(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH)

BATISÖKE SÖKE ÇİMENTO SANAYİİ T.A.Ş.

FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2015
AND THE INDEPENDENT AUDITOR'S REPORT

Deloitte.

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(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Batısöke Söke Çimento Sanayii T.A.Ş.

Report on the Financial Statements

We have audited the accompanying financial statements of Batısöke Söke Çimento Sanayii T.A.Ş. ("the Company"), which comprise the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Turkish Accounting Standards ("TAS"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by Capital Markets Board and Independent Auditing Standards which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Batısöke Söke Çimento Sanayii T.A.Ş. as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards.

Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 29 February 2016.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Company's set of accounts and financial statements prepared for the period 1 January-31 December 2015 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Volkan Becerik
Partner

Istanbul, 29 February 2016

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BATISÖKE SÖKE ÇİMENTO SANAYİİ T.A.Ş.

AUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

	Notes	Current Period 31 December 2015	Prior Period 31 December 2014
ASSETS			
Current Assets		**164.291.685**	**85.825.570**
Cash and cash equivalents	30	118.854.264	41.668.050
Trade receivables		23.862.963	26.159.684
- Trade receivables from related parties	6 , 7	72.698	838.283
- Trade receivables from third parties	7	23.790.265	25.321.401
Other receivables		100.246	111.776
- Other receivables from related parties	6 , 8	26.747	4.606
- Other receivables from third parties	8	73.499	107.170
Inventories	9	19.758.044	16.658.622
Prepaid expenses	10	802.550	1.227.438
Other current assets	16	913.618	-
Non-Current Assets		**264.734.745**	**226.185.878**
Financial investments	3	19.812.454	23.909.473
Investment accounted for using the equity method	4	50.623.659	51.627.850
Other receivables		452.840	397.420
- Other receivables from third parties	8	452.840	397.420
Property, plant and equipment	11	178.959.010	144.949.094
Intangible assets	12	635.476	134.131
Prepaid expenses	10	14.251.306	5.167.910
TOTAL ASSETS		**429.026.430**	**312.011.448**

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

BATISÖKE SÖKE ÇİMENTO SANAYİİ T.A.Ş.

AUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

	Notes	Current Period 31 December 2015	Prior Period 31 December 2014
LIABILITIES			
Current Liabilities		**49.124.093**	**30.319.250**
Short-term borrowings	5	-	262.851
Short-term portion of long-term borrowings	5	12.035.625	6.978.735
Trade payables		28.314.077	16.946.109
- Trade payables to related parties	6 , 7	2.095.327	470.461
- Trade payables to third parties	7	26.218.750	16.475.648
Payables related to employee benefits	15	1.067.366	991.312
Other payables		1.140.230	1.166.919
- Other payables to related parties	6 , 8	71.600	6.627
- Other payables to third parties	8	1.068.630	1.160.292
Deferred income	25	163.169	1.738.321
Short-term provisions		5.803.598	1.725.199
- Short-term provisions for employee benefits	15	1.061.532	375.079
- Other short-term provisions	13	4.742.066	1.350.120
Other current liabilities	16	600.028	509.804
Non-Current Liabilities		**147.392.044**	**54.891.262**
Long-term borrowings	5	135.019.647	42.721.148
Long-term provisions		8.402.073	7.130.734
- Long-term provisions for employee benefits	15	6.013.123	4.929.154
- Other long-term provisions	13	2.388.950	2.201.580
Deferred tax liabilities	25	3.970.324	5.039.380
EQUITY		**232.510.293**	**226.800.936**
Share capital	17	78.750.000	78.750.000
Adjustments to share capital	17	59.824.631	59.824.631
Restricted reserves appropriated from profit	17	13.681.039	11.817.010
Other comprehensive income or expenses that may be reclassified subsequently to profit or loss			
- Investments revaluation reserves		(537.120)	3.355.048
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss			
- (Loss)/gain on remeasurement of defined benefit plans		(73.294)	353.311
Prior years' profit	17	61.423.756	41.937.910
Net profit for the period		19.441.281	30.763.026
TOTAL LIABILITIES AND EQUITY		**429.026.430**	**312.011.448**

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

BATISÖKE SÖKE ÇİMENTO SANAYİİ T.A.Ş.

AUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

PROFIT OR LOSS	Notes	Current Period 1 January - 31 December 2015	Prior Period 1 January - 31 December 2014
Revenue	18	126.379.053	149.170.624
Cost of sales (-)	18	(85.956.644)	(95.193.334)
Gross Profit		**40.422.409**	**53.977.290**
Marketing expenses (-)	19	(6.130.095)	(7.605.980)
Administrative expenses (-)	19	(8.635.342)	(6.811.303)
Other income from operating activities	21	25.984.040	13.106.572
Other expenses from operating activities (-)	22	(16.265.456)	(7.949.459)
Operating Profit		**35.375.556**	**44.717.120**
Income from investing activities	23	2.551.000	2.075.063
Share of loss of invesments accounted for using the equity method	4	(1.004.191)	(1.705.222)
OPERATING PROFIT BEFORE FINANCE EXPENSES		**36.922.365**	**45.086.961**
Finance expenses (-)	24	(11.466.584)	(5.991.085)
PROFIT BEFORE TAX		25455781	39095876
Tax Expenses		**(6.014.500)**	**(8.332.850)**
- Current tax expense	25	(6.772.054)	(8.518.001)
- Deferred tax income	25	757.554	185.151
PROFIT FOR THE PERIOD		19.441.281	30.763.026
Earnings per share	26	**0,2469**	**0,3906**
OTHER COMPREHENSIVE (EXPENSE)/INCOME:			
Items that may be reclassified subsequently to profit or loss		**(3.892.168)**	**5.075.387**
Net fair value loss on investments during the year		(4.097.019)	5.342.513
Deferred tax related to other comprehensive income/(expense)		204.851	(267.126)
Items that will not be reclassified subsequently to profit or loss		**(426.605)**	**(283.864)**
Loss on remeasurement of defined benefit plans		(533.256)	(354.830)
Deferred tax related to other comprehensive income		106.651	70.966
TOTAL COMPREHENSIVE INCOME		**15.122.508**	**35.554.549**

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

AUDITED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

			Accumulated other comprehensive income or expenses that may be reclassified subsequently to profit or loss	Accumulated other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		Retained earnings		
	Share capital	**Adjustments to share capital**	**Investments revaluation reserves**	**Accumulated gain/(loss) arising from defined benefit plans**	**Restricted reserves appropriated from profit**	**Prior years' profit**	**Net profit for the year**	**Total equity**
Balances as of 1 January 2014	**78.750.000**	**59.824.631**	**(1.720.339)**	**637.175**	**10.973.912**	**39.861.797**	**8.875.492**	**197.202.668**
Transfers	-	-	-	-	-	8.875.492	(8.875.492)	-
Transfer to legal reserves	-	-	-	-	843.098	(843.098)	-	-
Dividends paid (Note 17)	-	-	-	-	-	(5.956.281)	-	(5.956.281)
Total comprehensive income	-	-	5.075.387	(283.864)	-	-	30.763.026	35.554.549
Balances as of 31 December 2014	**78.750.000**	**59.824.631**	**3.355.048**	**353.311**	**11.817.010**	**41.937.910**	**30.763.026**	**226.800.936**
Balances as of 1 January 2015	**78.750.000**	**59.824.631**	**3.355.048**	**353.311**	**11.817.010**	**41.937.910**	**30.763.026**	**226.800.936**
Transfers	-	-	-	-	-	30.763.026	(30.763.026)	-
Transfer to legal reserves	-	-	-	-	1.864.029	(1.864.029)	-	-
Dividends paid (Note 17)	-	-	-	-	-	(9.413.151)	-	(9.413.151)
Total comprehensive income	-	-	(3.892.168)	(426.605)	-	-	19.441.281	15.122.508
Balances as of 31 December 2015	**78.750.000**	**59.824.631**	**(537.120)**	**(73.294)**	**13.681.039**	**61.423.756**	**19.441.281**	**232.510.293**

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

BATISÖKE SÖKE ÇİMENTO SANAYİİ T.A.Ş.

