	21	(65.040.117)	(98.126.694)
Operating profit		189.369.988	98.616.021
Income from investment activities	22	28.992.687	57.170.001
Expense from investment activities (-)	22	(5.903.919)	(18.914.109)
Share of profits of investments accounted under equity method		24.400.031	21.677.308
Operating profit before financing expense		236.858.787	158.549.221
Financial income	23	15.483.945	14.386.542
Financial expense (-)	23	(33.078.167)	(55.867.214)
Operating income before tax		219.264.565	117.068.549
Tax expense for continuing operations		(49.372.126)	(28.925.155)
- Current tax expense for the year	24	(51.876.137)	(32.334.278)
- Deferred tax income/(expense)	24	2.504.011	3.409.123
Net income for continuing operations		169.892.439	88.143.394
Expense from discontinued operations	3	-	(230.913)
Net income for the year		169.892.439	87.912.481
Other comprehensive income/(expense):			
Other comprehensive income not to be reclassified to profit or loss			
- Actuarial gain/loss arising from defined benefit plans		(171.036)	(263.996)
- Deferred tax effect		34.207	52.799
Other comprehensive income to be reclassified to profit or loss			
-Actuarial gain/loss arising from defined benefit plans for investments accounted under equity method		(494.955)	(87.326)
- Deferred tax effect		98.991	17.465
- Change in currency translation differences		(7.061.701)	991.422
- Revaluation gains from investments under equity method		-	5.712
Other comprehensive income/(expense) (after tax)		(7.594.494)	716.076
Total comprehensive income		162.297.945	88.628.557
Profit for the year attributable to		169.892.439	87.912.481
Non-controlling interest		(18.643)	5.944
Share of the parent		169.911.082	87.906.537
Total comprehensive income attributable to		162.297.945	88.628.557
Non-controlling interest		(18.643)	5.944
Share of the parent		162.316.588	88.622.613
Earnings per share	25	1,13	0,59

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, 2014 (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	Share of the parent	Non-controlling interest	Total
Balance as of January 1, 2013	150.213.600	39.338.145	(221.358)	(112.343)	-	109.985.606	487.907.020	64.433.571	851.544.241	150.869	851.695.110
Transfers	-	-	-	-	-	-	64.433.571	(64.433.571)	-	-	-
Transfer from retained earnings to reserves	-	-	-	-	-	23.781.689	(23.781.689)	-	-	-	-
Dividend payments	-	-	-	-	-	-	(48.080.628)	-	(48.080.628)	-	(48.080.628)
Total comprehensive income	-	-	(216.909)	991.422	5.712	-	-	87.906.537	88.686.762	5.944	88.692.706
Balance as of December 31, 2013	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 (Note 18)	-	-	-	-	-	-	(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

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, 2014 (Amounts expressed in Turkish Lira (TL))

	Notes	Audited Current period January 1 – December 31, 2014	Audited Prior period January 1 – December 31, 2013
A Cash flows from operating activities			
Continuing operations net income for the year		169.892.439	88.143.394
Discontinuing operations net loss for the year		-	(230.913)
Adjustments to reconcile profit before tax to net cash provided by operating activities:			
Adjustment for depreciation and amortization expense	20	58.070.182	57.147.374
Adjustment for tax income/expenses		49.372.126	28.925.155
Adjustment for provision for expenses		45.262.280	51.613.335
Adjustment for rediscount income/expenses		663.130	3.131.371
Adjustment for interest expense	23	22.839.549	16.282.195
Adjustment for interest income	23	(8.024.203)	(3.699.899)
Impairment of Kudret Enerji goodwill	14	-	5.843.775
Impairment of subsidiaries and joint-ventures	22	5.903.919	2.500.000
Adjustment for (gain) / loss on sales of tangible and intangible assets, net		(13.977.344)	(27.798.525)
Share of profits of investments accounted under equity method		(24.400.031)	(21.677.308)
Loss on sale of subsidiary	22	-	16.349.269
Profit on sale of subsidiary and affiliate	22	(36.890)	(18.691.900)
Operating income before working capital changes		305.565.157	197.837.323
Changes in working capital:			
Adjustment for increase/decrease in trade receivables		(24.250.776)	(11.983.125)
Adjustment for increase/decrease in inventories		(11.201.715)	(4.316.474)
Adjustment for increase/decrease in trade payables		(19.977.433)	(3.880.157)
Adjustment for increase/decrease in other receivables related with operations		(17.275.187)	(14.134.402)
Adjustment for increase/decrease in other payables related with operations		8.442.575	10.147.314
Payments for employment termination benefits and seniority incentive premiums		(4.342.791)	(3.243.841)
Income taxes paid/returns		(44.603.013)	(24.816.706)
Net cash generated by operating activities		192.356.817	145.609.932
B. Cash flows from investing activities			
Dividends received from affiliates and subsidiaries		20.269.656	21.528.265
Interest received		8.024.203	3.699.899
Purchase of tangible and intangible assets	12,13	(72.137.749)	(63.555.746)
Proceeds from sale of tangible and intangible assets		27.423.282	44.275.594
Cash paid for expenditures in investment properties	11	-	(48.299.716)
Assets held for sale		1.303.463	6.016.822
Change in financial investments		89.928	23.230
Cash generated by sale of the subsidiary		-	19.391.900
Net cash used in investing activities		(15.027.217)	(16.919.732)
C. Cash flows from financing activities			
Dividends paid, cash		(55.579.032)	(48.080.628)
Interest paid		(20.742.171)	(13.038.422)
Proceeds from borrowings		32.952.297	118.987.800
Repayment of borrowings		(102.513.682)	(174.860.045)
Net cash used in financing activities		(145.882.588)	(117.011.295)
Increase (+) / decrease (-) in cash and cash equivalents (A+B+C)		11.678.905	(521.300)
D. Cash and cash equivalents at the beginning of the year	4	24.212.874	24.734.174
Cash and cash equivalents at the end of the year	4	35.891.779	24.212.874

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

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

1. Organization and business activities

Nuh Çimento Sanayi A.Ş. (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 12,40% of its shares are being traded on Borsa Istanbul (BIST) since 24 February 2000.

Consolidated financial statements have been authorized on March 5, 2015 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, 2014 and December 31, 2013 is as follows:

	Percentage of shares	
Name	**December 31, 2014**	December 31, 2013
Nuh Ticaret ve Sanayi A.Ş.	**43,94%**	43,73%
Partaş Tekstil İnş. San.ve Tic. A.Ş.	**15,94%**	15,94%
Traded on BIST	**12,40%**	12,07%
Other(*)	**27,72%**	28,26%
	100,00%	100,00%

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

The average number of personnel is categorized as follows:

	December 31, 2014	December 31, 2013
White collar	**726**	348
Blue collar	**324**	653
Total	**1.050**	1.001

Subsidiaries:

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

Nuh Beton A.Ş.

Nuh Beton A.Ş. started to produce ready-mixed concrete in 1987 at the Bostancı facility as a separate entity of Nuh Çimento Sanayi A.Ş. 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 Sanayi A.Ş. and Nuh Beton A.Ş. was established in 1995. 32 concrete plants, 254 mixers, 57 pumps and 28 loaders exist in 17 separate facilities. Besides, the bazaar and hotel constructions on the land owned by the Company in Bostancı were finalized in 2014.

1. Organization and business activities (continued)

Nuh Yapı Ürünleri ve Makina Sanayi A.Ş.(Nuh Yapı)

A limestone manufacturing plant and an aerated concrete block (white brick) manufacturing plant were established within Nuh Çimento Sanayi A.Ş. 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 Ürünleri ve Makine Sanayi A.Ş. 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 Ürünleri ve Makina Sanayi A.Ş. 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 and which was fully financed by equity 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 Elektrik Üretim A.Ş. 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 Sanayi A.Ş. 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 EMRA for the cancellation of its license, which was cancelled as of August 31, 2014 upon the resolution of the board dated August 27, 2014 and numbered 51/87-7.

