ÇİMSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY- 31 MARCH 2013

(CONVENIENCE TRANSLATION INTO ENGLISH
OF THE CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)

Çimsa Çimento Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

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Consolidated balance sheet as of 31 March 2013
(Currency – Turkish Lira (TL) unless otherwise indicated)

	Notes	(Unaudited) Current Period 31 March 2013	(Audited) Previous Period 31 December 2012
ASSETS			
Current Assets		**328.091.820**	**329.940.545**
Cash and Cash Equivalents	6	15.138.562	17.601.845
Trade Receivables	9	188.535.636	194.965.330
Other Receivables	10	2.605.822	353.359
Other Receivables From Related Parties	*28*	*2.271.490*	*2.775*
Other Receivables		*334.332*	*350.584*
Inventories	11	*106.864.323*	*105.637.256*
Other Current Assets	19	14.947.477	11.382.755
Non-Current Assets		**1.274.769.556**	**1.239.632.145**
Other Receivables	10	2.148.344	2.094.673
Available for Sale Financial Assets	7	232.627.509	208.085.897
Investments Accounted Under Equity Method	12	166.792.145	158.780.889
Property, Plant and Equipment	13	685.601.078	685.345.670
Intangible Assets	14	21.525.760	21.865.623
Goodwill	15	148.124.026	148.119.252
Deferred Tax Assets	26	6.018.613	4.665.563
Other Non-Current Assets	19	11.932.081	10.674.578
TOTAL ASSETS		**1.602.861.376**	**1.569.572.690**

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

Çimsa Çimento Sanayi ve Ticaret Anonim Şirketi and its subsidiaries
Consolidated balance sheet as of 31 March 2013
(Currency – Turkish Lira (TL) unless otherwise indicated)

	Note	(Unaudited) Current Period 31 March 2013	(Audited) Previous Period 31 December 2012
LIABILITIES			
Current Liabilities		**456.481.033**	**369.691.713**
Financial Liabilities	8	257.321.599	257.886.534
Derivative Financial Liabilities	7	738.761	437.363
Trade Payables	9	71.316.287	88.982.159
Due to Related Parties	28	*5.000.125*	*4.862.902*
Other Trade Payables		*66.316.162*	*84.119.257*
Other Payables	10	108.679.993	7.743.332
Due to Related Parties	28	*99.290.525*	*565.571*
Other Payables		*9.389.468*	*7.177.761*
Current Income Tax Liabilities	26	4.145.488	4.948.248
Current Provisions	16	3.096.234	3.036.881
Other Current Liabilities	19	11.182.671	6.657.196
Non-Current Liabilities		**168.161.451**	**166.459.966**
Financial Liabilities	8	108.023.715	109.053.713
Non-Current Provisions	16	3.626.831	3.371.016
Provision for Employee Termination Benefits	18	16.217.536	15.755.583
Deferred Tax Liabilities	26	40.291.206	37.880.244
Other Non-Current Liabilities	19	2.163	399.410
SHAREHOLDERS' EQUITY	20	**978.218.892**	**1.033.421.011**
Equity Attributable to Equity Holders of the Parent		**934.258.701**	**988.659.218**
Share Capital		135.084.442	135.084.442
Adjustments to Share Capital		41.741.516	41.741.516
Share Premiums		30.131	30.131
Revaluation Reserves		129.918.079	110.150.696
Foreign Currency Translation Reserves		2.957.111	3.402.402
Restricted Reserves		117.376.637	108.244.929
Retained Earnings		482.635.191	474.652.513
Net Profit for the Year		24.515.594	115.352.589
Non-controlling Interests		**43.960.191**	**44.761.793**
TOTAL LIABILITIES AND EQUITY		**1.602.861.376**	**1.569.572.690**

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

Çimsa Çimento Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated statement of income for the period ended 31 March 2013
(Currency – Turkish Lira (TL) unless otherwise indicated)

	Notes	(Unaudited) Current Period 1 January - 31 March 2013	(Unaudited) Previous Period 1 January - 31 March 2012
OPERATING INCOME			
Net Sales	21	189.894.374	131.923.333
Cost of Sales (-)	21	(157.047.621)	(107.374.341)
GROSS PROFIT		**32.846.753**	**24.548.992**
Marketing, Selling And Distribution Expense (-)	22/23	(1.621.799)	(1.136.769)
General and Administrative Expense (-)	22/23	(9.919.336)	(9.370.531)
Other Operating Income	24	1.655.569	6.625.311
Other Operating Expense (-)	24	(2.485.098)	(6.992.961)
OPERATING PROFIT		**20.476.089**	**13.674.042**
Profit/Loss From Investments Accounted Under Equity Method	12	11.565.529	386.466
Financial Income (+)	25	3.972.297	7.110.547
Financial Expense (-)	25	(9.108.072)	(13.217.304)
PROFIT BEFORE TAXATION		**26.905.843**	**7.953.751**
Tax Expense	26	(3.158.099)	(733.022)
- Corporate Tax Expense		(3.398.436)	(2.418.214)
- Deferred Tax Income / (Expense)		240.337	1.685.192
NET PROFIT FOR THE YEAR		**23.747.744**	**7.220.729**
- Non-Controlling Interests		(767.850)	45
- Equity Holders of The Group		24.515.594	7.220.684
EARNINGS PER SHARE (Nominal amount of 1 Kr)	27	0,0018	0,0005

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

Çimsa Çimento Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated statement of comprehensive income for the period ended 31 March 2013
(Currency – Turkish Lira (TL) unless otherwise indicated)

	Notes	Unaudited Current Period 1 January - 31 March 2013	Unaudited Previous Period 1 January - 31 March 2012
NET PROFIT FOR THE YEAR		**23.747.744**	**7.220.729**
Other Comprehensive Income /(Loss)			
Change in Actuarial Gains / (Losses) Reserve		(250.813)	-
Change in Currency Translation Difference Reserve		(445.291)	1.119.543
Change in Revaluation Reserve	20	20.994.839	67.399.894
Tax Income / (Expense) Related to the Other Comperehensive Income / (Loss) Items	26	(1.177.293)	(2.411.843)
TOTAL COMPREHENSIVE INCOME / (LOSS) (AFTER TAX)		**19.121.442**	**66.107.594**
TOTAL COMPREHENSIVE INCOME		**42.869.186**	**73.328.323**
Total Comprehensive Income Attributable To			
Non-controlling Interests		(801.602)	45
Equity Holders of the Parent		43.670.788	73.328.278

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

Çimsa Çimento Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statement of changes in equity for the period ended 31 March 2013
(Currency – Turkish Lira (TL) unless otherwise indicated)

	Notes	Share Capital	Adjustments to Share Capital	Share Premiums	Revaluation Reserves	Foreign Currency Translation Reserves	Restricted Reserves	Net Profit For The Prior Period	**Attributable to Equity Holders of the Parent**	Non-controlling Interests	**Total Equity**
(Unaudited)											
1 January 2012		**135.084.442**	**41.741.516**	**30.131**	**(14.047.774)**	**3.960.267**	**98.248.680**	**592.007.844**	**857.025.106**	**4.912.251**	**861.937.357**
Net profit for the year		-	-	-	-	-	-	7.220.684	**7.220.684**	45	**7.220.729**
Other comprehensive income / (loss)		-	-	-	64.988.051	1.119.543	-	-	**66.107.594**	-	**66.107.594**
Total comprehensive income/ (loss)		-	-	-	64.988.051	1.119.543	-	7.220.684	**73.328.278**	**45**	**73.328.323**
Dividends paid		-	-	-	-	-	-	-	-	-	-
Transfers from retained earnings	20	-	-	-	-	-	-	-	-	-	-
31 March 2012	20	**135.084.442**	**41.741.516**	**30.131**	**50.940.277**	**5.079.810**	**98.248.680**	**599.228.528**	**930.353.384**	**4.912.296**	**935.265.680**
(Unaudited)											
01 January 2012		**135.084.442**	**41.741.516**	**30.131**	**110.150.696**	**3.402.402**	**108.244.929**	**590.005.102**	**988.659.218**	**44.761.793**	**1.033.421.011**
Net profit for the year		-	-	-	-	-	-	24.515.594	**24.515.594**	(767.850)	**23.747.744**
Other comprehensive income / (loss)		-	-	-	19.767.383	(445.291)	-	(166.898)	**19.155.194**	(33.752)	**19.121.442**
Total comprehensive income/ (loss)		-	-	-	19.767.383	(445.291)	-	24.348.696	**43.670.788**	(801.602)	**42.869.186**
Dividends paid		-	-	-	-	-	-	(98.071.305)	**(98.071.305)**	-	**(98.071.305)**
Transfers from retained earnings	20	-	-	-	-	-	9.131.708	(9.131.708)	-	-	-
31 March 2013	20	**135.084.442**	**41.741.516**	**30.131**	**129.918.079**	**2.957.111**	**117.376.637**	**507.150.785**	**934.258.701**	**43.960.191**	**978.218.892**

(*) The decision to distribute cash dividend of 98.071.305 TL from the 2012 profit was unanimously approved by the Ordinary General Meeting held on 27 March 2013 and the dividend payment was completed on 3 April 2013.