AUDITED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2015

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

A. Cash flows from operating activities	Notes	Current Period 1 January- 31 December 2015	Prior Period 1 January- 31 December 2014
Profit before tax		25.455.781	39.095.876
Adjustments to reconcile profit for the period			
- Gain on sales of property, plant and equipment	23	(519.000)	(329.668)
- Adjustments related to the depreciation and amortization expenses	11 , 12	8.396.636	8.153.079
- Provision for employement termination benefits	15	1.355.519	1.105.359
- Competition authority penalty provision	13	3.399.946	-
- Reversal of provision related to legal claims	13	(8.000)	-
- Performance premium provision	15	588.800	-
- Provision for unused vacation obligation	15	110.255	67.219
- Gain on sale of equity accounted investee	23	-	(60.945)
- Adjustments related with mine area rehabilitation	13	187.370	347.833
- Share of profits from equity accounted investee	4	1.004.191	1.705.222
- Discount on trade receivables		864.296	153.947
- Discount on trade payables		(1.944.741)	(107.595)
- Dividends received	23	(301.380)	(164.413)
- Adjustments related with interest income	23	(1.730.620)	(1.520.037)
- Adjustments related with interest expenses	24	2.992.434	1.997.740
- Adjustments related to unrealized foreign exchange differences		(7.785.351)	142.385
		6.610.355	11.490.126
Movements in working capital			
- Adjustments related with decrease/(increase) in trade receivables	7	666.840	(15.733.490)
- Adjustments related with decrease in receivables from related parties	6	743.444	3.021.234
- Adjustments related with (increase)/decrease in inventories	9	(3.099.422)	5.304.976
- Adjustments related with increase in other receivables	8 , 10	(9.593.875)	(843.069)
- Adjustments related with increase/(decrease) in trade payables	7	11.687.843	2.309.681
- Adjustments related increase/(decrease) in trade payables from related parties	6	1.689.839	88.241
- Adjustments related with increase/(decrease) in other payables from operations	8, 15, 16	74.616	(450.726)
Cash generated from operations			
Employee termination benefits paid	15	(804.806)	(348.322)
Income taxes paid	25	(8.347.206)	(8.027.143)
Vacation provision paid	15	(12.602)	(48.435)
		25.070.807	35.858.949
B. Cash flows from investing activities			
Payments for property, plant and equipment	11 , 12	(38.260.927)	(26.694.026)
Proceeds from sale of property, plant and equipment		607.835	515.823
Payments for participation to capital increase of associate		-	(7.587.588)
Proceeds from sale of associate		-	459.597
Dividends received		301.380	164.413
Interest received	23	1.730.620	1.520.037
		(35.621.092)	(31.621.744)
C. Cash flows from financing activities			
Proceeds from borrowings		123.417.364	22.735.550
Repayment of borrowings		(24.728.362)	(26.308.624)
Dividends paid	17	(9.413.151)	(5.956.281)
Interest paid		(1.539.352)	(933.891)
		87.736.499	(10.463.246)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		77.186.214	(6.226.041)
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	30	41.668.050	47.894.091
CASH AND CASH EQUIVALENTS AT THE END OF THE PERİOD (A+B+C+D)	30	118.854.264	41.668.050

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

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

Batısöke Söke Çimento Sanayii T.A.Ş. ("Company") was established in accordance with the Turkish Trade Law in 1955 in Aydın, Turkey.

The Company's headquarters is located at Ankara Caddesi No: 335, Bornova, İzmir. The Company performs its production activities at Atatürk Mahallesi Aydın Caddesi No: 234, Söke, Aydın. Also, the Company has a grinding and packaging facility at Çavdır, Burdur.

The Company is registered under the Capital Markets Board ("CMB") and since 2000 its stocks are traded in Borsa İstanbul Anonim Şirketi ("Borsa İstanbul"). The immediate parent and ultimate controlling party of the Company is Batıçim Batı Anadolu Çimento Sanayii A.Ş. ("Batıçim") with 74,62% share.

The Company's principal activities are production and marketing cemet and clinker.

As of 31 December 2015, the Company has 234 employees (31 December 2014: 252).

The immediate parent and ultimate controlling party of the Company is Batıçim.

Detail of the Company's subsidiaries is as below:

Subsidiaries	Stock Exchange Market	Operation Types	Operating Activities
Batıçim Enerji Elektrik Üretim A.Ş ("Batıçim Enerji")	-	Production	Electricity power production and sale
Financial Assets at Fair Value Through Other Comprehensive Income			
Ash Plus Yapı Malzemeleri San. ve Tic. A.Ş. ("Ash Plus")	-	Production	Ash production and sale
Batıbeton Beton Sanayi A.Ş ("Batı Beton")	-	Operation	Ready mixed concrete labor service
Batıçim Batı Anadolu Çimento Sanayii A.Ş. ("Batıçim")	Borsa İstanbul	Production	Clinker and cement production and sale
Batıçim Enerji Toptan Satış A.Ş. ("Batıçim Enerji Toptan")	-	Sale and Distribution	Electricity sale and distribution

Approval of financial statements:

Board of Directors has approved the financial statements and delegated authority for publishing it on 29 February 2016. General Assembly has the authority to modify the financial statements.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which were published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards and interpretations ("TAS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

The financial statements and disclosures have been prepared in accordance with the resolution of CMB dated 7 June 2013 about the "illustrations of financial statements and application guidance".

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Currency Used

The results and financial position are expressed in TL, which is the functional currency of the Company.

Adjustment of financial statements in hyperinflationary economies

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with the Turkish Financial Reporting Standards. Accordingly, TAS 29, "Financial Reporting in Hyperinflationary Economies", has not been applied in the financial statements for the accounting year commencing from 1 January 2005 according to article 11/367.

Comparative Informations and Adjustments of Prior Year Financial Statement

Company's financial statements have been prepared comparatively with the prior year for enable to determine financial status and performance trends. Comparative informations have been re-classed and explained major differencies if it is necessary to current period financial statements presentations for reconcilations. In the current period, entity made a re-classification of prior year financial statements. Re-classification's quality, cause and amounts have been explained in the below paragraph:

- In 2014, the Company presented its "debt related to the purchase of fixed assets" amounting to TL 2.506.888 within the "other liabilities" account in the financial statements. In the current year, the Company re-classed these debts within "trade payables" account as the Company management evaluates these debts as trade payables.

This reclassifications does not have any effect on the statement of profit or loss.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Investments in associates and joint ventures:

Details of the Company's subsidiaries and fair value for financial assets through other comprehensive income as of 31 December 2015 and 31 December 2014 are shown below:

			Proportional Ownership and Voting Right (%)	
Subsidiaries	Main operations	Location	31 December 2015	31 December 2014
Batıçim Enerji	Production and sale of electricity	İzmir, Turkey	36,025	36,025

			Proportional Ownership and Voting Right (%)	
Financial Assets at Fair Value Through Other Comprehensive Income	Main Operations	Location	31 December 2015	31 December 2014
Ash Plus	Production and sale of ash	Manisa, Turkey	0,05	0,05
Batıbeton Beton Sanayi A.Ş	Ready-mixed concrete service	İzmir, Turkey	0,05	0,05
Batıçim	Production and sale of concrete, clinker and cement	İzmir, Turkey	4,09	4,09
Batıçim Enerji Toptan	Sales and distrubutions of electricity	İzmir, Turkey	< 0,01	< 0,01

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In the accompanying financial statements, subsidiaries's operating results, assets and liabilities are accounted by using the equity method. An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.2 Changes in Accounting Policies

Significant changes in accounting policies have been applied retrospectively and prior period financial statements are restated. There has been no significant changes in the accounting policies of the Company in the current year.

2.3 Changes in Accounting Estimates and Errors

If changes in accounting estimates are for only one period, changes are applied on the current year but if the changes in accounting estimates are for the following periods, changes are applied both on the current and the following years prospectively. There are no significant changes in the Company's accounting estimates in the current period.

Significant changes in accounting errors are applied retrospectively and prior periods financial statements are adjusted accordingly.

2.4 New and Revised Turkish Accounting Standards

a) Amendments to TAS affecting amounts reported and/or disclosures in the financial statements

None.

b) New and Revised TAS applied with no material effect on the financial statements

Amendments to TAS 19	*Defined Benefit Plans: Employee Contributions* [1]
Annual Improvements to 2010-2012 Cycle	*TFRS 2, TFRS 3, TFRS 8, TFRS 13, TAS 16 and TAS 38, TAS 24, TFRS 9, TAS 37, TAS 39* [1]
Annual Improvements to 2011-2013 Cycle	*TFRS 3, TFRS 13, TAS 40* [1]

[1] Effective for annual periods beginning on or after 30 June 2014.

Amendments to TAS 19 *Defined Benefit Plans: Employee Contributions*

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

Annual Improvements to 2010-2012 Cycle

TFRS 2: Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.

TFRS 3: Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.4 New and Revised Turkish Accounting Standards (cont'd)

(b) New and Revised TAS applied with no material effect on the financial statements (cont'd)

Annual Improvements to 2010-2012 Cycle (cont'd)

TFRS 8: Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

TFRS 13: Clarify that issuing TFRS 13 and amending TFRS 9 and TAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

TAS 16 and TAS 38: Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

TAS 24: Clarify how payments to entities providing management services are to be disclosed.

Annual Improvements to 2010-2012 Cycle also led to amendments in related provisions of TFRS 9, TAS 37 and TAS 39, respectively.

Annual Improvements to 2011-2013 Cycle

TFRS 3: Clarify that TFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

TFRS 13: Clarify the scope of the portfolio exception in paragraph 52.

TAS 40: Clarifying the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.4 New and Revised Turkish Accounting Standards (cont'd)

c) New and revised TAS in issue but not yet effective

The Company has not applied the following new and revised TAS that have been issued but are not yet effective:

TFRS 9	*Financial Instruments*
Amendments to TFRS 9 and TFRS 7	*Mandatory Effective Date of TFRS 9 and Transition Disclosures*
Amendments to TAS 16 and TAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation* [1]
Amendments to TAS 16 and TAS 41 and amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40	*Agriculture: Bearer Plants* [1]
Amendments to TFRS 11 and TFRS 1	*Accounting for Acquisition of Interests in Joint operations* [1]
Annual Improvements to 2011-2013 Cycle	*TFRS 1* [2]
Amendments to TAS 1	*Disclosure Initiative* [2]
Annual Improvements to 2012-2014 Cycle	*TFRS 5, TFRS 7, TAS 34, TAS 19* [2]
Amendments to TAS 27	*Equity Method in Separate Financial Statements* [2]
Amendments to TFRS 10 and TAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [2]
Amendments to TFRS 10, TFRS 12 and TAS 28	*Investment Entities: Applying the Consolidation Exception* [2]
TFRS 14	*Regulatory Deferral Accounts* [2]

[1] Effective for annual periods beginning on or after 31 December 2015.
[2] Effective for annual periods beginning on or after 1 January 2016.