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

Nuh Enerji Elektrik İthalat İhracat ve Toptan Ticaret A.Ş. 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 and its paid-in share capital amounts to TL 1.000.000.

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.

Nuh Gayrimenkul İnşaat A.Ş.

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.

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

1. Organization and business activities (continued)

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 Sanayi A.Ş.

Navig Holding Trade B.V.

Navig Holding Trade B.V. was established in 1997 in Netherlands with the 100% participation of Nuh Çimento Sanayi A.Ş. to assist the export-import operations of the group's firms, finding long-term external credits for investments and making securities investments. The company's current capital is EUR 12.039.658.

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. The Group's shareholding rate in the company is 75%.

Tekkale Elektrik Üretim Ticaret Sanayi A.Ş

On July, 2011 the Group purchased all shares of Tekkale Elektrik Üretim Ticaret Sanayi A.Ş 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 2014, 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 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 Sanayi A.Ş 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.

1. Organization and business activities (continued)

Ünye Çimento Sanayi ve Ticaret A.Ş.

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 A.Ş. and Nuh Gayrimenkul İnşaat A.Ş. 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 2013 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)

Adjustment of financial statements during hyperinflationary periods

In accordance with the CMB's resolution dated March 17, 2005 and numbered 11/367, the financial statements were restated in accordance with International Accounting Standards (IAS) 29 (Financial Reporting in Hyperinflationary Economies) for the last time as of December 31, 2004, since the objective conditions which require the application of restatement of financial statements have not been realized and that based on the existing data CMB has foreseen that the indications whether such conditions are going to be realized in the future is no longer probable. Therefore, non-monetary assets, liabilities and equity items including the share capital as of December 31, 2014 and December 31, 2013 have been restated by applying the relevant conversion factors through December 31, 2004 and carrying additions after December 31, 2004 at their nominal values.

ii. Basis of consolidation

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

	December 31, 2014	December 31, 2013
Subsidiaries		
Nuh Beton A.Ş.	100,00%	100,00%
Nuh Yapı Ürünleri ve Makine Sanayi 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%	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%	50,00%
Tan Kömür Dış Ticaret Limited Şirketi	50,00%	50,00%
Ünye Çimento Sanayi ve Ticaret A.Ş.	40,03%	40,035

(*) 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 2014, the Group has recognized a provision for the whole carrying value of Torgoviy Port Ltd. and Kovcheg Ltd..

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.

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

- 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.

- 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

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

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.

- The lands that are carried at TL 21.801.645 and designated as for rent and held to obtain profit from their sales, classified in the "plant, property and equipment" account group in the Group's financial position dated December 31, 2013 have been classified to the "investment properties" account group. Since investment properties continue to be valued at cost value, no change has occurred in the carrying value of the subject asset.

- The income from the services to subcontractors amounting to TL 2.903.346 that was classified under "revenues" and the expenses from the services to subcontractors amounting to TL 2.840.951 that was classified under "cost of sales" in the Group's statement of profit or loss and other comprehensive income dated December 31, 2013 have been reclassified to "other operating income" and "other operating expense" accounts, respectively.

- Transportation expenses amounting to TL 2.091.978 carried under "revenue" in in the Group's statement of profit or loss and other comprehensive income dated December 31, 2013 have been classified to the "cost of sold goods" 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.

Changes in accounting policy and disclosures

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2014 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 2014. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) New standards, changes and interpretations applicable to the financial statements as of January 1, 2014:

TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the TAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments did not have an impact on the consolidated financial statements of the Group.

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

TFRS Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is not applicable for the Group and did not have any impact on the financial position or performance of the Group.

TAS 36 Impairment of Assets (Amended) - Recoverable Amount Disclosures for Non-Financial assets

As a consequential amendment to TFRS 13 Fair Value Measurement, some of the disclosure requirements in TAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets has been modified. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. These amendments did not have an impact on the consolidated financial statements of the Group.

TAS 39 Financial Instruments: Recognition and Measurement (Amended)- Novation of Derivatives and Continuation of Hedge Accounting

Amendments provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. These amendments did not have an impact on the consolidated financial statements of the Group.

TFRS 10 Consolidated Financial Statements (Amendment)

TFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with TFRS. This amendment does not have any impact on the financial position or performance of the Group.

i) 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, the new standard is effective for annual periods beginning on or after 1 January 2015. 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.

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

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. These amendments are to be retrospectively applied for annual periods beginning on or after 1 July 2014. The amendments will not have an impact on the financial position or performance of the Group.

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 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 1 January 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 1 January 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 1 January 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.

Annual Improvements to TAS/TFRSs

In September 2014, Public Oversight Authority (POA) has issued the below amendments to the standards in relation to "Annual Improvements - 2010–2012 Cycle" and "Annual Improvements - 2011–2013 Cycle. The changes are effective for annual reporting periods beginning on or after 1 July 2014.

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

Annual Improvements - 2010–2012 Cycle

TFRS 2 Share-based Payment:

Definitions relating to vesting conditions have changed and performance condition and service condition are defined in order to clarify various issues. The amendment is effective prospectively.

TFRS 3 Business Combinations

Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of TFRS 9 Financial Instruments. The amendment is effective for business combinations prospectively.

TFRS 8 Operating Segments

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. 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. 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.

Amendment to the Basis for Conclusions on TFRS 13 Fair Value Measurement

The portfolio exception in TFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective prospectively.

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

TAS 40 Investment Property

The amendment clarifies the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

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. The 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.

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 is effective for reporting periods beginning on or after 1 January 2017, 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 effective for annual periods beginning on or after 1 January 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)

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

In August 2014, IASB issued an amendment to IAS 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 IAS 39),
Or
• Using the equity method

The entity must apply the same accounting for each category of investments. The amendment is effective for annual periods beginning on or after 1 January 2016. The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

Annual Improvements to IFRSs - 2012-2014 Cycle

In September 2014, IASB issued their annual cycle of improvements to IFRSs, Annual Improvements to IFRSs 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 – changes in methods of disposal
- IFRS 7 Financial Instruments: Disclosures – servicing contracts; applicability of the amendments to IFRS 7 to condensed interim financial statements
- IAS 19 Employee Benefits – regional market issue regarding discount rate
- IAS 34 Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'

The amendments are effective for annual periods beginning on or after 1 January 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.

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

In September 2014, IASB issued amendments to IFRS 10 and IAS 28, to address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 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 IFRS 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 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 1 January 2016. Earlier application is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group. or The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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

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

In December 2014, IASB issued amendments to IFRS 10, IFRS 12 and IAS 28, to address the issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment will not have an impact on the financial position or performance of the Group.

IAS 1: Disclosure Initiative (Amendments to IAS 1)

In December 2014, IASB issued amendments to IAS 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 after1 January 2016. Earlier application is permitted. These amendments are not expected have significant impact on the notes to the consolidated financial statements 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 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.

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

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 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.

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

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.

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.

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

(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.

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.

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

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

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, 2014. 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.

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.

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

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

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, 2014.

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 - 48 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.

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, 2014, 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.

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

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, 2014 and 2013, income tax provisions have been accrued in accordance with the prevailing tax legislation.

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.

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

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.

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.