The accompanying policies and explanatory notes on pages an integral part of the consolidated financial statements.

Çimsa Çimento Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Consolidated statement of cash flows for the period ended 31 March 2013
(Currency - Turkish Lira (TL), unless otherwise indicated)

	Notes	(Unaudited) Current Period 1 January- 31 March 2013	(Unaudited) Previous Period 1 January- 31 March 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax and non-controlling interests		26.905.843	7.953.751
Reconciliation between net profit and cash generated from operating activities			
Depreciation and amortization expense	13/14	12.756.956	9.849.904
Share of profit from investments accounted under equity method	12	(11.565.529)	(386.466)
Allowances for doubtful receivables	9/10	598.424	-
Provision for inventories	11	(161.599)	-
Provision for unlawful occupation	16	26.750	-
Provision for penalty of the Competition Board	16	-	5.818.512
Provision for litigations	16	59.353	(103.138)
Recultivation provision	16	229.065	-
Seniority incentive premium	18	106.851	267.127
Provision for employee termination benefits	18	1.333.054	921.490
Gain on sale of property, plant and equipment	24	(93.623)	(5.872.267)
Interest expense	25	7.087.374	5.942.961
Due date differences and interest income	25	(687.914)	(271.919)
Dividend income	25	(2.153.431)	-
Actuarial loss	26	(250.813)	-
Fair value (increase) / decrease of derivative financial instruments	7	301.398	227.627
Unrealized foreign exchange (gains)/ losses on financial liabilities		117.463	479.301
Operating profit before changes in working capital		**34.609.622**	**24.826.883**
Short-term trade receivables		6.588.645	1.803.029
Inventories		(1.065.468)	(4.787.420)
Other receivables/ current assets		(4.412.974)	(19.495.029)
Other non-current receivables/ assets		(1.311.174)	5.230.826
Short-term trade payables		(17.665.872)	(4.071.999)
Other current payables/ liabilities		7.390.831	3.609.625
Other non-current payables/ liabilities		-	(354.378)
Interest paid		(8.352.873)	(5.837.563)
Interest received		687.914	271.919
Taxes paid	26	(4.201.196)	(3.117.733)
Employee termination benefits paid	18	(960.134)	(535.462)
Seniority premiums paid	18	(23.750)	-
Penalty paid due to the law numbered 6111		(397.247)	(405.613)
Net cash provided by/ (used in) operating activities		**10.886.324**	**(2.862.915)**
NET CASH USED IN INVESTING ACTIVITIES			
Net cash inflow due to the sale of a financial asset	7	7.500	-
Purchases of property, plant and equipment	13	(13.203.025)	(19.474.639)
Purchases of intangible assets	14	(6.501)	-
Proceeds from sales of tangible assets	13/24	294.735	6.620.577
Net cash used in investing activities		**(12.907.291)**	**(12.854.062)**
NET CASH USED IN FINANCING ACTIVITIES			
Proceeds from borrowings		152.009.000	119.112.503
Repayment of borrowings		(152.455.899)	(90.398.071)
Repayment of financial lease liabilities		-	(667.912)
Net cash provided by financing activities		**(446.899)**	**28.046.520**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(2.467.866)**	**12.329.543**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6	**17.601.845**	**10.681.165**
Current translation differences (net)		4.583	3.089.500
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	**15.138.562**	**26.100.208**

The accompanying policies and explanatory notes on pages an integral part of the consolidated financial statements.

(Currency - Turkish Lira (TL), unless otherwise indicated)

1. Organization and nature of operations

General

Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa" or the "Company") was founded with a declaration of the trade registry on 16 December 1972 which was announced at Turkish Trade Registry Gazette numbered 4729 and dated 21 December 1972. Operations of the Group consist of production and sales of cement, clinker and ready mix concrete. The ultimate shareholder of the Group is Hacı Ömer Sabancı Holding A.Ş. ("Sabancı Holding").

The registered office address of the Group is Kısıklı Cad. No: 4 Sarkuysan-Ak İş Merkezi S Blok Kat: 2 Altunizade, Üsküdar / İstanbul.

A certain amount of the shares of the Company is traded on Istanbul Stock Exchange.

Subsidiaries and jointly controlled entities

As of 31 March 2013 and 31 December 2012, information related to the Company's consolidated subsidiaries and jointly controlled entities are as follows:

				Effective shareholding of the Company %	
Entity	**Date of acquisition**	**Location of the operation**	**Principal activities**	**31 March 2013**	**31 December 2012**
Çimsa Cement Free-Zone Limited (Çimsa Cement) (*)	12-Oct-05	TRNC	Cement sales and marketing	99,99%	99,99%
CIMSAROM Marketing Distributie S.R.L. (Çimsarom)(*)	8-Feb-06	Romania	Cement sales and marketing	99,99%	99,99%
Çimsa Cementos Espana, S.A.U. (Cementos Espana,S.A.U.)(*)	7-Jul-06	Spain	Sales of bulk and bagged cement to white cement market	100%	100%
Cement Sales North Gmbh (CSN)(**)	27-Jun-06	Germany	Marketing of white cement	50%	50%
Çimsa Mersin Serbest Bölge Şubesi (*)	12-Dec-07	Mersin	Export of cement	100%	100%
Regent Place Limited (Regent)(*)	21-May-08	British Virgin Islands	Financial investment and holding company	100%	100%
OOO Çimsa Rus CTK (OOO Rusya)(*)	16-Jul-08	Russia	White cement packaging, sales and marketing	100%	100%
Çimsa Adriatico Srl (*)	9-Feb-10	Italy	Cement sales and marketing	60%	60%
Afyon Çimento Sanayi Türk Anonim Şirketi (*)	31-May-12	Turkey	Cement production and sales	51%	-

(*) Full consolidation method has been applied.
(**) Proportionate consolidation method has been applied.

As a result of the the share transfer agreement signed with PARCIBSAS and its 100% shareholder Ciments Français S.A. (Ciments Français) on 15 February 2012, the Company purchased 153.000.000 shares of Afyon Çimento Sanayii Türk A.Ş., with a nominal value of TL 1.530.000, which represent 51% of its share capital for TL 57.530.000 on 31 May 2012. As of 31 March 2013, Afyon Çimento is controlled by the Çimsa. 49% of the shares of Afyon Çimento are traded at İstanbul Stock Exchange ("ISE").

The Company's associate, Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş. (Exsa), is consolidated using equity method accounting.

For the purpose of presentation of the consolidated financial statements, Çimsa, its subsidiaries and its jointly controlled entity will be together referred as the "Group".

1. Organization and nature of operations (continued)

Nature of activities

The Group is engaged in production and sales of cement, clinker and ready mix concrete.

The consolidated financial statements were authorized for issue by the Board of Directors of Çimsa on 15 May 2013. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issuance.

The number of blue collar employees of the Group as of 31 March 2013 is 621 (31 December 2012 - 626) and the number of white collar employees is 453 (31 December 2012 – 469) and it is 41 employees working in the subsidiaries located abroad (31 December 2012: 43).