TFRS 9 *Financial Instruments*

TFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. TFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Amendments to TFRS 9 and TFRS 7 *Mandatory Effective Date of TFRS 9 and Transition Disclosures*

The mandatory effective date of TFRS 9 will be no earlier than annual periods beginning on or after 1 January 2018.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.4 New and Revised Turkish Accounting Standards (cont'd)

c) New and revised TAS in issue but not yet effective (cont'd)

Amendments to TAS 16 and TAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

This amendment clarifies that that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Amendments to TAS 16 and TAS 41 and Amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 *Agriculture: Bearer Plants*

This amendment include 'bearer plants' within the scope of TAS 16 rather than TAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with TAS 16. The amendment also introduces a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales, and clarifies that produce growing on bearer plants remains within the scope of TAS 41.

Amendments to TAS 16 and TAS 41 also led to amendments in related provisions of TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40, respectively.

Amendments to TFRS 11 and TFRS 1 *Accounting for Acquisition of Interests in Joint operations*

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:

- apply all of the business combinations accounting principles in TFRS 3 and other TAS, except for those principles that conflict with the guidance in TFRS 11,
- disclose the information required by TFRS 3 and other TAS for business combinations.

Amendments to TFRS 11 also led to amendments in related provisions of TFRS 1.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.4 New and Revised Turkish Accounting Standards (cont'd)

c) New and revised TAS in issue but not yet effective (cont'd)

Annual Improvements to 2011-2013 Cycle

TFRS 1: Clarify which versions of TAS can be used on initial adoption (amends basis for conclusions only).

Amendments to TAS 1 ***Disclosure Initiative***

This amendment addresses perceived impediments to preparers exercising their judgment in presenting their financial reports.

Annual Improvements 2012-2014 Cycle

TFRS 5: Adds specific guidance in TFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

TFRS 7: Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

TAS 34: Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

Annual Improvements to 2012-2014 Cycle also led to amendments in related provisions of TAS 19.

Amendments to TAS 27 ***Equity Method in Separate Financial Statements***

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Amendments to TFRS 10 and TAS 28 ***Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

This amendment clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.4 New and Revised Turkish Accounting Standards (cont'd)

c) New and revised TAS in issue but not yet effective (cont'd)

Amendments to TFRS 10, TFRS 12 and TAS 28 *Investment Entities: Applying the Consolidation Exception*

This amendment addresses issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by TFRS 12.

TFRS 14 *Regulatory Deferral Accounts*

TFRS 14 *Regulatory Deferral Accounts* permits an entity which is a first-time adopter of Turkish Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of TFRS and in subsequent financial statements.

TFRS 14 also led to amendments in related provisions of TFRS 1.

The Company evaluates the effects of these standards, amendments and improvements on the financial statements.

2.5 Summary of Significant Accounting Policies

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (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.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Related Parties (cont'd)

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment defined 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).

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated or realized customer returns, discounts, commissions, rebates, and taxes related to sales.

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Revenue (cont'd)

Dividend and interest income:

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on weighted average basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and carried at cost less accumulated impairment.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Property, Plant and Equipment (cont'd)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Mining Assets

Mining assets owned by the Company comprise discounted costs associated with the reclamation, rehabilitation and closure of mines. Mining assets are carried in the financial statements at cost less accumulated depreciation and any accumulated impairment losses. Depreciation of mining assets, commences when mine production begins. Depreciation expenses related with mining assets are allocated to cost of production.

Amortization of mining assets commences when they reach full capacity and the physical condition to meet the production capacity determined by management.

In the presence of indicators of impairment, mining assets are tested against impairment in accordance with TAS 36, by being grouped into the smallest independent cash generating units and by comparing their recoverable amount and their carrying value in the financial statements. For purposes of assessing impairment, mining assets are recognized on the basis of cash-generating units. Impairment exists if the mining asset's or the cash generating unit's (which the asset belongs) carrying amount is higher than the amount recoverable from its sale after all costs associated with usage and selling have been deducted. Losses arising from impairment of mining assets are recognized as expenses in the statement of comprehensive income. The impairment loss is reviewed at each reporting period and subsequent increases in the recoverable amount of the asset impaired can be reversed by less than the original impairment amount, if the increase in the recoverable amount is related to an event occurring during the subsequent period.

Cost of reclamation, rehabilitation and closure of mines comprise the provisioned amount for costs that are considered as highly probable to be incurred during the closure and rehabilitation of mines, discounted and recognized on the reporting date in the financial statements. These provisions are discounted at the reporting date with the discount rates, which are non-taxable and risk free rates for the future expected cash flows, taking into consideration the market interest rate and the risk associated with the liability. The calculations are reviewed at each reporting date. The changes arising from the changes in the management estimates used for the calculation of the provision related to the conditioning, rehabilitation and closure of mining areas, are recognized in the reclamation of mining areas, rehabilitation and closure costs. On the other hand in determining the costs related to the reclamation, rehabilitation and closure of mines the depreciation rate used is the lower of; the remaining economic life of the mine, or the quantity of the mined amount during the period divided by the reserves left in the mine at the end of the period. Based on the scope of existing programs to prevent environmental pollution and protection of the environment is reflected in the statement of comprehensive income as an expense in the period in which the costs are incurred.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (5-10 years).

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Impairment of Tangible and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Impairment of Tangible and Intangible Assets Other Than Goodwill (cont'd)

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

General borrowings of the Company are capitalized to the applicable qualifying assets based on a capitalization rate. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments

Financial assets

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Investments are recognised and derecognised on a trade date where the purchase or sale of an investments under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets at FVTPL

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The Company's cash and cash equivalents are classified under the category of 'Loans and Receivables'.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Compamy retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Financial liabilities

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item. Fair value is determined in the manner.

Effects of Foreign Currency Transactions

The results and financial position of the Company are expressed in TL, which is the functional currency of the Company, and the presentation currency for the financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in profit or loss in the period in which they arise.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

Earnings Per Share

Earnings per share disclosed in the accompanying statement of profit or loss and other comprehensive income is determined by dividing net income by the weighted average number of shares in existence during the year concerned.

In Turkey, companies can raise their share capital by distributing "bonus shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are treated as issued shares. Accordingly, the retrospective effect of such share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in the computation.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Events After the Reporting Period

Events after the reporting period are those events that occur between the reporting date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information.

The Company adjusts the amounts recognized in its financial statements if adjusting events occur after the reporting date.

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Segmental Information

The Company operates in a single operating segment. Thus, additional segmental information is not given. The Company's all significant assets, production process and distribution channels are located in Turkey. The business activities of the Company is being managed and organized according to the contents of the output that the Company either provide or serve.

Taxation on Income

Taxation on income is composed of current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Taxation on Income (cont'd)

Deferred tax

Deferred tax liability or asset is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Employee Benefits

Termination and retirement benefits:

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per TAS 19 (Revised) *Employee Benefits* ("TAS 19").

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Profit-sharing and bonus plans

The Company recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments.

Statement of Cash Flows

In statement of cash flows, cash flows are classified according to operating, investing and financing activities.

Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

2.6 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Critical judgments in applying the entity's accounting policies

In the process of applying the entity's accounting policies, which are described in Note 2.5, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements:

Income taxes

The Company estimates its liabilities for tax obligations as well as the utilization of available loss carry forwards. When the final tax outcome is known, the actual positions may vary from these estimates and adjustments to deferred income tax positions may be required.

Deferred taxes

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential and tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, it is the Company's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognized.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)

2.6 Critical Accounting Judgments and Key Sources of Estimation Uncertainty (cont'd)

Useful lives of property, plant and equipment

The Company reviews the estimated useful lives of its property, plant and equipment at the end of each reporting period. The Company takes into consideration the intended use of the property, plant and equipment, the advancement in technology related to the particular type of property, plant and equipment as well as other factors that may require management to extend or shorten the useful lives and the assets' related depreciation.

Provision for mine site rehabilitation

The Company calculates for stone and earth-based land degraded by mining activities within the scope of reintegration for mine site rehabilitation. The provision is discounted to the present value of the land and the related expense for the period, is included in cost of sales as the cost of rehabilitation.

3. FINANCIAL INVESTMENTS

As of 31 December 2015, details of the Company's financial assets are shown below:

	Share %	31 December 2015	Share %	31 December 2014
Other financial assets				
Batıçim	4,09	19.796.793	4,09	23.893.812
Ash Plus	0,05	14.905	0,05	14.905
Batıbeton Beton Sanayi A.Ş.	0,05	750	0,05	750
Batıçim Enerji Toptan	<0,01	6	<0,01	6
		19.812.454		23.909.473

The Company owns 4,09% of Batıçim (31 December 2014: 4,09%) shares and these shares are listed in Borsa İstanbul. Fair value of these shares are determined based on the announcement of Borsa İstanbul's data as of the reporting date. Due to the application of TFRS 9 in the current period, losses arised from valuation of Batıçim's shares are recognized in other comprehensive expense as at 31 December 2015.

Financials assets stated above amounting TL 15.661 are carried at cost in the financial statements, since its shares are not quoted in an active market and there is no way to determine the fair value using a valuation technique.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

4. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

The share of loss from equity accounted investments for the year ended 31 December 2015 is TL 1.004.191.

The carrying amount of the Company's equity accounted investee "Batıçim Enerji" is TL 50.623.659.