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

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

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

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, 2014, segment reporting is as follows:

January 1 – December 31, 2014	Construction and construction materials	Energy	Consolidation adjustments	Consolidated
Non-group sales, net	926.098.117	80.533.508	-	1.006.631.625
Inter-group sales	114.859.516	40.250.736	(155.110.252)	-
Total sales, net	1.040.957.633	120.784.244	(155.110.252)	1.006.631.625
Cost of sales	(703.622.297)	(114.934.079)	154.209.034	(664.347.342)
Gross profit / (loss) from main operations	337.335.336	5.850.165	(901.218)	342.284.283
Selling, marketing and distribution expenses	(32.719.563)	(17.498.357)	316.485	(49.901.435)
General and administrative expenses	(55.408.592)	(2.456.391)	1.566.740	(56.298.243)
Research and development expenses	(12.776)	-	-	(12.776)
Other operating income	17.143.365	1.972.469	(777.558)	18.338.276
Other operating expenses	(64.257.829)	(355.178)	(427.110)	(65.040.117)
Operating profit / (loss)	202.079.941	(12.487.292)	(222.661)	189.369.988
Investing activities income	28.924.113	68.574	-	28.992.687
Investing activities expenses(-)	(5.903.919)	-	-	(5.903.919)
Share of profits of investments accounted under equity method	24.400.031	-	-	24.400.031
Operating profit/(loss) before financing expense	249.500.166	(12.418.718)	(222.661)	236.858.787
Financial income	15.238.579	245.366	-	15.483.945
Financial expense (-)	(22.820.816)	(12.138.840)	1.881.489	(33.078.167)
Current tax income / (expense)	(48.968.938)	(403.188)	-	(49.372.126)
Current period income / (expense) from continuing operations	192.948.991	(24.715.380)	1.658.828	169.892.439
Depreciation and amortisation expenses				
- Continuing operations	(50.286.585)	(7.783.597)	-	(58.070.182)
- Discontinued operations	-	-	-	-
- Allowance for receivables and impairments	(49.210.449)	-	-	(49.210.449)
Financial position				
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.)

3. Segment reporting (continued)

As of December 31, 2013, segment reporting is as follows:

January 1 – December 31, 2013	Construction and construction materials	Energy	Consolidation adjustments	Consolidated
Non-group sales, net	844.260.604	118.537.579	-	962.798.183
Inter-group sales	137.648.381	74.339.900	(211.988.281)	-
Total sales, net	981.908.985	192.877.479	(211.988.281)	962.798.183
Cost of sales	(749.098.904)	(187.738.278)	215.372.382	(721.464.800)
Gross profit / (loss) from main operations	232.810.081	5.139.201	3.384.101	241.333.383
Selling, marketing and distribution expenses	(28.225.480)	(13.861.362)	143.961	(41.942.881)
General and administrative expenses	(44.847.671)	(2.738.946)	920.791	(46.665.826)
Research and development expenses	(23.431)	-	-	(23.431)
Other operating income	45.001.314	678.245	(1.638.089)	44.041.470
Other operating expenses	(97.060.400)	(1.507.254)	440.960	(98.126.694)
Operating profit / (loss)	107.654.413	(12.290.116)	3.251.724	98.616.021
Investing activities income	58.824.038	-	(1.654.037)	57.170.001
Investing activities expenses(-)	(2.564.840)	(16.349.269)	-	(18.914.109)
Share of profits of investments accounted under equity method	21.677.308	-	-	21.677.308
Operating profit before financing expense	185.590.919	(28.639.385)	1.597.687	158.549.221
Financial income	13.528.832	857.710	-	14.386.542
Financial expense (-)	(34.043.246)	(22.089.637)	265.669	(55.867.214)
Current tax income / (expense)	(26.825.139)	(1.617.202)	(482.814)	(28.925.155)
Current period income / (expense) from continuing operations	138.251.366	(51.488.514)	1.380.542	88.143.394
Depreciation and amortisation expenses				
- Continuing operations	(47.666.310)	(9.013.155)	(383.054)	(57.062.519)
- Discontinued operations	-	(84.855)	-	(84.855)
- Allowance for receivable and impairment	(44.781.550)	(5.843.775)	-	(50.625.325)
Balance sheet				
Total assets	1.118.621.973	240.558.181	-	1.359.180.154
Total liabilities	318.271.834	148.601.132	-	466.872.966

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

4. Cash and cash equivalents

Cash and cash equivalents are as follows:

	December 31, 2014	December 31, 2013
Cash	**103.081**	80.661
Banks		
-Demand deposits	**2.159.250**	939.178
-Time deposits	**53.700.996**	27.803.152
Cheques and notes received	**11.029.282**	6.806.634
Other cash equivalents	**346.182**	262.154
	67.338.791	35.891.779

Details of time deposit accounts are as follows:

	December 31, 2014		December 31, 2013	
	Amount (TL equivalent)	Annual interest rate (%)	Amount (TL equivalent)	Annual interest rate (%)
TL	**51.100.371**	**6,25 - 11,50**	24.614.385	8,00 - 9,75
USD	**2.600.625**	**1,80 - 2,10**	3.188.767	1,40
Total	**53.700.996**		27.803.152	

As of December 31, 2014 maturities of time deposits vary between 1 to 31 (December 31, 2013 - 2 to 100) days. Time deposits have fixed interest rates.

5. Financial investments

Long term financial investments are stated below:

	Participation rates	December 31, 2014	Participation rates	December 31, 2013
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
Aslan Çimento Sanayi A.Ş.	-	-	Less than 1%	68.759
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**	75,00%	190.314
Kosbaş Kocaeli Serbest Bölgesi (b)	**Less than 1%**	**37.500**	Less than 1%	37.500
T. Garanti Bankası A.Ş.	-	-	Less than 1%	16.325
Antalya Güç Birliği (b)	**Less than 1%**	**7.805**	Less than 1%	7.805
NST Limited (c)	-	-	50,00%	122
Çandarlı Enerji üretim A.Ş. (c)	-	-	100,00%	13.500
		5.634.161		5.687.199
Impairment - Nuh Beton LLC		**(2.500.000)**		(2.500.000)
		3.134.161		3.187.199

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

5. Financial investments (continued)

(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, 2014 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, 2014 and December 31, 2013, 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, 2014 Nuh Cement BG Jsc which is 100% owned by the Company (75% in 2013) and NTS Limited which is 50% owned by the Company, are carried at cost in the consolidated financial statements because the 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.

6. Financial liabilities

	December 31, 2014	December 31, 2013
Short-term		
Short-term bank loans	**2.784.979**	17.072.056
Short-term portion of long term financial liabilities	**70.376.441**	96.312.602
	73.161.420	113.384.658
Long-term		
Long-term bank loans	**149.395.194**	176.635.963
	149.395.194	176.635.963

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

6. Financial liabilities (continued)

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	3,65 - 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	5,75 - 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	2,27 - 5,50	7.563.592	21.334.625
USD loans	25.01.2016-23.05.2020	2,05 - 3,62	36.513.974	84.672.254
TL loans	02.03.2016-22.10.2019	3,23 - 7,50	43.388.315	43.388.315
Total				149.395.194

As of December 31, 2013, details of short and long term loans are as follows:

			December 31, 2013	
	Maturity	Interest rate (%)	Original currency	TL
Short-term bank loans				
EURO loans	02.1.2014 - 30.11.2014	2,27 - 5,50	3.401.017	9.987.085
USD loans	24.1.2013 - 23.11.2014	2,05 - 3,62	10.818.099	23.089.070
TL loans	02.1.2014 - 02.12.2014	5,75 – 10,75	80.308.504	80.308.503
Total				113.384.658