2. Basis of presentation of financial statements

2.1 Basis of presentation

The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation. Subsidiaries that are registered in foreign countries maintain their books of account and prepare their statutory statements in accordance with the prevailing accounting principles in their registered countries**.**

The Capital Markets Board ("CMB") regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). This Communiqué is effective for the annual years starting from 1 January 2009 and supersedes the Communiqué No: XI-25 "The Financial Reporting Standards in the Capital Markets". According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS / IFRS") endorsed by the European Union. Until the differences of the IAS / IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS / IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS / TFRS") issued by the TASB which are in line with the aforementioned standards shall be applied

The financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué Serial XI, declared by the CMB on 17 April 2008 and 9 January 2009 including the compulsory disclosures.

Article no.1 of Law numbered 2499 has been abjudged by the enforcement of Statutory Decree no.660 issued in Official Gazette on 2 November 2011 and Public Supervision, Accounting and Auditing Standards Board has been founded. 1st Temporary article of mentioned Statutory Decree no.660 states that current regulations applied for related issues will be enforced until standards and regulations are issued by the Institution. Therefore, in aforementioned case, no alterations is made in "Principles of Preparation of Financial Statements".

As of the date of this report, since the differences of the IAS/IFRS adopted by the European Union from those issued by the International Accounting Standards Board ("IASB") have not been announced by the Turkish Accounting Standards Board ("TASB"), financial statements are prepared in accordance with IAS/IFRS based on the CMB Communiqué No: XI-29.The financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué Serial XI, No: 29 declared by the CMB on 17 April 2008 and 9 January 2009.

In accordance with the CMB's resolution issued on 17 March 2005, companies operating in Turkey and preparing their financial statements in accordance with the CMB Accounting Standards (including the application of IFRSs) are not subject to inflation accounting effective from 1 January 2005. Therefore, starting from 1 January 2005, IAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying consolidated financial statements.

2. Basis of presentation of financial statements (continued)

2.1 Basis of presentation (continued)

Functional and presentation currency

As of 31 March 2013, the functional and presentation currency of the Company is TL.

Functional currency of Çimsa Cement Free Zone Limited is United States Dollar (USD), functional currency of Cement Sales North Gmbh, Çimsa Cementos Espana S.A.U., Regent Place Ltd. and Çimsa Adriatico SRL is Euro, the functional currency of Çimsarom Marketing Sı Distribute Srl is New Romanian Lei and functional currency of OOO Çimsa – Rus Ctk is Ruble. Based on International Accounting Standard IAS 21, for subsidiaries operating in countries without high inflation rates, the exchange rate used for translating the balance sheet items is the exchange rate at the balance sheet date; for income statement balances, the average exchange rate of the related period and the consolidated financial statements are presented in TL. The resulting foreign currency gain/loss is recorded under the 'Currency Translation Differences' account in equity.

2.2 New and revised International Financial Reporting Standards

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported and disclosures in these financial statements. Details of other standards and interpretations adopted in these financial statements but that have had no material impact on the financial statements are set out in the related paragraphs.

a. New and revised IFRSs affecting presentation and disclosure only

None.

b. New and revised IFRSs affecting the reported financial performance and / or balance sheet

IAS 19 *Employee Benefits (Amended)*

Amended standard is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism, for determined benefit plans recognizing actuarial gain/(loss) under other comprehensive income and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. Since the Group recognizes the actuarial income and loss in the other comprehensive income statement, the amendment of the standard will not have any impact on the financial position or performance of the Group.

(Currency – Turkish Lira (TL) unless otherwise indicated)

2. Basis of presentation of financial statements (continued)

2.2 New and revised International Financial Reporting Standards (continued)

c. Standards, amendments and interpretations to existing standards effective in 2012 but not relevant to the Group

Amendments to IAS 12 *Deferred Taxes – Recovery of Underlying Assets*

The amendment is effective for annual periods beginning on or after 1 January 2012. IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally be, through sale. Since the Group does not have investment properties, the amendment did not have any effect on the consolidated financial statements.

Amendments to IFRS 7 (*Disclosures) – Transfers of Financial Assets*

The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

These amendments to IFRS 7 did not have a significant effect on the Group's disclosures. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

d. New and revised IFRSs in issue but not yet effective

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

(Amendments to) IAS 1	*Presentation of Items of Other Comprehensive Income*
(Amendments to) IAS 1	*Clarification of the Requirements for Comparative Information*
IFRS 9	*Financial Instruments*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 13	*Fair Value Measurement*
(Amendments to) IFRS 7	*Disclosures – Offsetting Financial Assets and Financial Liabilities*
(Amendments to) IFRS 9 and IFRS 7	*Mandatory Effective Date of IFRS 9 and Transition Disclosures*
(Amendments to) IFRS 10, IFRS 11 and IFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guide*
IAS 19 (as revised in 2011)	*Employee Benefits*
IAS 27 (as revised in 2011)	*Separate Financial Statements*
IAS 28 (as revised in 2011)	*Investments in Associates and Joint Ventures*
(Amendments to) IAS 32	*Offsetting Financial Assets and Financial Liabilities*
(Amendments to) IFRSs	*Annual Improvements to IFRSs 2009-2011 Cycle except for the amendment to IAS 1*
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*

2. Basis of presentation of financial statements (continued)

2.2 New and revised International Financial Reporting Standards (continued)

d. New and revised IFRSs in issue but not yet effective (continued)

Amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*

The amendments to IAS 1 *Presentation of Items of Other Comprehensive Income* is effective for the annual periods beginning on or after 1 July 2012. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed the 'statement of profit or loss'. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments can be applied retrospectively. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to IAS 1 *Presentation of Financial Statements*
(as part of the *Annual Improvements to IFRSs 2009-2011 Cycle* issued in May 2012)

The amendments to IAS 1 as part of the *Annual Improvements to IFRSs 2009-2011 Cycle* are effective for the annual periods beginning on or after 1 January 2013.

IAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to IAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

IFRS 9 *Financial Instruments*

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

Key requirements of IFRS 9:

- IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

2. Basis of presentation of financial statements (continued)

2.2 New and revised International Financial Reporting Standards (continued)
d. New and revised IFRSs in issue but not yet effective (continued)

IFRS 9 *Financial Instruments (continued)*

- In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

- The Group management anticipates that the application of IFRS 9 in the future may not have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five Standards are described below:

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation - Special Purpose Entities will be withdrawn upon the effective date of IFRS 10. Under IFRS 10, there is only one basis for consolidation that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's return. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities - Non-monetary Contributions by Venturers will be withdrawn upon the effective date of IFRS 11.

2. Basis of presentation of financial statements (continued)

2.2 New and revised International Financial Reporting Standards (continued)

d. New and revised IFRSs in issue but not yet effective (continued)

New and revised standards on consolidation, joint arrangements, associates and disclosures (continued)

Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportional consolidation.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

In June 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these IFRSs for the first time.

These five standards together with the amendments regarding the transition guidance are effective for annual periods beginning on or after 1 January 2013, with earlier application permitted provided all of these standards are applied at the same time. The Group management does not anticipate the application of these five standards to have a significant impact on amounts reported in the consolidated financial statements. A detailed review will be performed by the Group management to quantify the impact on the application of IFRS 10.

IFRS 13 *Fair Value Measurement*

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Group management anticipates that IFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

2. Basis of presentation of financial statements (continued)

2.2 New and revised International Financial Reporting Standards (continued)

d. New and revised IFRSs in issue but not yet effective (continued)

Amendments to IFRS 7 and IAS 32 *Offsetting Financial Assets and Financial Liabilities and the related disclosures*

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to IFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The Group management anticipates that the application of these amendments to IAS 32 and IFRS 7 may not result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

Annual Improvements to IFRSs 2009 - 2011 Cycle issued in May 2012

The Annual Improvements to IFRSs 2009 - 2011 Cycle include a number of amendments to various IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to IFRSs include:

- Amendments to IAS 16 Property, Plant and Equipment; and
- Amendments to IAS 32 Financial Instruments: Presentation.

(Amendments to) IAS 16

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The Group management does not anticipate that the amendments to IAS 16 will have a significant effect on the Group's consolidated financial statements.