The detail of summarized financial information related to Batıçim Enerji is as follows:

	31 December 2015	31 December 2014
Current Assets	18.101.074	16.665.557
Non-Current Assets	169.521.507	176.517.749
Current Liabilities	(36.837.448)	(47.022.915)
Non-Current Liabilities	(54.458.074)	(47.045.849)
Net Equity	96.327.059	99.114.542
Share of the Company	36,025%	36,025%
Proportion of equity per the Company's shares	34.701.823	35.706.014
Proportion of goodwill	15.921.836	15.921.836
	50.623.659	51.627.850

	1 January 2015- 31 December 2015	1 January 2014- 31 December 2014
Total Net Revenue	72.652.371	23.733.923
Other Comprehensive Income/(Expense)	18.073	(3.991)
Total Comprehensive Expense	(2.787.485)	(4.714.316)
Net Loss	(2.805.558)	(4.733.442)
Share of the Company	36,025%	36,025%
Proportion of net loss of the Company	(1.004.191)	(1.705.222)

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

5. FINANCIAL LIABILITIES

	31 December 2015	31 December 2014
Short-term borrowings	-	262.851
Short-term portion of long-term borrowings	12.035.625	6.978.735
Long-term borrowings	135.019.647	42.721.148
	147.055.272	49.962.734

Currency	Weighted average effective interest rate (%)	31 December 2015 Short Term	Long Term
US Dollars	4,12	5.472.972	15.859.647
Euro	3,40	6.562.653	119.160.000
		12.035.625	135.019.647

Currency	Weighted average effective interest rate (%)	31 December 2014 Short Term	Long Term
TL	-	262.851	-
US Dollars	4,21	4.398.476	16.864.734
Euro	3,33	2.580.259	25.856.414
		7.241.586	42.721.148

The maturities of the Company's loans are as follows:

	31 December 2015	31 December 2014
To be paid within 1 year	12.035.625	7.241.586
To be paid between 1-2 years	7.560.984	8.917.344
To be paid between 2-3 years	19.661.397	8.917.344
To be paid between 3-4 years	19.661.397	8.917.344
To be paid between 4-5 years	17.018.156	8.917.366
To be paid after 5 years	71.117.713	7.051.750
	147.055.272	49.962.734

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

6. RELATED PARTY DISCLOSURES

The details of balances with related parties are as follows:

	31 December 2015			
	Receivables		Payables	
Balances with related parties	Trade	Non-Trade	Trade	Non-Trade
Shareholders				
Batıçim	72.698	4.926	2.083.524	71.600
Others controlled by the parent company				
Batıçim Enerji Toptan	-	18.433	11.803	-
ASH Plus	-	3.388	-	-
	72.698	26.747	2.095.327	71.600

	31 December 2014			
	Receivables		Payables	
Balances with related parties	Trade	Non-Trade	Trade	Non-Trade
Shareholders				
Batıçim	838.283	4.606	447.584	-
Dividend that will be paid to shareholders	-	-	-	4.991
Others controlled by the parent company				
Batıçim Enerji Toptan	-	-	17.849	-
Batıçim Enerji	-	-	-	1.636
ASH Plus	-	-	5.028	-
	838.283	4.606	470.461	6.627

The receivables from related parties arise mainly from sale transactions and turnover for these receivables is 90 days. The receivables are unsecured in nature and bear interest based on time deposit ratios in the related period.

Non-trade receivables from related parties bear interest based on time deposit ratios in the related period.

The payables to related parties arise mainly from purchase transactions and average turnover for these payables is 75 days after the date of purchase. The payables bear interest based on time deposit ratios.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

6. RELATED PARTY DISCLOSURES (cont'd)

	1 January - 31 December 2015					
Transactions with related parties	Inventory or Service Purchases	Sale of Goods	Interest Income	Interest Expense	Dividend Income	Fixed Asset Sales
Shareholders						
Batıçim	3.270.925	17.597.552	2.272	-	294.985	5.000
Others controlled by the parent company						
Batıçim Enerji	141.840	-	15.621	-	-	-
ASH Plus	10.377	-	-	-	5.801	-
Batı Beton	-	-	-	-	594	-
	3.423.142	17.597.552	17.893	-	301.380	5.000

	1 January - 31 December 2014					
Transactions with related parties	Inventory or Service Purchases	Sale of Goods	Interest Income	Interest Expense	Dividend Income	Fixed Asset Sales
Shareholders						
Batıçim	1.312.685	12.840.765	41.734	180	163.881	-
Others controlled by the parent company						
Batıçim Enerji	-	-	2.471	1.387	-	-
Batıçim Enerji Toptan	278.102	-	7.125	-	-	-
ASH Plus	151.221	-	-	-	-	-
Batı Beton	-	-	-	-	532	-
	1.742.008	12.840.765	51.330	1.567	164.413	-

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

6. RELATED PARTY DISCLOSURES (cont'd)

Compensation of key management personnel :

Company's key management consists of executive board members, general manager and vice president. Benefits provided to key management includes wages, premiums, health insurance transportation and the details of the Company's benefits provided to key management during the year are as follows:

	1 January-31 December 2015	1 January-31 December 2014
Wages, premiums, social relief benefits	1.549.496	1.408.710
Retirement incentives, performance premium and other payments	352.757	194.662
	1.902.253	1.603.372

7. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

The detail of the Company's trade receivables as of reporting date are as follows:

	31 December 2015	31 December 2014
Trade receivables	5.603.899	10.752.673
Note receivables	18.186.366	14.568.728
Trade receivables from related parties (Note 6)	72.698	838.283
	23.862.963	26.159.684

The average credit period on sale of goods is 90 days (31 December 2014: 56 days).

Guarantee letters received in relation to undue and not doubtful receivables are as follows:

	31 December 2015	31 December 2014
Guarantee letters received	50.992.528	33.300.396
	50.992.528	33.300.396

Company management considers that there is no significant difference between par value and fair value of the guarantees received. There are no overdue trade receivables of the Company as of 31 December 2015 (31 December 2014: None). There are no doubtful receivables of the Company as of 31 December 2015 (31 December 2014: None).

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

7. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Trade Payables:

The detail of the Company's trade payables as at reporting date are as follows:

	31 December 2015	31 December 2014
Trade payables	26.218.750	16.475.648
Trade payables to related parties (Note 6)	2.095.327	470.461
	28.314.077	16.946.109

The average credit period of trade payables is 74 days (31 December 2014: 55 days).

Amount of guarantee letters given against its trade payables is as follows:

	31 December 2015	31 December 2014
Guarantee letters given	8.577.008	11.950.253
	8.577.008	11.950.253

Company management considers that there is no significant difference between par value and fair value of the guarantees given.

8. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables:

Other Short-Term Receivables	31 December 2015	31 December 2014
Other receivables from related parties (Note 6)	26.747	4.606
Other receivables	73.499	107.170
	100.246	111.776

Other Long-Term Receivables	31 December 2015	31 December 2014
Guarantee and deposists given	452.840	397.420
	452.840	397.420

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

8. OTHER RECEIVABLES AND PAYABLES (cont'd)

b) Other Payables

	31 December 2015	31 December 2014
Advances received	93.921	47.814
Other payables from related parties (Note 6)	71.600	6.627
Taxes and dues payable	974.709	1.112.478
	1.140.230	1.166.919

9. INVENTORIES

	31 December 2015	31 December 2014
Raw materials	1.694.627	2.035.834
Work in process inventories	7.371.070	5.300.766
Finished goods	69.626	151.411
Auxiliary materials and spare parts	10.622.721	9.170.611
	19.758.044	16.658.622

The cost of inventories recognized as expense and included in "cost of sales" amounted to TL 38.467.893 (31 December 2014: TL 42.941.959).

Auxiliary materials and spare parts are composed of unused firebricks and auxiliary materials and spare parts that may be used in manufacturing. When firebricks are used, they are classified as inventories and become depreciable for their useful lives.

10. PREPAID EXPENSES

Short-Term Prepaid Expenses	31 December 2015	31 December 2014
Order advances given	53.744	140.401
Deferred expenses	748.806	1.087.037
	802.550	1.227.438

Long-Term Prepaid Expenses	31 December 2015	31 December 2014
Advances given	14.251.306	5.167.910
	14.251.306	5.167.910

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Land Improvements	Buildings	Plant, Machinery and Equipment	Vehicles	Furniture and Fixture	Mine Assets	Construction in Progress	Total
Cost Value									
Opening balance as of 1 January 2015	9.143.791	29.217.091	56.025.788	143.447.568	551.955	9.231.665	862.029	23.101.973	271.581.860
Additions	5.355.247	13.414	-	54.658	-	429.379	-	36.543.602	42.396.300
Disposals	-	-	-	(8.365.847)	-	(8.328)	-	-	(8.374.175)
Transfers from constructions in progress (*)	-	-	-	-	-	-	-	(17.633)	(17.633)
Closing balance as of 31 December 2015	14.499.038	29.230.505	56.025.788	135.136.379	551.955	9.652.716	862.029	59.627.942	305.586.352
Accumulated Depreciation									
Opening balance as of 1 January 2015	-	(13.382.056)	(21.270.904)	(84.598.744)	(536.440)	(6.405.516)	(439.106)	-	(126.632.766)
Charge for the year	-	(889.196)	(1.020.821)	(4.991.854)	(7.028)	(1.251.845)	(119.172)	-	(8.279.916)
Disposals	-	-	-	8.282.564	-	2.776	-	-	8.285.340
Closing balance as of 31 December 2015	-	(14.271.252)	(22.291.725)	(81.308.034)	(543.468)	(7.654.585)	(558.278)	-	(126.627.342)
Net carrying value as of 31 December 2015	14.499.038	14.959.253	33.734.063	53.828.345	8.487	1.998.131	303.751	59.627.942	178.959.010