			December 31, 2013	
	Maturity	Interest rate (%)	Original currency	TL
Long-term bank loans				
TL loans	06.03.2017	8,50	52.347.607	52.347.606
EURO loans	23.11.2014 - 23.05.2020	2,75 - 5,50	10.393.167	30.519.534
USD loans	05.07.2014 - 23.05.2020	1,10 – 3,70	43.934.228	93.768.823
Total				176.635.963

(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, 2014	December 31, 2013
2015	**-**	52.070.805
2016	**53.448.791**	43.527.352
2017	**35.206.783**	27.839.589
2018 and onwards	**60.739.620**	53.198.217
	149.395.194	176.635.963

7. Trade receivables and payables

Short-term trade receivables are as follows:

	December 31, 2014	December 31, 2013
Trade receivables	**156.043.641**	158.130.811
Notes receivables	**140.087.857**	101.942.418
Trade receivables from related parties (Note 26)	**15.523.782**	13.979.397
Other trade receivables	**-**	606.639
Income accruals (*)	**673.045**	15.550.680
	312.328.325	290.209.945
Rediscount on receivables (-)	**(4.553.957)**	(3.957.937)
Allowance for doubtful trade receivables		
- Trade receivables from related parties	**(11.068.792)**	(10.322.338)
- Trade receivables from third parties	**(46.788.439)**	(38.066.332)
	249.917.137	237.863.338

(*) As of December 31, 2014 TL 673.045 of accrued income is related to sales to Türkiye Elektrik İletim A.Ş. on December, 2014 (December 31, 2013 – TL 15.550.680).

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

	2014	2013
Opening allowance for doubtful receivables	**48.388.670**	30.654.274
Collections and write-offs	**(4.707.549)**	(200.639)
Current year allowance for doubtful receivables	**14.176.110**	17.935.035
Ending allowance for doubtful receivables	**57.857.231**	48.388.670

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

7. Trade receivables and payables (continued)

Long-term trade receivables are as follows:

	December 31, 2014	December 31, 2013
Notes receivables	1.155.845	116.663
Rediscount on receivables (-)	(239.959)	(21.425)
	915.886	95.238

Short-term trade payables are as follows:

	December 31, 2014	December 31, 2013
Trade payables	53.056.882	70.395.598
Notes payable	3.346.352	7.372.298
Rediscount on payables (-)	(502.077)	(1.019.301)
Trade payables to related parties	-	151.218
	55.901.157	76.899.813

As of December 31, 2014 and 2013, there is no long-term trade payables of the Company.

8. Other receivables and payables

i) Other short-term receivables:

	December 31, 2014	December 31, 2013
Financial receivables from related parties (Note 26)	34.246.675	26.768.097
Other short-term receivables	492.217	473.624
Due from personnel	5.497.394	5.429.218
Deposits and guarantees given	2.561.027	475.338
	42.797.313	33.146.277
Allowance for other doubtful receivables		
- Other receivables from related parties	(23.013.102)	(23.898.325)
- Other receivables from third parties	(1.310.637)	(648.829)
	18.473.574	8.599.123

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

9. Other receivables and payables (continued)

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

	2014	2013
January 1	**24.547.154**	-
Collections and reversals	**(885.223)**	-
Current year allowance	**661.808**	24.547.154
December 31	**24.323.739**	24.547.154

ii) Other long-term receivables:

	December 31, 2014	December 31, 2013
Deposits and guarantees given	**657.682**	601.456
Other miscellaneous receivables	**3.052.956**	5.366.137
	3.710.638	5.967.593

iii) Other short-term payables:

	December 31, 2014	December 31, 2013
Taxes, fees and other deductions	**5.201.653**	3.501.078
Deposits and guarantees received	**1.582.184**	4.946.200
Expense accruals	**51.197**	53.320
Other miscellaneous payables	**42.579**	46.336
	6.877.613	8.546.934

9. Inventories

	December 31, 2014	December 31, 2013
Raw materials and supplies	**80.002.527**	76.348.707
Work in progress	**17.751.359**	10.496.500
Finished goods	**3.210.605**	3.043.078
Merchandises	**183.158**	57.649
Provision for impairment of inventories	**(2.039.998)**	(2.039.998)
	99.107.651	87.905.936

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

10. Investments accounted under equity method

	December 31, 2014	December 31, 2013
Ünye Çimento	**114.272.787**	110.939.065
Tan Kömür	**14.326.491**	21.309.331
Torgoviy Port Ltd.	**5.903.919**	5.903.919
Kovcheg Ltd.	**2.930.750**	2.930.750
	137.433.947	141.083.065
Provision for impairment of Torgoviy Port LLC.	**(5.903.919)**	-
Provision for impairment of Kovcgeg LLC	**(2.930.750)**	(2.930.750)
	128.599.278	138.152.315

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

	Torgoviy Port Ltd.(*)		Kovcheg Ltd.(***)	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Assets	(**)	(**)	**15.596.179**	14.714.210
Liabilities	(**)	(**)	**33.560.200**	34.102.425
Net sales	(**)	(**)	**554.358**	1.823.667
Net profit/(loss)	(**)	(**)	**(14.140.918)**	(14.994.435)

(*) 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, 2014, 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, 2014 and 2013, of Torgoviy Port Ltd. could not been obtained and presented. As of December 31, 2014 provision for impairment loss has been recognised for the carrying amount of TL 5.903.919.

(***) As of December 31, 2014 and December 31, 2013, 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.

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

10. Investments accounted under equity method (continued)

	Tan Kömür		Ünye Çimento	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Assets	**44.827.895**	66.268.448	**326.128.394**	313.376.726
Liabilities	**16.174.914**	23.649.785	**40.660.527**	36.252.303
Net sales	**23.766**	8.137.648	**241.278.533**	232.488.320
Net profit/(loss)	**(460.418)**	(748.520)	**60.954.361**	55.084.546

As of December 31, 2014 and 2013, the shares of Unye Çimento are listed in Borsa Istanbul and market value of shares held by the Group amounts to TL 276.051.753 (December 31, 2013 - TL - 294.850.976). As of December 31, 2014 and 2013, the Company has obtained a cash dividend amounting to TL 20.269.656 and TL 21.528.285 respectively, from Ünye Çimento.

11. Investment properties

	Opening January 1, 2014	**Additions**	**Disposals**	**Transfers**	**Closing December 31, 2014**
Investment properties	**157.283.910**	**-**	**(1.932.562)**	**15.905.492**	**171.256.840**
Accumulated depreciation (-)	**(1.272.438)**	**(2.118.517)**	**-**	**-**	**(3.390.955)**
Net book value	**156.011.472**	**(2.118.517)**	**(1.932.562)**	**15.905.492**	**167.865.885**

	Opening January 1, 2013	Additions	Disposals	Transfers	Closing December 31, 2013
Investment properties	102.159.920	48.299.713	-	6.824.277	157.283.910
Accumulated depreciation (-)	(574.471)	(697.967)	-	-	(1.272.438)
Net book value	101.585.449	47.601.746	-	6.824.277	156.011.472

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

12. Tangible assets

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

As of December 31, 2014 the capitalized borrowing cost is amounting to TL 475.487 (December 31, 2013 – TL 1.679.340).