(Amendments to) IAS 32

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes. The Group management does not anticipate that the amendments to IAS 32 will have a significant effect on the Group's consolidated financial statements.

2. Basis of presentation of financial statements (continued)

2.2 New and revised International Financial Reporting Standards (continued)

d. New and revised IFRSs in issue but not yet effective (continued)

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (production stripping costs). Under the Interpretation, the costs from this waste removal activity (stripping) which provide improved access to ore is recognized as a non-current asset (stripping activity asset) when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with IAS 2 Inventories. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

IFRIC 20 is effective for annual periods beginning on or after 1 January 2013. Specific transitional provisions are provided to entities that apply IFRIC 20 for the first time. However, IFRIC 20 must be applied to production stripping costs incurred on or after the beginning of the earliest period presented. The Group management anticipates that IFRIC 20 will have no effect to the Group's financial statements as the Group does not engage in such activities.

2.3 Summary of significant accounting policies

Basis of consolidation

Subsidiaries

Subsidiary is consolidated from the date on which control is transferred to the Company until the date on which the control is transferred out of the Company.

This control is normally evidenced when Çimsa owns, either directly or indirectly, more than 50% of the voting rights of a group's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. Accordingly, the financial statements of Çimsa Cement, Cementos Espana, Çimsarom, Regent, OOO Russia and Çimsa Adriatico Srl are fully consolidated in accordance with IAS 27 "Consolidated and Separate Financial Statements".

Non-controlling interests in the net assets of the consolidated subsidiaries are separately presented within the Group's equity as non-controlling interests. Non-controlling interests are composed of the sum of those emerged at the initial business combination and non-controlling interests in the changes in equities occurred in the after-math of the business combination.

Jointly controlled entities

CSN is jointly controlled by Çimsa and other shareholders, with a participation ratio of 50%.

Balance sheet and income statement items of this company have been added to the balance sheet and income statement items of Çimsa by considering the shareholding percentage of Çimsa in the joint venture. Receivables and payable balances of Çimsa from/to this companies and income statement items have been eliminated based on the shareholding interest.

2. Basis of presentation of financial statements (continued)

2.3 Summary of significant accounting policies (continued)

Basis of consolidation (continued)

Jointly controlled entities

Consolidated financial statements include the financial statements of Çimsa and its subsidiaries and jointly controlled entity. Financial statements of the subsidiaries and jointly controlled entities are prepared using uni-form accounting policies for like transactions and other events in similar circumstances for the same reporting year.

Investments accounted under the equity method

The associate of the Group, Exsa, is accounted under the equity method, which is classified under the Group's financial assets. The investment in an associate is carried on the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Consolidated income statement reflects the share of the Group on the results of operations of the associate.

Changes in equity of associate that have not yet been reflected in the profit or loss of the associate may require necessary adjustments in the associate's book value by considering the shareholding percentage of the Group in associate. The share of the Group of such adjustment is accounted directly in the Group's own equity

Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş.'s financial statements are prepared for the same period and with respect to the same accounting policies.

The Group considers at each balance sheet date whether there is impairment on the investments accounted under the equity method.

Off-setting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts

Cash and cash equivalents

For the purposes of the presentation of consolidated cash flow statement, cash and cash equivalents comprise cash on hand, cash in banks, checks readily convertible to known amounts of cash and short-term deposits with an original maturity of three months or less.

Cash and cash equivalents are carried at cost plus interest income accrual.

Inventories

Inventories are valued at the lower of cost or net realizable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials - purchase cost on a monthly average basis.
Finished goods and work-in-process - cost includes direct material and labor cost, the applicable allocation of fixed and variable overhead costs (considering normal operating capacity) on the basis of monthly average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2. Basis of presentation of financial statements (continued)

2.3 Summary of significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. The initial cost of property, plant and equipment comprises its purchase price and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenses for the repair of property, plant and equipment are normally charged against income. They are, however, capitalized in exceptional cases if they result in an enlargement or substantial improvement of the respective assets. Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their carrying amounts and are included in the related income and expense accounts, as appropriate.

Land is not subject to depreciation. Depreciation is calculated on all property, plant and equipment on a straight-line basis over the estimated useful life of the asset as below. The economic useful lives of property, plant and equipments are as follows:

	Useful lives
Land and land improvements	8–50 years
Buildings	10–50 years
Machinery and equipment	3–25 years
Furniture and fixtures	3–50 years
Motor vehicles	5–14 years
Other	5–10 years
Leasehold Improvements	Lease period

Intangible assets

Intangible assets which mainly comprise of software and mining rights are measured at cost. Intangible assets may be capitalized in case when they generate economic benefit and costs can ne measured accurately. Sub-sequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amorti-zation and accumulated impairment losses.

Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred. The estimated useful lives of the intangible assets are determined as either a specific time or perpetual. Amortization is calculated using the straight-line method over the estimated useful life. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The amortization expenses of the intangible assets with certain estimated useful lives are reflected into the income statement in accordance with the function of the intangible asset.

Intangible assets which mainly comprise of software and mining rights are capitalized at cost. Except formining rights, intangible assets are amortized with respect to straight-line method over the estimated useful life (5 years) of the related intangible asset.

2. Basis of presentation of financial statements (continued)

2.3 Summary of significant accounting policies (continued)

Intangible assets (continued)

Mining rights are amortized based on the ratio of depletion of mining reserves to total reserves. The remaining amortization period depends on the depletion rate of the reserves.

The Group does not have any intangible assets with indefinite useful life.

The carrying values of intangible assets are reviewed for impairment when there is any event or changes in circumstances indicate that the carrying value may not be recoverable.

<u>Derecognition of intangible assets</u>

An intangible asset is derecognised 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, are recognised in profit or loss when the asset is derecognised.

Impairment on non-financial assets

At each balance sheet date, the Group assesses whether there is any indication that book value of tangible and intangible assets, calculated by acquisition cost less accumulative amortization, is impaired. When an indication of impairment exists, the Group estimates the recoverable amount of such assets. When individual recoverable value of assets cannot be measured, recoverable value of cash generating unit of that asset is measured.

Recoverable amount is the higher of value in use or fair value less costs to sell. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit by using discount rates before taxes that reflects risks related with that asset. The main estimates that are used during these analyses comprise expected inflation rates, expected increase in sales and cost of sales, expected changes in export-domestic market composition and expected growth rate of the country

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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is in-creased 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 (cash-generating unit) in prior years. Impairment loss on goodwill cannot be reversed in the consolidated statement of income in future periods.

2. Basis of presentation of financial statements (continued)

2.3 Summary of significant accounting policies (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.
For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (Or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Business combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and the equity interests issued by the Group in exchange for control of the acquire. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income *Taxes* and IAS 19 Employee Benefits respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

2. Basis of presentation of financial statements (continued)

2.3 Summary of significant accounting policies (continued)

Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling inter-ests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and cluded as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acqui-sition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 Financial Instruments: *Recognition and Measurement*, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

(Currency – Turkish Lira (TL) unless otherwise indicated)

2. Basis of presentation of financial statements (continued)

2.3 Summary of significant accounting policies (continued)

Business combinations (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

Foreign currency transactions

The group and its subsidiaries translate the transactions in foreign currencies during the period at the ex-change rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at period-end. Exchange gains or losses arising on the settlement and translation of foreign currency items have been included in the statement of income. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates on the initial transaction date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group is reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidi-ary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportion-ate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisitionof a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in equity.

Foreign currency translation rates used as of respective year-ends are as follows:

Date	USD/TL	EUR/TL
31 March 2013	1,8087	2,3189
31 December 2012	1,7826	2,3517

2. Basis of presentation of financial statements (continued)

2.3 Summary of significant accounting policies (continued)

Borrowing costs

Borrowing costs in 2008 and before are expensed in the period they occurred. Since 1 January 2009, the borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs include interests and other costs related to the borrowing activity.

General borrowings of the Group are capitalized to the applicable qualifying assets based on a capitalization rate. The capitaliz ation 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.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that 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 balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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.