(*) TL 17.633 represents the transfer from construction in progress to rights in 2015.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Land	Land Improvements	Buildings	Plant, Machinery and Equipment	Vehicles	Furniture and Fixture	Mine Assets	Construction in Progress	Total
Cost Value									
Opening balance as of 1 January 2014	9.093.798	29.079.125	53.569.838	143.511.739	553.573	7.391.906	862.029	2.939.734	247.001.742
Additions	49.993	109.466	29.007	132.405	-	1.602.761	-	25.842.432	27.766.064
Disposals	-	-	(332.077)	(2.555.583)	(1.618)	(296.668)	-	-	(3.185.946)
Transfers from constructions in progress	-	28.500	2.759.020	2.359.007	-	533.666	-	(5.680.193)	-
Closing balance as of 31 December 2014	9.143.791	29.217.091	56.025.788	143.447.568	551.955	9.231.665	862.029	23.101.973	271.581.860
Accumulated Depreciation									
Opening balance as of 1 January 2014	-	(12.435.524)	(20.641.310)	(82.417.950)	(532.800)	(5.290.025)	(259.677)	-	(121.577.286)
Charge for the year	-	(946.532)	(961.671)	(4.550.222)	(5.258)	(1.412.159)	(179.429)	-	(8.055.271)
Disposals	-	-	332.077	2.369.428	1.618	296.668	-	-	2.999.791
Closing balance as of 31 December 2014	-	(13.382.056)	(21.270.904)	(84.598.744)	(536.440)	(6.405.516)	(439.106)	-	(126.632.766)
Net carrying value as of 31 December 2014	9.143.791	15.835.035	34.754.884	58.848.824	15.515	2.826.149	422.923	23.101.973	144.949.094

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The useful lives of property, plant and equipment are as follows:

	Useful life
Land improvements	8-40 years
Buildings	43-50 years
Plant, machinery and equipment	10-25 years
Vehicles	4-10 years
Furniture and fixtures	2-10 years
Mine assets	10-30 years

TL 7.692.988 (2014: TL 7.724.572) of depreciation expense was allocated to cost of sales, TL 43.111 (2014: TL 43.288) of depreciation expense was allocated to marketing expenses, TL 61.071 (2014: TL 61.322) of depreciation expense was allocated to administrative expenses, TL 482.746 (2014: TL 226.089) of depreciation expense was allocated to semi-finished goods and there is no any depreciation expense was allocated to semi-finished goods (2014: None).

As of 31 December 2015, mine assets included in property, plant and equipment consist of discounted costs related to closing of mines and their subsequent rehabilitation. Depreciation of related mine assets has been allocated to cost of goods sold.

The amount of borrowing costs capitalized on property, plant and equipment as of 31 December 2015 is TL 4.735.805 (31 December 2014: TL 1.073.099).

There are no property, plant and equipment acquired through financial leases (31 December 2014: None).

There is no mortgage or pledge on property, plant and equipment.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

12. INTANGIBLE ASSETS

	Rights	Assets subject to depletion	Total
Cost Value			
Opening balance as of 1 January 2015	1.082.987	595.266	1.678.253
Additions	600.432	-	600.432
Transfers from constructions in progress	17.633	-	17.633
Closing balance as of 31 December 2015	1.701.052	595.266	2.296.318
Accumulated Amortization			
Opening balance as of 1 January 2015	(948.856)	(595.266)	(1.544.122)
Charge for the year	(116.720)	-	(116.720)
Closing balance as of 31 December 2015	(1.065.576)	(595.266)	(1.660.842)
Net carrying value as of 31 December 2015	635.476	-	635.476

	Rights	Assets subject to depletion	Total
Cost Value			
Opening balance as of 1 January 2014	1.081.926	595.266	1.677.192
Additions	1.061	-	1.061
Closing balance as of 31 December 2014	1.082.987	595.266	1.678.253
Accumulated Amortization			
Opening balance as of 1 January 2014	(851.048)	(595.266)	(1.446.314)
Charge for the year	(97.808)	-	(97.808)
Closing balance as of 31 December 2014	(948.856)	(595.266)	(1.544.122)
Net carrying value as of 31 December 2014	134.131	-	134.131

Amortization expense of TL 116.720 (31 December 2014: TL 97.808) is charged to cost of sales. There is no amortization expense charged, semi-finished goods and finished goods (2014: None).

The useful lives of intangible assets are as follows:

	Useful life
Rights	5-10 years
Assets subject to amortization	5 years

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

13. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

Other short-term provisions	31 December 2015	31 December 2014
Legal claims (i)	1.342.120	1.350.120
Provision for Competition Authority's penalty (ii)	3.399.946	-
	4.742.066	1.350.120

i. The Company has recorded a provision amounting to TL 1.342.120 related to penalty which was notified by Competition Authority Board as at 13 May 2005. Abatement of proceedings was approved by State Council's 13th Department decision numbered 2005/7506 until the lawsuit was concluded for the Company. However, the Company paid the penalty of TL 1.342.120 to bank account of Ankara 10th Administrative Court, decision numbered 2007990 E.2009/126 and dated 30 January 2009, the penalty payment was canceled as at 30 January 2009. On 20 April 2009, the payment was given back to the Company by Ankara Directorate of Tax Adminstration. As at 31 December 2013, lawsuit against the Company as not concluded. However, according to legal opinions gathered by the Company management, a provision amounting to TL 1.342.120 was recorded.

ii. Amounting to TL 4.533.261 of administrative fine have been notified by the Competition Authority on the date of 15 January 2016. In compliance with the law of misdemeanors numbered 5326, article 17/6 states that "If the debitor willing to pay the fine, the public officer who fine as a result of misdeed, makes collection immediately. If debitor pays the fine without litigation, the debitor will be charged ¾ of the fine. But, this payment does not affect the right to appeal to remedy for the fine". By considering this, ¾ of fine from Competition Authority will be paid in advance, and as a result, the Entity be exempt from ¼ of fine.

The provision amount is recognized in other expenses from operating activities in the statement of profit or loss. Management estimates that related legal claims will not lead to losses greater than the provision amounts recognized as of 31 December 2015.

Other long-term provisions	31 December 2015	31 December 2014
Provision related to mine site rehabilitation (iii)	2.388.950	2.201.580
	2.388.950	2.201.580

iii. Provision recognized in order to rehabilitate land that has been damaged by the Company's quarry mining activities. Provision related to mine site rehabilitation expense has been charged to cost of sales.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

13. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

a) Provisions (cont'd)

The movement for provisions as of 31 December 2015 and 2014 as follow:

	Legal claims	Provision for Competition Authority's penalty	Provision for mine site rehabilitation	Total
As of 1 January 2015	1.350.120	-	2.201.580	3.551.700
Provision for the period	-	3.399.946	187.370	3.587.316
Reversal of current year provision (-)	(8.000)	-	-	(8.000)
As of 31 December 2015	1.342.120	3.399.946	2.388.950	7.131.016

	Legal claims	Provision for mine site rehabilitation	Total
As of 1 January 2014	1.350.120	1.853.747	3.203.867
Provision for the period	-	347.833	347.833
As of 31 December 2014	1.350.120	2.201.580	3.551.700

b) Contingent Assets and Liabilities

Lawsuits opened against the Company:

Total amount of lawsuits against the company as of 31 December 2015 is TL 244.779 (2014: TL 516.835). Based on the management opinion, considering the legal opinions received, the management does not forecast any risk of outflow and thus no provision was recognized for the lawsuits.

14. COMMITMENTS

Guarantees-Pledges-Mortgages ("GPM")

The table related to guarantees-pledges-mortgages position as of 31 December 2015 and 31 December 2014 is as below:

31 December 2015		TL Amount	Original Balance
A. Given GPMs on behalf of its own legal entity			
	TL	8.577.008	-
	US Dollars	-	-
Total		8.577.008	-

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

14. COMMITMENTS (cont'd)

Guarantees-Pledges-Mortgages ("GPM")(cont'd)

31 December 2014		TL Amount	Original Balance
A. Given GPMs on behalf of its own legal entity			
	TL	11.950.253	-
	US Dollars	-	-
Total		11.950.253	-

The ratio of other guarantees-pledges-mortgages to owners' equity is 0% as of 31 December 2015 (31 December 2014: 0%).

According to the Share Pledge Agreement signed on 1 December 2014, the Company used bank loan amounting to US Dollars 15.450.000 due to financing continued investment project operations and the Company put in pledge to 36,025% of capital of Batıçim Enerji Elektrik Üretim A.Ş. (36.025 number of shares) with TL 1,000 nominal value in favor of Akbank T.A.Ş. Accordingly, there is a pledge right for almost 36,025% shares of the Company established in favor of Akbank T.A.Ş..

15. EMPLOYEE BENEFITS

	31 December 2015	31 December 2014
Payables to personnel	672.344	632.714
Social security premiums payable	395.022	358.598
	1.067.366	991.312

	31 December 2015	31 December 2014
Performance premium provision (*)	588.800	-
Provision for unused vacation	472.732	375.079
	1.061.532	375.079

(*) Provision amounting to TL 588.800 is recognized within the scope of "performance assesment system".