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

12. Tangible assets (continued)

The movement of tangible assets for the year ended December 31, 2013 is as follows:

	Opening January 1, 2013	Additions	Disposals	Transfers	Closing December 31, 2013
Cost					
Land	58.845.656	1.168.183	(6.256.407)	(6.824.277)	-
Land improvements	66.169.042	2.944.204	(628.433)	2.259.469	-
Buildings	148.387.672	206.398	(3.252.735)	387.301	-
Machinery and equipment	818.805.388	15.191.811	(5.221.127)	8.111.279	(237.288)
Vehicles	90.045.261	12.088.705	(10.632.491)	1.337.568	(483.051)
Furniture and fixtures	38.407.504	973.940	(220.756)	1.926	-
Other tangible assets	515.876	-	-	-	-
Construction in progress	4.658.804	28.698.880	-	(13.193.111)	(11.707.259)
Leasehold improvements	13.487.250	1.731.432	(4.176.365)	1.095.568	-
Total	1.239.322.453	63.003.553	(30.388.314)	(6.824.277)	(12.427.598)
Accumulated Depreciation (-)					
Land improvements	(34.675.413)	(3.163.145)	151.143	-	-
Buildings	(60.947.501)	(4.149.360)	159.369	-	-
Machinery and equipment	(461.732.706)	(37.300.680)	3.244.198	-	15.827
Vehicles	(73.224.423)	(7.717.638)	6.368.990	-	69.028
Furniture and fixtures	(28.887.371)	(1.914.217)	166.916	-	-
Other tangible assets	(453.504)	(4.150)	-	-	-
Leasehold improvements	(7.317.100)	(1.249.031)	3.820.631	-	-
Total	(667.238.018)	(55.498.221)	13.911.245	-	84.855
Net book value	572.084.435				

For the years 2014 and 2013, the allocation of depreciation and amortisation expense of tangible and intangible assets, and investment properties is as follows:

	2014	2013
Cost of goods sold	**51.121.219**	49.643.426
General administrative expenses	**3.392.486**	3.962.603
Selling and marketing expenses	**3.320.784**	3.298.961
Other expenses	**235.693**	242.384
	58.070.182	57.147.374

Insurance coverage on assets of the Group is as follows:

	December 31, 2014	December 31, 2013
Insurance amount	**2.373.163.433**	2.217.610.678

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

13. Intangible assets

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

The movement of intangible assets for the year ended December 31, 2013 is as follows:

	Opening January 1, 2013	Additions	Disposals	Closing December 31, 2013
Cost				
Rights	32.863.321	539.242	(26.630)	33.375.933
Other intangible assets	233.232	12.951	-	246.183
Total	33.096.553	552.193	(26.630)	33.622.116
Accumulated depreciation (-)				
Rights	(4.275.623)	(933.541)	26.768	(5.182.396)
Other intangible assets	(197.374)	(17.783)	-	(215.157)
Total	(4.472.997)	(951.324)	26.768	(5.397.553)
Net book value	28.623.556			28.224.563

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

14. Goodwill

	December 31, 2014	December 31, 2013
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, 2014, impairment amounting to TL 12.556.000 was identified for which no provision was booked by the Group. The USD-based weighted average cost of capital was calculated as 9,06% (December 31, 2013: 10,08%) 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 46,373 kWh (December 31, 2013: 57.820 kWh)

15. Provisions, contingent assets and liabilities

Provision for short-term liabilities:

	December 31, 2014	December 31, 2013
Accruals for costs	**-**	729
Provision for litigations	**9.071.951**	8.906.437
	9.071.951	8.907.166

The movement of provision for litigations for the years 2014 and 2013 is as follows:

	2014	2013
January 1	**8.906.437**	2.753.509
Payment and closings	**(385.000)**	-
Current year provisions	**550.514**	6.152.928
December 31	**9.071.951**	8.906.437

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

15. Provisions, contingent assets and liabilities (continued)

Provision for long-term liabilities:

Provision for land restoration:

As of December 31, 2014, 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 31,2013: TL 6.486.720) 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.

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, 2014	December 31, 2013
A.	Total amount of guarantees, pledges and mortgages given on behalf of the legal entity	**56.532.714**	68.788.314
B.	Total amount of guarantees, pledges and mortgages given in favour of the parties which are included in the scope of full consolidation	**192.736.529**	148.630.914
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 (*)	**47.951.900**	80.365.989
Total		**297.221.143**	297.785.217

(*) As of December 31, 2014, Company had a pledge amounting to EUR 17.000.000 (December 31, 2013 – EUR 22.000.000) 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 EUR 7.500.000 as of January 13, 2015.

As of December 31, 2014, the ratio of guarantees, mortgage and pledges given by the Company and its subsidiaries to total equity is 5% (December 31, 2012 – 7%).

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

	December 31, 2014	December 31, 2013
Guarantee letters given	**57.769.190**	48.044.722
Mortgages and collaterals given	**239.451.953**	249.740.495
Total	**297.221.143**	297.785.217

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

15. Provisions, contingent assets and liabilities (continued)

	Original currency		TL equivalent	
	December 31, 2014	December 31, 2013	**December 31, 2014**	December 31, 2013
Guarantee letters given				
TL	**57.769.190**	48.044.722	**57.769.190**	48.044.722
Mortgages and collaterals given				
EURO	**24.000.092**	30.811.687	**67.697.060**	90.478.519
USD	**46.839.394**	57.296.240	**108.615.871**	122.287.365
TL	**63.139.022**	36.974.611	**63.139.022**	36.974.611
			297.221.143	297.785.217

c) As of December 31, 2014, the ongoing legal disputes filed against the Company and its subsidiaries by third parties are amounting to TL 12.822.827 (December 31, 2012 – TL 8.906.437).

In the consolidated financial statements the Group booked provision amounting to TL 9.071.951 (December 31, 2012 – TL 8.906.437) for the legal disputes. The Group management does not estimate any cash outflows for other ongoing cases.

As of December 31, 2013 the Company filed lawsuits amounting to TL 22.902.304 (Ruble 374.407.284) (December 31, 2013: TL 22.593.560 (Ruble 348.773.703)) against Kovcheg.

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, 2014, total amount of checks and notes endorsed to third parties is TL 56.417.588 (December 31, 2013 – TL 40.716.803).

16. Reserves related to employee benefits

Long term employee benefits

	December 31, 2014	December 31, 2013
Provision for severance pay	**12.222.111**	14.005.866
Provision for seniority incentive bonus	**3.729.186**	3.397.412
Provision for unused annual leave	**1.353.173**	1.031.463
	17.304.470	18.434.741

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

16. Reserves related to employee benefits (continued)

In the period ended December 31, 2014 and 2013, the movement of provision for seniority incentive bonus is as follows:

	December 31, 2014	December 31, 2013
1 January	**3.397.412**	3.463.266
Current year provision	**712.892**	265.683
Payments	**(381.118)**	(331.537)
	3.729.186	3.397.412

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 3.438,22 for each year of service as of December 31, 2014 (December 31, 2013 - TL 3.254,44).

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, 2014	December 31, 2013
Inflation rate (%)	**5**	6
Interest rate (%)	**9**	10,34
Discount rate (%)	**3,81**	4,09

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, 2015, the severance pay liability ceiling is increased to TL 3.541,37 (January 1, 2014 – TL 3.438,22).