Income tax

Tax expense (income) is the aggregate amount included in the determination of net profit or loss for theperiod in respect of current and deferred tax.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences.

2. Basis of presentation of financial statements (continued)
2.3 Summary of significant accounting policies (continued)

Income tax (continued)

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax can be directly related to equity accounts if it’s related to the transactions in connection with theshare capital in the same or different period.

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 Group intends to settle its current tax assets and liabilities on a net basis.

Employee Benefits / Retirement Pay Provision:

a) Defined benefit plan:

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

As indicated in Note 18 in detail, in the accompanying financial statements, the Group has reflected a liability using the “Projected Unit Credit Method” based on the actuarial valuation performed by independent actuaries. The employee termination benefits are discounted to the present value of the estimated future cash outflows using the interest rate estimate of qualified actuaries.

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) “Employee Benefits” (“IAS 19”).

The retirement benefit obligation recognized in the consolidated balance sheet represents the present value of the defined benefit obligation. All actuarial gains and losses are recognized in equity.

2. Basis of presentation of financial statements (continued)

2.3 Summary of significant accounting policies (continued)

Employee Benefits / Retirement Pay Provision (continued):

b) Defined contribution plans:

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

c) Provision for seniority incentive premium

The Group has a liability to pay seniority incentive premium to the blue collar workers for five years period in accordance with the collective labor agreement. The Group discounts each first future payment and records the amounts to its consolidated income statement.

Leasing

The Group as lessee

Financial leasing

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalized leased assets are depreciated over the estimated useful life of the asset.

Operating lease

Leases of assets under which substantially all the risks and rewards of ownership are effectively retained by the lessor, are classified as operating leases. Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term.

2. Basis of presentation of financial statements (continued)

2.3 Summary of significant accounting policies (continued)

Related parties

A party is related to the Group if:
(a) Directly, or indirectly through one or more intermediaries, the party:
   (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries;
   (ii) has an interest in the entity that gives it significant influence over the entity; or
   (ii) has joint control over the entity;
(b) the party is an associate of the entity;
(c) the party is a joint venture in which the entity is a venturer;
(d) the party is a member of the key management personnel of the entity or its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
(g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party 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 Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, and other similar allowances.

Sale of Goods

Revenue from sale of goods is recognized when all the following conditions are satisfied:
• The Group transfers the buyer the significant risks and rewards of ownership of the goods,
• The Group 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.

Rendering of services

Waste disposal and ash volatile revenue from rendering services is recognized by reference to the stage of completion when it can be measured reliably.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

2. Basis of presentation of financial statements (continued)

2.3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Interest

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group 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.

Dividends

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

Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period.

In Turkey, companies can increase their share capital by making distribution of free shares to existing shareholders from various internal resources. For the purpose of the earnings per share calculation such share issues are regarded as issued stock. Accordingly, the weighted average number of shares used in earnings per share calculation is derived by giving retroactive effect to the issue of such shares.

Events subsequent to the balance sheet date

An explanation for any event between the balance sheet date and the publication date of the balance sheet, which has positive or negative effects on the Group (should any evidence come about events that were prior to the balance sheet date or should new events come about) will be explained in the relevant note.
If such an event were to arise, the Group restates its financial statements accordingly.

Trade and settlement date accounting

All purchases and sales of financial assets are recognized on the trade date, in other words, the date the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of asset within the time frame generally established by regulation or convention in the market place.

2. Basis of presentation of financial statements (continued)

2.3 Summary of significant accounting policies (continued)

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is:

- cash,
- a contractual right to receive cash or another financial asset from another enterprise,
- a contractual right to exchange financial instruments from another enterprise under conditions that are potentially favorable, or,
- an equity instrument of another enterprise.

A financial liability that is a contractual obligation:
- to deliver cash or another financial asset to another enterprise, or
- to exchange financial instruments with another enterprise under conditions that are potentially unfavorable.

When a financial asset or financial liability is recognized initially, it is measured at its cost, which is the fair value of the consideration given (in the case of an asset) or received (in case of a liability) for it. Transaction costs are included (deducted for financial liabilities) in the initial measurement of all financial assets and liabilities.

Fair value of financial instruments

The fair value is the amount for which a financial instrument could be exchanged in a current transaction between ceiling parties, other than in a faced sale or liquidation, and this best evidenced by a quoted market price, if one exist.

The methods and assumptions in fair value estimation of the financial instruments of the Group are explained in Note 29.

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.

2. Basis of presentation of financial statements (continued)

2.3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets

Available for sale investments

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Quoted equity investments and quoted certain debt securities held by the Group that are traded in an active market are classified as being AFS financial assets and are stated at fair value at the end of each reporting period. The Group also has investments in unquoted equity investments that are not traded in an active market but that are also classified as AFS financial assets and stated at cost at the end of each reporting period since their value can't be reliably measured. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Impairment on financial assets

Financial assets are assessed at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that had occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of finan-cial assets that can be reliably estimated.

For loans and receivables, impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows calculated using effective interest rate. The Group follows its receivables separately. The Group also includes a financial asset to the financial assets with the same risk properties and assesses for impairment as a whole in case there is not a specific and separate event determined that causes impairment. Except for trade receivables, which is reduced through the use of an allowance account, impairment on all other financial assets are directly written off in the related account.

In case trade receivables cannot be collected, the related amount is written off from allowance account. The change in allowance account is accounted in the income statement. The allowance for doubtful receivables is established through a provision charged to expenses. Provision is provided when there is objective evidence that the Group will not be able to collect the debts. The allowance is an estimated amount that management believes to be adequate to absorb possible future losses on existing receivables that may become uncollectible due to current economic conditions and inherent risks in the receivables. Bad debts are written off when identified.

2. Basis of presentation of financial statements (continued)

2.3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment on financial assets (continued)

When the fair value of an available-for-sale financial asset that carried at its fair value is below its cost value of the financial asset due to the fluctuations in the market, the Group assesses the impairment by considering if the fair value decline is material, permanent and not recoverable in the long-term. In accordance with the Group's accounting estimations and policies, in order to assess the fair value decline in the available-for-sale financial asset to be permanent and not recoverable in the long-term, at least one year should pass from the date that the fair value is below its cost of the financial asset. In case there is any impairment, such impairment is transferred from equity to statement of income

Financial liabilities

Financial liabilities are recognized initially at fair value and at directly attributable transaction costs and after initial recognition; financial liabilities are subsequently measured at amortized cost by using the effective interest rate method.

Effective interest rate method is the amortized cost method and allocation of the related interest expenses to the related periods. Effective interest rate is the rate reducing the future expected cash payments to present value of the financial liability within an expected life of the asset or in a shorter period.

Bank borrowings

All borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in net profit or loss when the liabilities are derecognized, as well as through the amortization process.

Trade payables

Trade and other payables are carried at amortized cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Recognition and derecognition of financial instruments

The Group recognizes a financial asset or financial liability in its balance sheet when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion of financial asset and when risk and benefit related to property. The Group derecognizes a financial liability when a liability is extinguished that is when the obligation specified in the contract is discharged, cancelled and expired.

2. Basis of presentation of financial statements (continued)

2.4 Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of balance sheet date. Actual results may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Significant judgments which may affect the amounts reflected to the financial statements and significant esti-mates and judgments made considering the key sources which exist as of the balance sheet date or may exist in the future are as follows:

a) Reserve for retirement pay liability is determined by using actuarial assumptions such as discount rates, future salary increase and employee's turnover rates. The estimations include significant uncertainties due to their long term nature. The details about reserve for employee benefits are provided in Note 17.

b) Provision for doubtful receivables is an estimated amount that management believes to reflect possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than the key accounts and related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements; and also the renegotiation condi-tions with these debtors are considered. The provision for doubtful receivables is explained in Note 9.

c) In determining the provision for litigations, the Group considers the probability of legal cases to be resulted against the Group and in case it is resulted against the Group considers its consequences based on the assessments of legal advisor. The explanations of the provision provided by the Group based on the best estimate using the available information are provided at Note 16.

d) The Group performs the impairment analysis on goodwill by using discounted cash flows. In these analyses, there are certain assumptions about discount rates used and the Group's future operations (Note 15).

e) The Group makes assumptions based on views of the technical personnel in the calculation of provision for recultivation of exploitation lands (Note16).

f) During the assessment of the reserve for obsolete inventories, inventories are physically and historically analyzed, usefulness of the inventories are determined based on the view of the technical personnel and if it is necessary, allowance is booked. Sales prices listed, average discount rates given for sale and expected cost incurred to sell are used to determine the net realizable value of the inventories. As a result of this, the details of the provision for the inventory items whose net realizable value is below its cost are ex-plained in Note 11.