15. EMPLOYEE BENEFITS (cont'd)

Performance premium provision expense of TL 246.684 (2014: None), TL 33.408 (2014: None) and TL 308.708 (2014: None) has been allocated to cost of sales, administrative expenses and sales and marketing expenses, respectively.

Unused vacation provision expense of TL 50.677 (2014: TL 33.275), TL 3.087 (2014: TL 1.975) and TL 43.889 (2014: TL 31.969) has been allocated to cost of sales, administrative expenses and sales and marketing expenses, respectively.

Long-term provisions for employee benefits:

Provision for retirement pay liability:

Under Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

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

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 *Employee Benefits* stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans.

In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2015, 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 provisions at the respective reporting dates have been calculated with the assumption of 3,74% real discount rate calculated by using 7% annual inflation rate and 11% discount rate. (31 December 2014: 2,84%)

Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 2,16% for employees with 0-15 years of service, and 0% for those with 16 or more years of service. Ceiling amount of TL 4.092,53 which is in effect since 1 January 2016 is used in the calculation of Company's provision for retirement pay liability (1 January 2015: TL 3.541,37).

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

15. EMPLOYEE BENEFITS (cont'd)

Provision for retirement pay liability:

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate.

- If the discount rate had been 1% lower/(higher), provision for employee termination benefits would decrease by TL 156.350.
- If the anticipated turnover rate had been 1% higher/(lower) while all other variables were held constant, provision for employee termination benefits would decrease by TL 114.384.

Movement of retirement payment provision:

	2015	2014
Provision at 1 January	4.929.154	3.817.287
Service cost	1.215.353	962.974
Interest cost	140.166	142.385
Termination benefits paid	(804.806)	(348.322)
Acturial loss	533.256	354.830
Provision at 31 December	6.013.123	4.929.154

TL 1.259.960 (2014: TL 964.579) and TL 28.247 (2014: TL 24.520) and TL 67.312 (2014: TL 116.260) of the total expenses were included in cost of sales, sales and marketing and administrative expenses, respectively.

16. OTHER ASSETS AND LIABILITIES

Other Current Assets	31 December 2015	31 December 2014
Deffered VAT	752.458	-
Other current assets	161.160	-
	913.618	-

Other Short-Term Liabilities	31 December 2015	31 December 2014
Mine tax accruals	492.891	432.535
Other	107.137	77.269
	600.028	509.804

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

17. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Share Capital

As of 31 December 2015 and 31 December 2014 the share capital held is as follows:

Shareholders	%	31 December 2015	%	31 December 2014
Batıçim	74,62	58.766.018	74,62	58.766.018
Other	25,38	19.983.982	25,38	19.983.982
Nominal capital	100,00	78.750.000	100,00	78.750.000
Inflation adjustment		59.824.631		59.824.631
Adjusted capital		138.574.631		138.574.631

The Company is subject to registered capital system. Authorized capital is TL 150.000.000 and the total number of ordinary shares authorized is 15.000.000.000 shares with a par value of TL 0,01 per share.

The Company's shares amounted TL 14.956,13 are in the name of the holders. Nominal value of one share is TL 0,01. Authorized capital is TL 78.750.000 and the total number of ordinary shares authorized is 7.875.000.000 shares with a par value of TL 0,01 per share.

The Company's capital consist of A and B Group shares.

The composition of the A Group shareholders (preferred stock) is as follows:

Shareholders	%	31 December 2015	%	31 December 2014
Batıçim	99,33	74.281	99,33	74.281
Other	0,67	500	0,67	500
	100,00	74.781	100,00	74.781

Group A shareholders have the following rights in accordance with the Company's articles of association:

All members of the board of directors have to be appointed from among the candidates chosen by the majority of the holders of Group A shares.

The composition of the B Group shareholders (ordinary shareholders):

Shareholders	%	31 December 2015	%	31 December 2014
Batıçim	74,60	58.691.737	74,60	58.691.737
Other	25,40	19.983.482	25,40	19.983.482
	100,00	78.675.219	100,00	78.675.219

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

17. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont'd)

b) Restricted Reserves Appropriated from Profit

	31 December 2015	31 December 2014
Legal Reserves	13.681.039	11.817.010
	13.681.039	11.817.010

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. According to the Turkish Commercial Code, legal reserves can be utilized only for offsetting losses, retain business continuity and manage with unemployment or other consequences unless the legal reserves do not exceeds the share capital or half of the share capital.

Capital adjustment differences can only be added to the capital.

As at 31 December 2015, the Company's extraordinary reserves classified under retained earnings is TL 49.570.803 (31 December 2014: TL 30.084.957). As at 31 December 2015 and 31 December 2014, the Company's legal reserves and extraordinary reserves adjustment differences that are amounted to TL 5.127.394 and TL 6.725.559 classified under retained earnings respectively.

Profit Distribution:

On 27 May 2015, a dividend of TL 0,10 per share (total dividend of TL 7.875.000 to shareholders, TL 1.538.151 to the members of Board of Directors) is distributed to the shareholders (31 December 2014: TL 5.512.500 to shareholders, TL 443.781 to the members of Board of Directors).

c) Prior Years' Profit

	31 December 2015	31 December 2014
Adjustments to legal reserves	5.127.394	5.127.394
Extraordinary reserves	49.570.803	30.084.957
Adjustments to extraordinary reserves	6.725.559	6.725.559
	61.423.756	41.937.910

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

18. REVENUE AND COST OF SALES

a) Revenue

	1 January - 31 December 2015	1 January - 31 December 2014
Domestic sales	111.622.171	124.023.153
Foreign sales	15.379.078	25.626.639
Other revenue	30.011	14.364
Other discounts (-)	(283.186)	(90.990)
Sales discounts (-)	(369.021)	(402.542)
	126.379.053	149.170.624

b) Cost of sales

	1 January - 31 December 2015	1 January - 31 December 2014
Raw materials used	(40.456.412)	(47.492.318)
Production overheads	(25.657.023)	(31.904.554)
Personnel expenses	(11.267.601)	(10.480.261)
Depreciation expenses (Note 11)	(7.692.988)	(7.724.572)
Provision of employee termination benefits (Note 15)	(1.259.960)	(964.579)
Performance premium provision expenses (Note 15)	(246.684)	-
Mine rehabilitation provision expenses (Note 13)	(187.370)	(347.833)
Amortization expenses (Note 12)	(116.720)	(97.808)
Unused vacation accrual (Note 15)	(50.677)	(33.275)
Change in work-in progress and finished goods (Note 9)	1.988.519	4.550.359
Cost of other sales	(1.009.728)	(698.493)
	(85.956.644)	(95.193.334)

19. ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

	1 January - 31 December 2015	1 January - 31 December 2014
Administrative expenses	(8.635.342)	(6.811.303)
Marketing expenses	(6.130.095)	(7.605.980)
	(14.765.437)	(14.417.283)

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

19. ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES (cont'd)

a) Administrative expenses

	1 January - 31 December 2015	1 January - 31 December 2014
Personnel expenses	(3.091.839)	(3.268.442)
Consultancy expenses	(1.844.659)	(1.438.834)
Real estate tax expenses	(1.560.805)	(654.842)
Security expenses	(453.033)	(465.090)
Performance premium provision expenses (Note 15)	(308.708)	-
Advertisement expenses	(239.486)	(96.954)
Donations and charity expenses	(82.387)	(14.058)
Fuel expenses	(79.440)	(163.945)
Provision of employee termination benefits (Note 15)	(67.312)	(116.260)
Depreciation expenses (Note 11)	(61.071)	(61.322)
Unused vacation accrual (Note 15)	(43.889)	(31.969)
Vehicle rent expenses	(33.360)	(24.679)
Other expenses	(769.353)	(474.908)
	(8.635.342)	(6.811.303)

b) Marketing expenses

	1 January - 31 December 2015	1 January - 31 December 2014
Export expenses	(3.901.910)	(6.262.340)
Transportation and loading expenses	(1.350.982)	(772.174)
Personnel expenses	(389.409)	(363.770)
Depreciation expenses (Note 11)	(43.111)	(43.288)
Performance premium provision expenses (Note 15)	(33.408)	-
Provision of employee termination benefits (Note 15)	(28.247)	(24.520)
Unused vacation accrual (Note 15)	(3.087)	(1.975)
Other expenses	(379.940)	(137.913)
	(6.130.094)	(7.605.980)

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

20. EXPENSES BY NATURE

	1 January - 31 December 2015	1 January - 31 December 2014
Raw materials used	(40.456.412)	(47.492.318)
Production overheads	(25.657.023)	(31.904.554)
Personnel expenses	(14.748.849)	(14.112.473)
Depreciation expenses	(7.797.170)	(7.829.182)
Export expenses	(3.901.910)	(6.262.340)
Consultancy expenses	(1.844.659)	(1.438.834)
Provision of employee termination benefits	(1.355.519)	(1.105.359)
Transportation and loading expenses	(1.350.982)	(772.174)
Real estate tax expenses	(1.560.805)	(654.842)
Cost of other sales	(1.009.728)	(698.493)
Security expenses	(453.033)	(465.090)
Advertisement expenses	(239.486)	(96.954)
Mine rehabilitation provision expenses	(187.370)	(347.833)
Amortization expenses	(116.720)	(97.808)
Unused vacation accrual	(97.653)	(67.219)
Donations and charity expenses	(82.387)	(14.058)
Fuel expenses	(79.440)	(163.945)
Vehicle rent expenses	(33.360)	(24.679)
Change in work-in progress and finished goods inventories	1.988.519	4.550.359
Other expenses	(1.738.094)	(612.821)
	(100.722.081)	(109.610.617)