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

16. Reserves related to employee benefits (continued)

The movement of reserve for severance pay of the Group as of December 31, 2014 and 2013 is as follows:

	December 31, 2014	December 31, 2013
January 1	14.005.866	13.743.200
Interest expense	1.448.207	1.181.915
Current period service cost	1.281.864	2.541.501
Payments	(4.342.790)	(3.243.841)
Actuarial loss / (gain)	(171.036)	(216.909)
December 31	12.222.111	14.005.866

17. Other assets and liabilities

a. Other current assets

	December 31, 2014	December 31, 2013
VAT receivables	16.664.033	23.312.417
Other VAT	72.289	421.208
Job advances	51.092	26.402
Personnel advances	64.700	41.300
Other	23.734	166.523
	16.875.848	23.967.850

b. Prepaid expenses

	December 31, 2014	December 31, 2013
Short term		
Advances given	67.526.054	51.670.999
Prepaid expenses	4.174.744	4.944.103
Provision for doubtful receivable - prepaid expenses	(33.449.769)	-
	38.251.029	56.615.102

The movement of doubtful receivables is as follows:

	2014
January 1	-
Current period provision	33.449.769
December 31	33.449.769

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

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

17. Other assets and liabilities (continued)

	December 31, 2014	December 31, 2013
Long Term		
Advances given	**1.226.254**	1.449.010
Prepaid expenses	**587.976**	39.408
	1.814.230	1.488.418

c. Assets classified as held for sale

	December 31, 2014	December 31, 2013
Residential property	-	2.138.890
Impairment for residential property	-	(835.427)
	-	1.303.463

18. Equity

a) Share capital

As of December 31, 2014 and 2013, the share capital of the Company consists of the following:

	December 31, 2014		December 31, 2013	
Name	**Share percentage**	**Share value**	Share percentage	Share value
Nuh Ticaret ve Sanayi A.Ş.	**43,94%**	**66.003.856**	%43,73	65.688.407
Partaş Tekstil İnş. San.ve Tic. A.Ş.	**15,94%**	**23.944.048**	%15,94	23.944.048
Other (*)	**40,12%**	**60.265.696**	%40,33	60.581.145
		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.

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

18. Equity (continued)

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, 2014 and 2013, 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, 2014	December 31, 2013
Legal reserves	**130.760.465**	125.953.630
Extraordinary reserves	**265.798.109**	214.366.249
Total	**396.558.574**	340.319.879

(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

Dividends distributed during year based on previous year's net income per statutory financial statements	**55.579.032**	48.080.628
Dividend paid per share (TL)	**0,37**	0,32

Listed companies distribute dividends according to the Communique numbered II-19.1 and published on January 23, 2014 in the Official Gazette.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

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

18. Equity (continued)

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.

d) Foreign currency translation differences

As of December 31, 2014 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, 2014	January 1 – December 31, 2013
Domestic sales	**896.875.992**	854.194.509
Export sales	**111.091.990**	108.898.118
Other sales	**38.397**	61.658
Sales returns (-)	**(128.047)**	(30.654)
Sales discounts (-)	**(1.246.707)**	(325.448)
	1.006.631.625	962.798.183

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

19. Sales and cost of sales (continued)

	January 1 – December 31, 2014	January 1 – December 31, 2013
Cost of goods sold	**579.904.870**	601.024.247
Cost of merchandises sold	**65.564.340**	101.204.540
Cost of services rendered	**18.658.316**	19.027.781
Cost of other sales	**219.816**	208.232
	664.347.342	721.464.800

20. Expenses by nature

	January 1 – December 31, 2014	January 1 – December 31, 2013
General overheads and change in finished goods and work in progress	**513.422.324**	563.940.882
Personnel expenses	**79.646.303**	64.252.269
Depreciation and amortization expenses	**58.070.182**	57.147.374
Outsourced services	**49.443.303**	50.282.369
Subcontractor labour expenses	**13.541.866**	19.995.179
Sales transportation expenses	**25.122.923**	38.530.808
Other operating expenses	**24.847.679**	12.832.800
Taxes and duties	**6.465.216**	3.115.257
	770.559.796	810.096.938
Cost of sales	**664.347.342**	721.464.800
Selling, marketing and distribution expenses	**49.901.435**	41.942.881
General and administrative expenses	**56.298.243**	46.665.826
Research and development expenses	**12.776**	23.431
	770.559.796	810.096.938

Personnel expenses

For the years 2014 and 2013, the allocation of personnel expenses is as follows:

	January 1 – December 31, 2014	January 1 – December 31, 2013
General and administrative expenses	**27.121.316**	24.041.945
Cost of sales and inventory	**44.143.435**	35.096.048
Selling, marketing and distribution expenses	**8.381.552**	5.114.276
	79.646.303	64.252.269

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

20. Expenses by nature (continued)

For the years 2014 and 2013, employee benefits consist of the following:

	January 1 – December 31, 2014	January 1 – December 31, 2013
Wages and salaries	**61.822.239**	51.755.528
SSK employer contributions	**10.568.804**	7.796.502
Other social benefits	**2.773.021**	1.920.272
Employee termination benefits	**4.101.121**	2.514.284
Seniority incentive payments	**381.118**	265.683
	79.646.303	64.252.269

21. Other operating income and expense

Other operating income

	December 31, 2014	December 31, 2013
Foreign exchange gains	**8.864.114**	35.947.252
Insurance income due to damages	**2.978.609**	3.492.806
Subcontractor service income	**2.211.273**	2.903.346
Rediscount income	**1.021.223**	735.165
Other income	**3.263.057**	962.901
	18.338.276	44.041.470

Other operating expense

	December 31, 2014	December 31, 2013
Foreign exchange losses	**8.380.757**	29.288.100
Provisions		
- Provision for doubtful receivables (Note 7,8,17)	**38.212.875**	42.482.189
- Provision for litigation (Note 15)	**550.514**	6.152.928
- Provision for goodwill impairment (Note 14)	**-**	5.843.774
Donation expenses	**5.936.359**	2.096.254
Subcontractor expenses	**1.896.662**	2.840.951
Rediscount expenses	**1.684.353**	3.866.536
Accident and damage expenses	**1.543.741**	1.205.367
Other expenses	**6.834.856**	4.350.595
	65.040.117	98.126.694

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

22. Income/expenses from investment activities

Income from investment activities

	December 31, 2014	December 31, 2013
Gain on sale of financial investment and subsidiary (*)	**36.890**	18.691.900
Rent income (**)	**14.978.453**	10.590.816
Gain on sale of fixed assets	**13.977.344**	27.863.365
Other	-	23.920
	28.992.687	57.170.001

(*) Nuh Ay Ltd. Şti. subsidiary of the Company with a nominal value of TL 700.000 was sold for TL 19.391.900 and 75%, TL 14.018.925, of the profit amounting to TL 18.691.900 TL will not be distributed to shareholders and will be accounted in a special fund account according to tax law until the end of the fifth year after the sale.

(**) Includes the rent income from investment properties.

Expenses from investment activities

	December 31, 2014	December 31, 2013
Loss on sale of subsidiary (*)	-	16.349.269
Provision for impairment of subsidiaries and Investments accounted under equity method (Note 5)	**5.903.919**	2.500.000
Gain on sale of fixed assets	-	64.840
	5.903.919	18.914.109

(*) As a result of Board of Directors' meeting of Nuh Enerji dated December 12, 2013; Pamuk Elektrik Üretim Ticaret Ltd. Şti. in which Nuh Enerji owns 100% shares has been sold to Haldız İnşaat Otomotiv ve Ticaret Ltd. Şti. with a price of TL 8.200.000. Sales loss amounting to TL 16.349.269 has been recognized.