2.5 Comparative information and correction to previous year financial statements

The consolidated financial statements of the Group have been prepared comparatively with the prior period in order to enable information about financial position and performance trends. If the presentation or classification of the financial statements is changed, in order to be comparative, financial statements of the previous periods are also re-classified and significant changes are disclosed. In the current year, the Group made certain reclassi-fications to previous period financial statements in order to conform to the current year's presentation. There is no profit/loss effect of such reclassifications. The nature, reason and amount of these reclassifications are described in Note 31.

(Currency – Turkish Lira (TL) unless otherwise indicated)

3. Segment reporting

Since the majority of the foreign sales of the Group are to the different geographic regions as one-off basis, the distribution of sales to specific locations is not consistent between years. Therefore, the details of revenues are disclosed as foreign and domestic sales in Note 21.

The Group manages and organizes its operations depending on the content of the services and goods provided. The Group prepares its segment reporting in accordance with IFRS 8. The transfer prices between segments are prepared on the same basis with third parties. As of 31 March 2013 and 31 December 2012, the information about the Group's segments consists of revenues and profits obtained from cement (including clinker and agregate) and ready mix concrete.

1 January - 31 March 2013	Cement	Ready -mix concrete	Undistributed	Elimination	Total
Net sales (Note: 21)	162.741.345	44.237.483	-	(17.084.454)	189.894.374
Cost of sales (-) (Not: 21)	(124.357.908)	(49.774.167)	-	17.084.454	(157.047.621)
Gross profit / (loss)	38.383.437	(5.536.684)	-	-	32.846.753
Operating expense (-) (Note (22)	(7.765.807)	(385)	(3.774.943)	-	(11.541.135)
Other operating income / expense (-), net (Note:24)	2.160.929	(1.529.078)	(1.461.380)	-	(829.529)
Operating profit /(loss)	32.778.559	(7.066.147)	(5.236.323)	-	20.476.089
Profit/loss from investments accounted under equity method (Note:12)	-	-	11.565.529	-	11.565.529
Financial income / expense (-), net (Note:25)	-	-	(5.135.775)	-	(5.135.775)
Net income/(loss) before tax	32.778.559	(7.066.147)	1.193.431	-	26.905.843
Tax expense	-	-	(3.158.099)	-	(3.158.099)
Tax expense for the year (Note:26)	-	-	(3.398.436)	-	(3.398.436)
Deferred tax income / (expense) (Note:26)	-	-	240.337	-	240.337
Net profit /(loss) for the period	32.778.559	(7.066.147)	(1.964.668)	-	23.747.744

1 January - 31 March 2012	Cement	Ready -mix concrete	Undistributed	Elimination	Total
Net sales (Note: 21)	112.737.359	31.647.343	-	(12.461.369)	131.923.333
Cost of sales (-) (Note: 21)	(86.182.832)	(33.652.878)	-	12.461.369	(107.374.341)
Gross profit / (loss)	26.554.527	(2.005.535)	-	-	24.548.992
Operating expense (-) (Note (22)	(9.235.113)	(299.692)	(972.495)	-	(10.507.300)
Other operating income / expense (-), net (Note:24)	(5.901.249)	5.596.797	(63.198)	-	(367.650)
Operating profit /(loss)	11.418.165	3.291.570	(1.035.693)	-	13.674.042
Profit/loss from investments accounted under equity method (Note:12)	-	-	386.466	-	386.466
Financial income / expense (-), net (Note:25)	-	-	(6.106.757)	-	(6.106.757)
Net income/(loss) before tax	11.418.165	3.291.570	(6.755.984)	-	7.953.751
Tax expense	-	-	(733.022)	-	(733.022)
Tax expense for the year (Note:26)	-	-	(2.418.214)	-	(2.418.214)
Deferred tax income / (expense) (Note:26)	-	-	1.685.192	-	1.685.192
Net profit /(loss) for the period	11.418.165	3.291.570	(7.489.006)	-	7.220.729

(Currency – Turkish Lira (TL) unless otherwise indicated)

3. Segment reporting (continued)

1 January - 31 March 2013					
Other segment information	Cement	Ready -mix concrete	Undistributed	Elimination	Total
Capital expenditures (expenses)					
Property, plant and equipment (Note:13)	11.918.035	1.284.990	-	-	13.203.025
Intangible assets (Note:14)	6.501	-	-	-	6.501
Total capital expenditures	11.924.536	1.284.990	-	-	13.209.526
Depreciation expenses (Note:13)	(9.252.533)	(3.159.051)	-	-	(12.411.584)
Amortization expenses (Note:14)	(345.372)	-	-	-	(345.372)

1 January - 31 March 2012					
Other segment information	Cement	Ready -mix concrete	Undistributed	Elimination	Total
Capital expenditures (expenses)					
Property, plant and equipment (Note:13)	21.580.394	999.526	-	-	22.579.920
Intangible assets (Note:14)	-	-	-	-	-
Total capital expenditures	21.580.394	999.526	-	-	22.579.920
Depreciation expenses (Note:13)	(7.714.369)	(1.779.766)	-	-	(9.494.135)
Amortization expenses (Note:14)	(355.769)	-	-	-	(355.769)

31 March 2013	Cement	Ready -mix concrete	Undistributed	Elimination	Total
Assets and liabilities					
Segment assets	1.044.127.340	139.215.344	-	-	1.183.342.684
Available for sale financial assets (Note:7)	-	-	232.627.509	-	232.627.509
Investments accounted under equity method (Note:12)	-	-	166.792.145	-	166.792.145
Undistributed assets	-	-	20.099.038	-	20.099.038
Total assets	1.044.127.340	139.215.344	419.518.692	-	1.602.861.376
Segment liabilities	478.360.993	146.281.491	-	-	624.642.484
Undistributed liabilities	-	-	978.218.892	-	978.218.892
Total liabilities	478.360.993	146.281.491	978.218.892	-	1.602.861.376

31 December 2012	Cement	Ready -mix concrete	Undistributed	Elimination	Total
Assets and liabilities					
Segment assets	1.039.239.460	146.031.630	-	-	1.185.271.090
Available for sale financial assets (Note:7)	-	-	208.085.897	-	208.085.897
Investments accounted under equity method (Note:12)	-	-	158.780.889	-	158.780.889
Undistributed assets	-	-	17.434.814	-	17.434.814
Total assets	1.039.239.460	146.031.630	384.301.600	-	1.569.572.690
Segment liabilities	384.939.208	151.212.471	-	-	536.151.679
Undistributed liabilities	-	-	1.033.421.011	-	1.033.421.011
Total liabilities	384.939.208	151.212.471	1.033.421.011	-	1.569.572.690

The Group does not have any particular customer which comprises 10% or more of the total sales.