21. OTHER INCOME FROM OPERATING ACTIVITIES

	1 January - 31 December 2015	1 January - 31 December 2014
Foreign exchange gains from operations	22.511.114	10.572.953
Discount interest income	1.944.741	1.965.002
Scrap sale income	377.108	408.595
Insurance damage income	180.559	1.407
Other	970.518	158.615
	25.984.040	13.106.572

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

22. OTHER EXPENSES FROM OPERATING ACTIVITIES

	1 January - 31 December 2015	1 January - 31 December 2014
Foreign exchange losses from operations	(11.496.488)	(6.663.956)
Provision for Competition Authority's penalty	(3.399.946)	-
Discount interest expenses	(864.296)	(1.183.193)
Other	(504.726)	(102.310)
	(16.265.456)	(7.949.459)

23. INCOME FROM INVESTING ACTIVITIES

Income from investing activities	1 January - 31 December 2015	1 January - 31 December 2014
Interest income	1.730.620	1.520.037
Gain on sale of property, plant and equipment	519.000	329.668
Dividend income	301.380	164.413
Gain on sale of associates	-	60.945
	2.551.000	2.075.063

24. FINANCE EXPENSES

	1 January - 31 December 2015	1 January - 31 December 2014
Interest expense on bank loans	(2.992.434)	(1.997.740)
Less: amounts included in the cost of qualifying assets	957.972	1.073.099
	(2.034.462)	(924.641)
Foreign exchange (losses)/gains, net	(12.746.036)	(4.674.424)
Less: amounts included in the cost of qualifying assets	3.777.833	-
Commision expenses	(323.753)	(249.635)
Interest expenses on employee termination benefits (Note 15)	(140.166)	(142.385)
	(11.466.584)	(5.991.085)

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

25. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Current tax liability	31 December 2015	31 December 2014
Current tax provision	6.772.054	8.518.001
Less: Prepaid taxes and funds	(6.608.885)	(6.779.680)
	163.169	1.738.321

Income tax recognized in profit or loss

Tax expense comprises:	1 January-31 December 2015	1 January-31 December 2014
Current tax expense	(6.772.054)	(8.518.001)
Deferred tax income relating to the origination and reversal of temporary differences	757.554	185.151
Total tax expense	(6.014.500)	(8.332.850)

Corporate Tax

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2015 is 20% (2014: 20%).

Deferred Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TAS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS and tax purposes and they are given below.

The tax rate used in the calculation of deferred tax assets and liabilities is 20% (31 December 2014: 20%).

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

25. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Deferred Tax (cont'd)

Deferred Tax Assets/(Liabilities)	31 December 2015	31 December 2014
Depreciation / amortization differences of property, plant and equipment and other intangible assets	(6.410.235)	(7.031.885)
Provision for employment termination benefits, unused vacation accrual and performance premium provision	1.396.607	989.881
Difference between tax base and carrying amount of financial assets	629.026	247.596
Effect of amortized cost method on receivables and payables	14.713	20.540
Difference between tax base and carrying amount of inventories	(96.549)	(45.218)
Mine rehabilitation provision	477.790	440.316
Tax effect of loss from remeasurement of defined benefit plans	18.324	70.966
Provision for legal claims	-	268.424
	(3.970.324)	(5.039.380)

As at 31 December 2015 tax rate that is used for deferred tax calculation arising from increase in value of financial assets is 5% (31 December 2014: 5%). The reason of change in tax rate used for deferred tax assets is related with exemption of profit with 75% that is gained from sale of marketable securities held more than two years.

Movement of deferred tax (assets)/liabilities for years ended 31 December 2015 and 31 December 2014 are as follows:

Movement of deferred tax (asset)/ liabilities:	1 January- 31 December 2015	1 January- 31 December 2014
Opening balance	(5.039.380)	(5.028.371)
Charged to profit or loss	757.554	185.151
Charged to equity	311.502	(196.160)
Closing balance	(3.970.324)	(5.039.380)

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

25. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Deferred Tax (cont'd)

Tax reconcilation	1 January-31 December 2015	1 January-31 December 2014
Profit before tax	25.455.781	39.095.876
Tax at the domestic income tax rate of 20% (2014: 20%)	(5.091.156)	(7.819.175)
Tax effects of:		
- Competition authorithy penalty provision which is not subject to taxation	(679.989)	-
- tax exempt income	147.324	62.811
- expenses that are not deductible in determining taxable profit	(87.175)	(36.359)
- the tax effect of share of losses from equity accounted investees	(200.838)	(341.044)
- other	(102.666)	(199.083)
Income tax expense recognised in profit or loss	(6.014.500)	(8.332.850)

26. EARNINGS PER SHARE

Earnings per share	1 January - 31 December 2015	1 January - 31 December 2014
Weighted number of ordinary shares with a TL 0,01 par value	7.875.000.000	7.875.000.000
Profit for the period (TL)	**19.441.281**	**30.763.026**
Earnings per share (For the Group A and B shares with a par value of TL 1)	**0,2469**	**0,3906**

27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Capital risk management

The Company manages its capital to ensure that it will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company includes loans disclosed in Note 5, cash and cash equivalents, comprising issued capital, reserves and equity items include retained earnings.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

a) Capital risk management (cont'd)

The Company's board of directors review the capital structure semi-annually. The Company management considers the cost of capital and the risks associated with each class of capital. The management of the Company aims to balance its overall capital structure through new share issues, and by issue of new debt or the redemption of existing debt.

In addition and consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

	31 December 2015	31 December 2014
Total Borrowings	(147.055.272)	(49.762.734)
Less: Cash and cash equivalents	118.854.264	41.668.050
Net Debt	(28.201.008)	(8.294.684)
Total Paid-in Capital	232.510.293	226.800.936
Total Equity	204.309.285	218.506.252
Net Debt / Equity ratio	13,80%	3,80%

b) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried under policies approved by the Board of Directors. Company identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

b.1) Credit risk management

	Receivables					
	Trade Receivables		Other Receivables			
31 December 2015	Related Parties	Other Parties	Related Parties	Other Parties	Financial Investments	Bank Deposits
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (*)	72.698	23.790.265	26.747	73.499	19.812.454	118.845.088
- The part of maximum credit risk covered with guarantees (**)	-	21.471.102	-	-	-	-
A. Net book value of financial assets not past due and not impared	72.698	23.790.265	26.747	73.499	19.812.454	118.845.088
B. Net book value of financial assets who conditions are renegotiated, otherwise will be classified as past due or impaired	-	-	-	-	-	-
C. Net book value of assets past due but not impaired	-	-	-	-	-	-
D. Net book value of assets impaired	-	-	-	-	-	-
E. Off balance items exposed to credit risk	-	-	-	-	-	-

	Receivables					
	Trade Receivables		Other Receivables			
31 December 2014	Related Parties	Other Parties	Related Parties	Other Parties	Financial Investments	Bank Deposits
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (*)	838.283	25.321.401	4.606	107.170	23.909.473	41.659.840
- The part of maximum credit risk covered with guarantees (**)	-	23.595.478	-	-	-	-
A. Net book value of financial assets not past due and not impared	838.283	25.321.401	4.606	107.170	23.909.473	41.659.840
B. Net book value of financial assets who conditions are renegotiated, otherwise will be classified as past due or impaired	-	-	-	-	-	-
C. Net book value of assets past due but not impaired	-	-	-	-	-	-
D. Net book value of assets impaired	-	-	-	-	-	-
E. Off balance items exposed to credit risk	-	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantees received are not considered in the determination of the balance.

(**) Guarantees consist of guarantee letters and guarantee notes obtained from the customers.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

Allowances for doubtful receivables are recognized against financial assets based on estimated irrecoverable amounts determined by reference to past experience.

27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors(cont'd)

b.2) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial asseets and liabilities.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

b.2) Liquidity risk management (cont'd)

31 December 2015

Maturities on agreements	Book Value	Total cash outflow (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non derivative financial liabilities						
Bank loans	147.055.272	177.698.950	-	10.792.435	77.017.011	89.889.504
Trade payables	28.314.077	28.384.193	28.384.193	-	-	-
Other payables to related parties	71.600	71.600	71.600	-	-	-
Total liabilities	175.440.949	206.154.743	28.455.793	10.792.435	77.017.011	89.889.504

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

b.2) Liquidity risk management (cont'd)

31 December 2014

Maturities on agreements	Book Value	Total cash outflow (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non derivative financial liabilities						
Bank loans	49.962.734	55.130.302	-	6.746.312	39.917.067	8.466.924
Trade payables	14.439.221	14.599.604	14.599.604	-	-	-
Other payables to related parties	6.627	6.627	6.627	-	-	-
Total liabilities	64.408.582	69.736.533	14.606.231	6.746.312	39.917.067	8.466.924

27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

b.3) Market risk management

b.3.1) Foreign currency risk management

Transactions denominated in foreign currencies result in foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting period are as follows:

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

	31 December 2015		
	TL Amount (Functional currency)	**US Dollars**	**Euro**
1. Trade receivables	-	-	-
2a. Monetary financial assets	107.939.837	3.828.515	30.465.775
2b. Non-monetary financial assets	-	-	-
3. Other	13.105.596	976.000	3.231.300
4. CURRENT ASSETS	121.045.433	4.804.515	33.697.075
5. Trade receivables	-	-	-
6a. Monetary financial assets	-	-	-
6b. Non-monetary financial assets	-	-	-
7. Other	20.305	-	6.390
8. NON-CURRENT ASSETS	20.305	-	6.390
9. TOTAL ASSETS	**121.065.738**	**4.804.515**	**33.703.465**
10. Trade payables	3.703.259	1.175.897	89.445
11. Financial liabilities	12.035.625	1.882.299	2.065.286
12a. Other monetary liabilities	-	-	-
12b. Other non-monetary liabilities	-	-	-
13. SHORT-TERM LIABILITIES	15.738.884	3.058.196	2.154.731
14. Trade payables	-	-	-
15. Financial liabilities	135.019.647	5.454.549	37.500.000
16a. Other Monetary Liabilities	-	-	-
16b. Other Non-monetary Liabilities	-	-	-
17. LONG-TERM LIABILITIES	135.019.647	5.454.549	37.500.000
18. TOTAL LIABILITIES	**150.758.531**	**8.512.745**	**39.654.731**
19. Off-balance sheet derivative instruments net asset / liabilitiy position (19a-19b)	-	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-
20. Net foriegn currency assets / liability position	**(29.692.793)**	**(3.708.230)**	**(5.951.266)**
21. Monetary items net foreign currency assets/liabilities (1+2a+5+6a-10-11-12a-14-15-16a)	(42.818.694)	(4.684.230)	(9.188.956)

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

	31 December 2014		
	TL Amount (Functional currency)	**US Dollars**	**Euro**
1. Trade Receivables	23.936	10.322	-
2a. Monetary Financial Assets	40.326.664	11.297.519	5.008.986
2b. Non-monetary Financial Assets	-	-	-
3. Other	-	-	-
4. CURRENT ASSETS	40.350.600	11.307.841	5.008.986
5. Trade Receivables	-	-	-
6a. Monetary Financial Assets	-	-	-
6b. Non-monetary Financial Assets	-	-	-
7. Other	36.049	-	12.780
8. NON-CURRENT ASSETS	36.049	-	12.780
9. TOTAL ASSETS	**40.386.649**	**11.307.841**	**5.021.766**
10. Trade Payables	1.486.533	33.206	499.710
11. Financial Liabilities	6.978.736	1.896.795	914.758
12a. Other Monetary Liabilities	-	-	-
12b. Other Non-monetary Liabilities	-	-	-
13. SHORT-TERM LIABILITIES	8.465.269	1.930.001	1.414.468
14. Trade Payables	-	-	-
15. Financial Liabilities	42.721.149	7.272.729	9.166.667
16a. Other Monetary Liabilities	-	-	-
16b. Other Non-monetary Liabilities	-	-	-
17. LONG-TERM LIABILITIES	42.721.149	7.272.729	9.166.667
18. TOTAL LIABILITIES	**51.186.418**	**9.202.730**	**10.581.135**
19. Off the balance sheet derivative instruments' net assets/liabilities position (19a-19b)	-	-	-
19a. Off the balance sheet foreign currency derivative assets	-	-	-
19b. Off the balance sheet foreign currency derivative liabilities	-	-	-
20. Net foreign currency asset/ liability position	**(10.799.769)**	**2.105.111**	**(5.559.369)**
21. Monetary items net foreign currency assets/liabilities (1+2a+5+6a-10-11-12a-14-15-16a)	(10.835.818)	2.105.111	(5.572.149)

27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

Foreign currency sensitivity analysis

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollars and Euro. Strengh

The following table details the Company's sensitivity to a 10% increase and decrease in US Dollars and Euro against TL. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity.

	31 December 2015	
	Profit / Loss	
	Strengthening of foreign currency	Weakening of foreign currency
Increase of US Dollars by 10% against TL		
1 - US Dollars net assets / liabilities	(1.078.205)	1.078.205
2 - US Dollars hedges (-)	-	-
3 - US Dollars net effect (1+2)	(1.078.205)	1.078.205
Increase of Euro by 10% against TL		
4 - Euro net assets / liabities	(1.891.074)	1.891.074
5 - Euro hedges (-)	-	-
6 - Euro net effect (4+5)	(1.891.074)	1.891.074
TOTAL (3 + 6)	(2.969.279)	2.969.279

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial risk factors (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

Foreign currency sensitivity analysis (cont'd)

	31 December 2014	
	Profit / Loss	
	Strengthening of foreign currency	Weakening of foreign currency
Increase of US Dollars by 10% against TL		
1 - US Dollars net assets / liabilities	488.154	(488.154)
2 - US Dollars hedges (-)	-	-
3 - US Dollars net effect (1+2)	488.154	(488.154)
Increase of Euro by 10% against TL		
4 - Euro net assets / liabities	(1.568.131)	1.568.131
5 - Euro hedges (-)	-	-
6 - Euro net effect (4+5)	(1.568.131)	1.568.131
TOTAL (3 + 6)	(1.079.977)	1.079.977

Forward foreign exchange contracts

As of 31 December 2015, there is no forward foreign exchange contracts (2014: None).

b.3.2) Interest rate risk management

The Company is exposed to interest rate risk as the entity borrow funds at both fixed and floating interest rates. The Company's interest rate risk management strategy is evaluated on a regular basis in order to be compatible with interest rate expectations and defined risk appetites. Thus, creation of optimal hedging strategy serves the need to review the statement of financial position and to keep interest expense under control against volatile rates.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

28. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)

Fair value and classification of financial instruments

31 December 2015	Loans and receivables (including cash and cash equivalent)	Fair value through profit and loss	Fair value through other comprehensive income	Financial liabilities at amortized cost	Net book value	Note
Financial assets						
Cash and cash equivalents	118.854.264	-	-	-	118.854.264	30
Trade receivables	23.790.265	-	-	-	23.790.265	7
Trade receivables from related parties	72.698	-	-	-	72.698	6
Other receivables from related parties	26.747	-	-	-	26.747	6
Other financial assets	-	50.623.659	19.812.454	-	70.436.113	3,4
Financial liabilities						
Financial liabilities	-	-	-	147.055.272	147.055.272	5
Trade payables	-	-	-	26.218.750	26.218.750	7
Trade payables to related parties	-	-	-	2.095.327	2.095.327	6
Other payables to related parties	-	-	-	71.600	71.600	6

(*) The Company management considers the carrying amount of financial assets approximate their fair values.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

28. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES) (cont'd)

Fair value and classification of financial instruments

31 December 2014	Loans and receivables (including cash and cash equivalent)	Fair value through profit and loss	Fair value through other comprehensive income	Financial liabilities at amortized cost	Net book value	Note
Financial assets						
Cash and cash equivalents	41.668.050	-	-	-	41.668.050	30
Trade receivables	25.321.401	-	-	-	25.321.401	7
Trade receivables from related parties	838.283	-	-	-	838.283	6
Other receivables from related parties	4.606	-	-	-	4.606	6
Other financial assets	-	51.627.850	23.909.467	-	75.537.317	3,4
Financial liabilities						
Financial liabilities	-	-	-	49.962.734	49.962.734	5
Trade payables	-	-	-	16.475.648	16.475.648	7
Trade payables to related parties	-	-	-	470.461	470.461	6
Other payables to related parties	-	-	-	6.627	6.627	6

(*) The Company management considers the carrying amount of financial assets approximate their fair values.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

28. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES) (cont'd)

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined and grouped as follows:

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

- Level 2: the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and

- Level 3: the fair value of the financial assets and financial liabilities are determined where there is no observable market data.

The Company's financial assets and liabilities' fair value levels are as follows:

		Fair value measurement		
	31 December	Level 1	Level 2	Level 3
Financial assets	2015	TL	TL	TL
Financial assets at fair value through other comprehensive income	19.796.793	19.796.793	-	-
Total	19.796.793	19.796.793	-	-

		Fair value measurement		
	31 December	Level 1	Level 2	Level 3
Financial assets	2014	TL	TL	TL
Financial assets at fair value through other comprehensive income	23.893.812	23.893.812	-	-
Total	23.893.812	23.893.812	-	-

29. EVENTS AFTER THE REPORTING DATE

On 15 January 2016, an admistrative fine amounting to TL 4.533.260,95 notified by the Competiton Authority with the decision number 16-02/44-14 dated 14 January 2016 to the Batısöke Söke Çimento Sanayii Türk Anonim Şirketi as a result of an investigation held on 12 June 2014 with the decision number 14-21/416-M.

The connection of Roller Pres and V Seperator investments to the cement production system has been finalized and put in use on 2 February 2016.

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

30. DISCLOSURES RELATED TO STATEMENT OF CASH FLOWS

	31 December 2015	31 December 2014
Cash on hand	9.176	8.210
Cash at banks	118.845.088	41.659.840
Demand deposits	90.563	27.387
Time deposits	118.754.525	41.632.453
	118.854.264	41.668.050

Maturities of all amounts stated in time deposits are less than three months and the Company does not have any blocked deposits.

As of 31 December 2015 and 31 December 2014, details of the time deposit are as follows:

Currency	Interest Rate (%)	Maturity	31 December 2015
TL	6,16 - 10,63	January 2016	10.814.688
US Dollars	1,12 - 2,62	January - February 2016	11.131.788
Euro	2,01	January - February 2016	96.808.049
			118.754.525

Currency	Interest Rate (%)	Maturity	31 December 2014
TL	8,63	January 2015	1.299.360
US Dollars	1,52 - 2,46	January - February 2015	26.201.933
Euro	1,52 - 2,46	January - February 2015	14.131.160
			41.632.453