23. Financial income and expense

Financial income

	December 31, 2014	December 31, 2013
Foreign exchange gains	**7.459.742**	10.686.643
Interest income	**8.024.203**	3.699.899
	15.483.945	14.386.542

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

22. Income/expenses from investment activities (continued)

Financial expense

	December 31, 2014	December 31, 2013
Foreign exchange losses	**10.238.618**	39.585.019
Interest expenses	**22.839.549**	16.282.195
	33.078.167	55.867.214

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% (2013 - 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% (2013 - 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, 2014 and 2013, 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, 2014	December 31, 2013
Current income tax provision	**(51.876.137)**	(32.334.278)
Prepaid taxes	**35.136.643**	22.867.908
Corporation tax liabilities	**(16.739.494)**	(9.466.370)

(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, 2014 and 2013 is as follows:

	January 1 – December 31, 2014	January 1 – December 31, 2013
Deferred tax income	**2.504.011**	3.409.123
Corporate tax	**(51.876.137)**	(32.334.278)
Total tax expense	**(49.372.126)**	(28.925.155)

24. Tax assets and liabilities (continued)

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, 2014	December 31, 2013	**December 31, 2014**	December 31, 2013
Adjustment of rediscount on receivables	**1.869.517**	2.639.149	**373.903**	527.830
Provision for doubtful receivables	**23.383.148**	18.808.466	**4.676.630**	3.761.693
Provision for prepaid expense	**14.401.113**	-	**2.880.223**	-
Tax utilization by investment incentive	**119.629.655**	124.912.577	**1.575.586**	1.573.746
Taxable losses	**133.351.385**	115.523.968	**26.670.277**	23.104.794
Provision for severance pay	**12.222.111**	14.005.866	**2.444.422**	2.801.173
Provision for unused vacation pays	**1.353.173**	1.031.463	**270.635**	212.653
Provision for seniority incentive premiums	**3.729.186**	3.397.412	**745.837**	679.482
Provision for land restoration costs	**5.895.941**	6.486.720	**1.179.188**	1.297.344
Provision for litigation	**4.329.649**	2.385.000	**865.930**	477.000
Rediscount for payable balances and notes given	**(502.076)**	(1.019.301)	**(100.415)**	(203.860)
Loan discount	**(318.198)**	(313.323)	**(63.640)**	(62.665)
Temporary differences in tangible and intangible assets	**(114.730.035)**	(112.927.107)	**(23.414.267)**	(22.744.434)
Temporary differences in inventories	**2.039.998**	2.039.998	**408.000**	408.000
Other	**1.710.934**	1.002.623	**342.187**	200.524
Provision for taxable losses	**(94.973.942)**	(74.561.130)	**(18.994.788)**	(14.912.226)
Provision for tax utilization by investment incentive	**(94.973.942)**	(74.561.130)	**(18.994.788)**	(14.912.226)
Total temporary differences			**(1.715.879)**	(4.353.088)
Deferred tax asset			**11.873.206**	10.836.515
Deferred tax liability			**(13.589.085)**	(15.189.603)
Deferred tax liability, net			**(1.715.879)**	(4.353.088)

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

24. Tax assets and liabilities (continued)

The movement of deferred tax liability for the years ended December 31, 2014 and 2013 is as follows:

	December 31, 2014	December 31, 2013
January 1	**(4.353.088)**	(7.815.010)
Current year deferred tax income	**2.504.011**	3.409.123
Other comprehensive deferred tax income	**133.198**	52.799
	(1.715.879)	(4.353.088)

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

	January 1 – December 31, 2014	January 1 – December 31, 2013
Profit before income tax provision	**219.264.565**	117.086.145
Income tax expense at effective tax rate 20%	**(43.852.913)**	(23.413.710)
Change in provision for taxable losses	**(4.082.562)**	(9.086.562)
Gain/loss effect of investments accounted under equity method	**4.880.006**	4.335.462
Exemption of the gain on subsidiary sale	**-**	2.803.785
Permanent differences on impairment of subsidiaries	**(1.180.784)**	-
Other permanent differences	**(5.135.873)**	(3.564.130)
Total tax expense	**(49.372.126)**	(28.925.155)

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 retained 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, 2014	December 31, 2013
Net income for the year	**169.911.082**	87.906.537
Weighted average number of ordinary shares (TL 1 nominal value per share)	**150.213.600**	150.213.600
Earnings per share (TL)	**1,13**	0,59

Besides, the Company paid dividends of 0,37 TL per share in current period (December 31, 2013 - 0,32 TL).

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

26. Related party disclosures

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

	December 31, 2014	December 31, 2013
Kovcheg Ltd.(1)	**8.463.944**	7.717.490
Trade Port	**2.604.848**	2.604.848
Çimpaş Çimento İnşaat Mlz. Paz. A.Ş. (2)	**1.993.779**	862.006
Nuh Cement BG Jsc (1)	**1.617.318**	1.787.636
Cementos Esfera (2)	**12.591**	13.107
Torgoviy Port Ltd. (1)	-	307.126
Nuh Çimento Eğitim ve Sağlık Vakfı (4)	-	87.457
Nuh Beton LLC (3)	**800.968**	599.727
	15.523.782	13.979.397
Provision for doubtful receivables		
Kovcheg Ltd.	**(8.463.944)**	(7.717.490)
Trade Port	**(2.604.848)**	(2.604.848)
	4.454.990	3.657.059

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

Short term other receivables from related parties:

	December 31, 2014	December 31, 2013
Kovcheg Ltd. (1) (*)	**22.902.304**	23.898.325
Nuh Çimento Eğitim ve Sağlık Vakfı (4)	-	2.754.426
Nuh Beton LLC (3)	**110.798**	115.346
Tan Kömür (1) (**)	**3.155.245**	-
Tkuarchal Ugol Ltd.(1) (**)	**8.078.328**	-
	34.246.675	26.768.097
Provision for doubtful receivables		
Kovcheg Ltd. (1)	**(22.902.304)**	(23.898.325)
Nuh Beton LLC (3)	**(110.798)**	-
	11.233.573	2.869.772

(*) Loans, including interests, provided by the Company or subsidiaries to affiliates
(**) The amount paid for guarantees given for joint ventures

(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.

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

26. Related party disclosures (continued)

Short term payables to related parties:

None (December 31, 2013 – 151.218).

In 2014 and 2013, sales to related parties consist of the following:

	December 31, 2014	December 31, 2013
Çimpaş Çimento İnşaat Mlz Paz. A.Ş. (2)	**3.906.379**	2.491.065
Nuh Cement BG Jsc (2)	**1.904.334**	2.162.481
Nuh Beton LLC (2)	**1.009.678**	1.216.944
Kovcheg.(1)	**480.346**	943.659
Nuh Çimento Eğitim ve Sağlık Vakfı (3)	-	7.020
Tan Kömür (1)	**16.200**	-
	7.316.937	6.821.169

In 2014 and 2013, purchases from related parties consist of the following:

	December 31, 2014	December 31, 2013
Çimpaş Çimento İnşaat Mlz. Paz. A.Ş.(2)	**92.602**	61.168
Tkuarchal Ugol Ltd.(4)	-	2.596.295
	92.602	2.657.463

In 2014 and 2013, interest income from related parties consists of the following:

	December 31, 2014	December 31, 2013
Nuh Beton – Torgoviy Port Ltd. (1)	-	301.065
Kovcheg (1)	-	344.124
Tan Kömür (1)	**459.004**	-
Tkuarchal Ugol Ltd.(1)	**54.736**	-
	513.740	645.189

(1) Joint ventures
(2) Financial investments of company
(3) Foundation which was established by the Company with the decision of Council of Ministers.

As of December 31, 2014, 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 8.688.965 (December 31, 2013 – 6.716.355 TL).

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

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.

	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**	**28.742.329**	**11.478.545**
- 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**	**28.742.329**	**11.478.545**
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	**-**	**-**	**-**	**-**	**-**	**-**

	Trade receivables		Other receivables			
December 31, 2013	Related party	Other party	Related Party	Other party	Bank deposits	Other (1)
Maximum credit risk exposure as of reporting date (A+B+C+D)	3.657.059	234.301.517	2.869.772	11.696.944	28.742.329	7.068.789
- Maximum risk secured by guarantees (2)	-	(118.109.290)	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	3.657.059	201.394.241	-	11.696.944	28.742.329	7.068.789
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	-	32.907.276	2.869.772	-	-	-
- Secured portion by guarantees, etc.	-	(23.923.141)	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	72.286.995	-	-	-	-
- Impairment (-) (Note 7)	-	(72.286.995)	-	-	-	-
- 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.