(Currency – Turkish Lira (TL) unless otherwise indicated)

4. Joint ventures

Current assets, non-current assets, short-term liabilities, revenues and expenses of CSN, which is consolidated by the proportional consolidation method, are as follows (the amounts are multiplied by the shareholding rate of 50%):

	31 March 2013	31 December 2012
Current assets	1.921.389	1.915.880
Non-current assets	115.878	126.689
Short-term liabilities	2.246.186	2.207.061

	1 January 31 March 2013	1 January 31 March 2012
Revenues	1.286.167	1.261.675
Expenses	(1.341.839)	(1.347.254)

5. Business combinations

The determination of the fair value of the assets of Afyon Çimento Sanayi Türk Anonim Şirketi which has been acquired by the Group on 31 May 2012 and accounted for on a provisional basis according to IFRS 3 "Business Combinations", has been completed by a CMB licensed independent valuation company. The goodwill amount of TL 11.358.393 resulting from the valuation has been disclosed in the Group's consolidated balance sheet. Therefore, the acquisition and fair value amounts related to the acquisition are stated below:

	31 May 2012
Current assets	25.813.386
Non-current assets	78.631.446
Short-term liabilities	6.922.782
Long-term liabilities	6.989.487
Net assets	90.532.563
51% of net assets	46.171.607
Acquisition value	57.530.000
Goodwill (Note:15)	11.358.393

	31 May 2012
Acquisition value	57.530.000
Cash and cash equivalents of Afyon Çimento Sanayi Türk Anonim A.Ş.	4.093.135
Net cash outflow due to the acquisition of subsidiary	53.436.865

According to the contract signed by the Company on 8 October 2012 and to the permission received from the Competition Board on 19 October 2012, the Company acquired the ready-mix cement facility and fixtures, 10 transmixers, 3 pumps, 3 aggregate mines with certificates and crusher included, of Yılmaz Beton Sanayi ve Ticaret A.Ş. and Yılmaz Madencilik Sanayi ve Ticaret A.Ş for TL 9.250.000 and added them to its property, plant and equipments.

(Currency – Turkish Lira (TL) unless otherwise indicated)

6. Cash and cash equivalents

The detail of cash and cash equivalents as of 31March 2013 and 31 December 2012 is as follows:

	31 March 2013	31 December 2012
Cash	15.026	10.458
Cash at banks	11.331.549	14.035.745
Demand deposits	*8.609.869*	*9.755.847*
Time deposits with maturity of less than 3 months	*2.721.680*	*4.279.898*
Checks in collection with maturities before the balance sheet	3.791.987	3.555.642
	15.138.562	17.601.845

The detail of bank deposits is stated below:

	31 March 2013	31 Aralık 2012
TL	6.809.605	7.867.495
EUR	2.431.671	4.406.531
USD	1.452.842	1.217.771
GBP	12.300	7.258
Other	625.131	536.690
	11.331.549	14.035.745

The effective interest rates for the Group's bank deposits with maturity of less than 3 months at an amount of TL 2.721.680 (31 December 2012: TL 4.279.898) are 6,08 % for TL and 5,5% for RON (31 December 2012: 7,45% for TL, 5,5% for RON).

The Group does not have any blocked deposits as of 31 March 2013 and 31 December 2012.

7. Derivative financial instruments and available for sale financial investments

	31 March 2013	31 December 2012
Derivative financial instruments at fair value that are designated through income/expense statement (*)	(738.761)	(437.363)
Total	(738.761)	(437.363)

(*) Derivative financial insturments consist of forward contracts as described in Note 29 (d).

(Currency – Turkish Lira (TL) unless otherwise indicated)

7. Derivative financial instruments and available for sale financial investments (continued)

Available for sale financial assets at fair value that are designated through other comprehensive income/ (loss):

	31 March 2013		31 December 2012	
Company	Percentage of ownership (%)	Amount	Percentage of ownership (%)	Amount
Hacı Ömer Sabancı Holding A.Ş. (Not: 32)	1,06	232.570.531	1,06	208.021.419
Mesbaş Mersin Serbest Böl. İşl. A.Ş. (Mesbaş)	0,41	52.712	0,41	52.712
Anfas Antalya Fuarcılık A.Ş. (Anfaş)	0,02	4.266	0,02	4.266
Temsa Araştırma, Geliştirme ve Teknoloji A.Ş. (*)	-	-	-	7.500
		232.627.509		208.085.897

(*) According to the decision taken by the Board of Directors dated 11 January 2013, the shares of Temsa Araştırma, Geliştirme ve Teknoloji A.Ş. were sold to Temsa Global Sanayi ve Ticaret A.Ş., with a value of TL 7.500.

Except for the shares of Hacı Ömer Sabancı Holding A.Ş. ("Sabancı Holding"); since the shares in available-for-sale financial assets are composed of shares of unlisted entities and their fair values cannot be measured reliably, these assets (adjusted for inflation until the end of 2004) are stated at cost less the provision for diminution in value, if any.

Hacı Ömer Sabancı Holding A.Ş.'s shares are valued according to the quoted market price. The value of Hacı Ömer Sabancı Holding A.Ş.'s shares according to the quoted market price as of 31 March 2013 is TL 232.570.531 (31 December 2012: TL 208.021.419).

8. Financial liabilities

The detail of Group's financial liabilities as of the balance sheet date is stated below:

	31 March 2013	31 December 2012
Short-term financial liabilities	244.634.375	236.036.828
Current portion of long-term loans	12.665.647	21.828.080
Short-term leasing liabilities	21.577	21.626
Current portion of long-term leasing liabilities	-	-
Total short-term financial liabilities	257.321.599	257.886.534
Long-term financial liabilities	108.022.821	109.047.239
Long-term leasing liabilities	894	6.474
Total long-term financial liabilities	108.023.715	109.053.713
Total financial liabilities	365.345.314	366.940.247

(Currency – Turkish Lira (TL) unless otherwise indicated)

8. Financial liabilities (continued)

The details of the financial liabilities and financial lease payables as of 31 March 2013 are as follows:

Secured / Unsecured	Interest	Currency	Weighted Average Interest rate (%)	Original balance	Short-term	Long-term	31 March 2013
Unsecured	Fixed	TL	7,56	339.694.256	251.277.748	88.416.508	339.694.256
Secured	Floating	EUR	1,43	10.088.473	4.108.031	19.286.127	23.394.158
Unsecured	Floating	EUR	4,06	449.871	1.043.207	-	1.043.207
Secured	Fixed	USD	6,85	658.607	871.036	320.186	1.191.222
					257.300.022	108.022.821	365.322.843
	Leasing	EUR	4,73	9.690	21.577	894	22.471

The details of the financial liabilities and financial lease payables as of 31 December 2012 are as follows:

Secured / Unsecured	Interest	Currency	Weighted Average Interest rate (%)	Original balance	Short-term	Long-term	31 December 2012
Unsecured	Fixed	TL	8,68	336.688.486	248.900.035	87.788.451	336.688.486
Unsecured	No Interest	TL	-	884.487	884.487	-	884.487
Secured	Floating	EUR	1,43	11.052.087	5.264.297	20.726.894	25.991.191
Unsecured	Floating	EUR	3,87	816.326	1.919.754	-	1.919.754
Unsecured	Fixed	EUR	6,34	13.723	32.272	-	32.272
Secured	No Interest	EUR	-	1.079	2.537	-	2.537
Secured	Fixed	USD	6,85	781.678	861.526	531.894	1.393.420
					257.864.908	109.047.239	366.912.147
	Leasing	EUR	4,73	14.679	21.626	6.474	28.100

The repayment schedule of the financial liabilities as of 31 March 2013 is as follows:

	31 March 2013	31 December 2012
Within 1 year	257.300.022	257.864.908
1 – 2 years	29.491.544	27.462.718
2 – 3 years	34.974.958	35.933.884
3 – 4 years	29.222.875	29.869.339
4 – 5 years	13.916.043	14.323.244
More than 5 years	417.401	1.458.054
	365.322.843	366.912.147

(Currency – Turkish Lira (TL) unless otherwise indicated)

8. Financial liabilities (continued)

Financial leasing payables

The detail of financial leasing payables is as follows:

	31 March 2013	31 December 2012
Within 1 year	22.096	22.444
1-2 years	894	6.474
	22.990	28.918
Less: Future finance charges	(519)	(818)
Present value of total financial lease payables	22.471	28.100

The lease payments in Euro, which is related to the heavy construction vehicle acquisition lease agreement, have commenced on 30 November 2012 and will be paid in monthly equal installments until 29 April 2014.

As of 31 March 2013, the weighted average effective interest rate for the Group's liabilities resulting from leasing transactions is 4,73% (31 December 2012: 4,73%).