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

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

Credit risk

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

December 31, 2014:	**Trade Receivables (*)**	**Other receivables**
1-30 days past due	**10.457.935**	**-**
1-3 months past due	**1.412.179**	**-**
3-12 months past due	**860.611**	**11.233.573**
1-5 years past due	**515.008**	**-**
More than 5 years past due	**1.344.360**	**-**
	14.590.093	**11.233.573**
Secured portion by guarantees (-)	**(14.455.095)**	**-**

December 31, 2013:	Trade Receivables (*)	Other receivables
1-30 days past due	12.945.980	-
1-3 months past due	9.828.553	-
3-12 months past due	12.480.668	-
1-5 years past due	1.074.911	2.869.772
More than 5 years past due	-	-
	36.330.112	2.869.772
Secured portion by guarantees (-)	(23.923.141)	

(*) The amount of TL 9.863.811 (December 31, 2013 – TL 25.529.876) 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.

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

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

As of December 31, 2014 and December 31, 2013, maturities of gross trade payables and financial liabilities are as follows:

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**	-	-	-

December 31, 2013:

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	290.020.621	319.982.025	30.902.352	85.658.233	173.902.699	29.518.741
Trade payables	76.899.813	77.919.114	77.919.114	-	-	-
Other payables	8.546.934	8.546.934	8.546.934	-	-	-

Interest rate risk

The interest position as of December 31, 2014 and 2013 is as follows:

	December 31, 2014	December 31, 2013
Financial instruments with fixed interest rates		
Time deposits, denominated in TL	**51.100.371**	24.614.385
Time deposits, denominated in foreign currencies	**2.600.625**	3.188.767
Financial payables, denominated in TL	**90.480.595**	132.656.109
Financial payables, denominated in foreign currencies	**36.248.911**	39.092.619
Financial instruments with variable interest rates		
Financial payables, denominated in TL	-	-
Financial payables, denominated in foreign currencies	**95.827.108**	118.271.894

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

As of December 31, 2014, 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 1.110.427 (December 31, 2013 – TL 689.306).

As of December 31, 2014 and 2013, 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, 2014 and 2013:

	December 31, 2014							December 31, 2013						
	TL Equivalent (functional currency)	U.S. Dollars	Euro	GBP	Yen	CHF	Ruble	TL Equivalent (functional currency	U S. Dollars	Euro	GBP	Yen	CHF	Ruble
1 Trade receivables	6.796.785	1.773.662	934.361	-	-	-	1.200.000	15.290.883	5.128.403	1.740.587	-	-	-	1.200.000
2a. Monetary financial assets (including cash, bar accounts)	3.699.941	1.578.588	13.542	280	1	-	2.130	3.284.403	1.596.069	13.270	280	1	-	4.500
2b. Non-monetary financial assets	28.533.580	12.257.010	39.280	-	-	-	-	29.853.181	11.921.935	1.365.904	-	-	-	29.617.300
3 Other	49.740	-	17.634	-	-	-	-	56.007	3.000	-	-	-	-	800.000
4. Current assets (1+2+3)	39.080.046	15.609.260	1.004.817	280	1	-	1.202.130	48.484.474	18.649.407	3.119.761	280	1	-	31.621.800
6a. Monetary financial assets	1.850.627	-	656.088	-	-	-	-	1.628.053	12.470	583.134	-	-	-	-
8. Non-current assets (5+6+7)	1.850.627	-	656.088	-	-	-	-	1.628.053	12.470	583.134	-	-	-	-
9. Total assets(4+8)	40.930.673	15.609.260	1.660.905	280	1	-	1.202.130	50.112.527	18.661.877	3.702.895	280	1	-	31.621.800
10. Trade payables	(555.873)	(106.023)	(109.232)	(530)	-	-	-	(20.007.649)	(8.489.243)	(995.906)	(515)	-	-	-
11 Financial liabilities	(28.232.227)	(8.496.544)	(3.023.927)	-	-	-	-	(32.903.458)	(12.020.745)	(3.074.829)	-	-	-	-
12a Other monetary liabilities	(1.195.596)	(515.040)	(450)	-	-	-	-	(4.492.832)	(2.208.040)	(450)	-	-	-	-
13. Current liabilities (10+11+12)	(29.983.696)	(9.117.607)	(3.133.609)	(530)	-	-	-	(57.403.939)	(22.718.028)	(4.071.185)	(515)	-	-	-
15. Financial liabilities	(104.322.555)	(35.455.157)	(7.836.917)	-	-	-	-	(122.090.266)	(47.810.865)	(9.035.586)	-	-	-	-
16a. Other monetary liabilities	(15.021.066)	(6.451.982)	(21.117)	-	-	-	-	(6.740.360)	(360.158)	(2.185.899)	-	-	-	-
17. Non-current liabilities (14+15+16)	(119.343.621)	(41.907.139)	(7.858.034)	-	-	-	-	(128.830.626)	(48.171.023)	(11.221.485)	-	-	-	-
18. Total liabilities (13+17)	(149.327.317)	(51.024.746)	(10.991.643)	(530)	-	-	-	(186.234.565)	(70.889.051)	(15.292.670)	(515)	-	-	-
20. Net foreign currency asset/(liability) position (9-18)	(108.396.644)	(35.415.486)	(9.330.738)	(250)	1	-	1.202.130	(136.122.038)	(52.227.174)	(11.589.775)	(235)	1	-	31.621.800
21. Net foreign currency asset / (liability) position of monetary items (1+2a+6a-10-11-15-16a)	(136.930.224)	(47.672.496)	(9.370.018)	(250)	1	-	1.202.130	(165.975.219)	(64.152.110)	(12.955.679)	(235)	1	-	2.004.500
23 Export (*)	118.406.881	49.943.661	919.107	-	-	-	-	84.618.773	38.625.241	2.200.301	-	-	-	-
24 Import (*)	135.617.787	52.402.334	4.955.524	34.473	-	-	-	84.122.913	39.745.111	1.191.023	-	-	-	-

(*) 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, 2014 and 2013:

	December 31, 2014		December 31, 2013	
	Profit/loss		Profit/loss	
	Value increase in foreign currency	Value decrease in foreign currency	Value increase in foreign currency	Value decrease in foreign currency
In case 10% appreciation of USD against TL:				
1- USD net asset/liability	(8.212.497)	8.212.497	(10.624.052)	10.624.052
2- Amount hedged for USD risk(-)	-	-	-	-
3- USD net effect (1+2)	(8.212.497)	8.212.497	(10.624.052)	10.624.052
In case 10% appreciation of EUR against TL:				
4- EUR net asset/liability	(2.631.921)	2.631.921	(3.185.334)	3.185.334
5- Amount hedged for EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(2.631.921)	2.631.921	(3.185.334)	3.185.334
In case average 10% appreciation of other currencies against TL				
7- Other currency net asset/liability	4.754	(4.754)	197.182	(197.182)
8- Amount hedged for other currency risk (-)	-	-	-	-
9- Other currency rates net effect (7+8)	4.754	(4.754)	197.182	(197.182)
Total (3+6+9)	(10.839.664)	10.839.664	(13.612.204)	13.612.204

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 2014	December 31, 2013
Total debt	**222.556.614**	290.020.621
Less: Cash and cash equivalents	**(67.338.791)**	(35.891.779)
Net debt	**155.217.823**	254.128.842
Total equity	**999.026.101**	892.307.188
Total debt/equity ratio	**16%**	%28

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.

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.