9. Trade receivables and payables

a. Short-term other trade receivables

	31 March 2013	31 December 2012
Trade receivables	154.362.875	156.699.006
Notes receivable	38.849.769	43.102.283
Allowance for doubtful receivables (-)	(4.677.008)	(4.835.959)
	188.535.636	194.965.330

Trade receivables' collection terms vary based on the type of the product and agreements made with the customers and the average term is 66 days (31 December 2012 – 68 days). The effective interest rates for discount of the receivables in 61-90 day terms are 9,31% for TL, 0,28% for USD and 0,13% for EUR (31 December 2012 – TL: 9,57%, USD: 0,31%, EUR: 0,13%).

The movement of the provision for doubtful receivables for the years ended 31 March 2013 and 31 December 2012 is as follows:

	1 January – 31 March 2013	1 January – 31 March 2012
Opening balance	4.835.959	2.319.064
Provisions during the period	32.713	-
Collections within the period (-)	(183.510)	-
Currency translation difference	(8.154)	-
Closing balance	4.677.008	2.319.064

(Currency – Turkish Lira (TL) unless otherwise indicated)

9. Trade receivables and payables (continued)

b. Short-term trade payables

	31 March 2013	31 December 2012
Trade payables	66.316.162	84.119.257
Trade payables to related parties (Note 28)	5.000.125	4.862.902
	71.316.287	88.982.159

The average payment period of trade payables is 56 days (31 December 2012 - 56 days). Interest rates used when determining the amortized cost in 31-60 days terms are 9.57 % for TL, 0.25% for USD and 0.10% for EUR. (31 December 2012 – TL: 9.31%, USD: 0.25%, EUR: 0.10%).

10. Other receivables and payables

a. Other current and non current receivables

Other current receivables:

	31 March 2013	31 December 2012
Due to related parties (Note: 28)	2.271.490	2.775
Due to personnel	118.723	260.921
Receivables from insurance claims	80.401	89.663
Other	884.428	-
Allowance for other doubtful receivables (-)	(749.220)	-
	2.605.822	353.359

Other non-current receivables:

	31 March 2013	31 December 2012
Deposits given to public institutions	1.943.557	1.888.737
Other deposits and guarentees given	204.787	205.936
	2.148.344	2.094.673

b. Other current payables

	31 March 2013	31 December 2012
Other payables to related parties (Note: 28)	99.290.525	565.571
Social security payables	2.818.441	1.640.782
Taxes and funds payable	2.651.112	2.825.025
Deposits and guarantees received	2.014.585	1.960.141
Payables to personnel	1.905.330	751.813
	108.679.993	7.743.332

(Currency – Turkish Lira (TL) unless otherwise indicated)

11. Inventories

	31 March 2013	31 December 2012
Raw materials	67.135.666	64.631.612
Work-in-progress	24.876.127	26.008.013
Finished goods	16.237.975	16.438.878
Trade goods	-	89.101
Other inventories	890.257	906.953
Inventory impairment provision (-)	(2.275.702)	(2.437.301)
	106.864.323	105.637.256

The movements of the inventory impairment provision

	1 January – 31 March 2013	1 January – 31 March 2012
Opening balance	2.437.301	1.111.219
Released provision (-) (Note: 21)	(161.599)	-
Closing balance	2.275.702	1.111.219

The Group allocates an allowance for the impairment on the inventories of finished goods, work in progress and raw materials in the cases when their net realizable values are lower than their costs or when the are classified as slow moving inventories. The provision has been recognized under cost of sales. The inventory impairment provision during the current period is related to the finished goods whose net realizable values are lower than their costs.

12. Investments accounted under the equity method

		31 March 2013		31 December 2012	
Subsidiaries	Main operating activity	Effective ownership (%)	Carrying value	Effective ownership (%)	Carrying value
Exsa	Investment property and financial instruments	32,875	166.792.145	32,875	158.780.889
Total			166.792.145		158.780.889

The assets, liabilities and net profit calculated by using the effective percentage of ownership as of 31 March 2013 and 31 December 2012, of Exsa which is consolidated by the equity method are as follows:

(Currency – Turkish Lira (TL) unless otherwise indicated)

12. Investments accounted under the equity method (continued)

	31 March 2013	31 December 2012
Assets	525.107.258	492.785.468
Liabilities	(17.754.727)	(9.801.775)
Net assets	507.352.531	482.983.693
Group's share	166.792.145	158.780.889
Value increase/(decrease) differences, net (Not: 20)	65.377.445	76.188.922
Group's share	21.492.835	25.047.108

	1 January - 31 March 2013	1 January - 31 March 2012
Revenues	43.285.172	2.674.621
Expenses	(8.104.856)	(1.499.059)
Net profit	35.180.316	1.175.562
Group's share	11.565.529	386.466

(Currency – Turkish Lira (TL) unless otherwise indicated)

13. Property, plant and equipment

The table below summarizes the net movement of property, plant and equipments for the period ended 31 March 2013:

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixture	Other Tangible Assets	Leasehold Improvements	Construction in Progress	Total
Cost value										
1 January 2013 opening balance	81.659.486	60.251.864	231.309.232	980.787.041	94.129.334	10.775.349	3.603.733	2.177.470	36.893.829	1.501.587.338
Currency translation difference	94.506	(19.061)	(94.580)	(362.886)	1.432	10.825	(2.982)	-	(442)	(373.188)
Additions (*)	-	-	38.681	585.283	83.386	54.096	-	-	12.441.579	13.203.025
Disposals	-	-	-	(69.209)	(973.380)	-	-	-	-	(1.042.589)
Transfers from construction in progress	-	717.845	-	255.880	-	1.350	-	-	(975.075)	-
31 March 2013 closing balance	81.753.992	60.950.648	231.253.333	981.196.109	93.240.772	10.841.620	3.600.751	2.177.470	48.359.891	1.513.374.586
Accumulated depreciation										
1 January 2013 opening balance	-	(26.673.463)	(95.576.422)	(623.976.600)	(60.433.305)	(6.092.650)	(1.691.426)	(1.797.802)	-	(816.241.668)
Currency translation difference	-	7.592	(38.297)	73.613	1.731	(8.334)	1.962	-	-	38.267
Charge for the period	-	(794.239)	(1.462.931)	(7.711.255)	(1.961.174)	(235.583)	(215.382)	(31.020)	-	(12.411.584)
Disposals	-	-	-	58.833	782.644	-	-	-	-	841.477
31 March 2013 closing balance	-	(27.460.110)	(97.077.650)	(631.555.409)	(61.610.104)	(6.336.567)	(1.904.846)	(1.828.822)	-	(827.773.508)
31 March 2013 net book value	81.753.992	33.490.538	134.175.683	349.640.700	31.630.668	4.505.053	1.695.905	348.648	48.359.891	685.601.078

(*) As of 31 March 2013, TL 6.336.655 of the borrowing costs have been capitalized (31 March 2012: TL 3.105.281).

(Currency – Turkish Lira (TL) unless otherwise indicated)

13. Property, plant and equipment (continued)

The table below summarizes net movement of the property, plant and equipments for the period ended 31 March 2012:

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixture	Other Tangible Assets	Leasehold Improvements	Construction in Progress	Total
Cost value										
1 January 2012 opening balance	46.244.655	48.981.190	223.845.742	876.082.199	95.168.472	10.106.603	2.615.533	2.123.182	61.972.398	1.367.139.974
Currency translation difference	(279.021)	(45.817)	(1.031.308)	(1.180.334)	28.055	(21.705)	(8.230)	-	3.897	(2.534.463)
Additions	561.452	-	29.524	1.347.864	-	252.071	79.858	-	20.309.151	22.579.920
Disposals	(745.870)	-	-	-	(47.932)	-	-	-	-	(793.802)
Transfers from construction in progress	-	-	-	588.950	-	2.250	-	-	(591.200)	-
31 March 2012 closing balance	45.781.216	48.935.373	222.843.958	876.838.679	95.148.595	10.339.219	2.687.161	2.123.182	81.694.246	1.386.391.629
Accumulated depreciation										
1 January 2012 opening balance	-	(24.834.469)	(90.071.407)	(608.613.542)	(69.923.704)	(6.518.796)	(1.167.427)	(1.469.996)	-	(802.599.341)
Currency translation difference	-	16.346	199.126	388.731	(2.515)	14.789	3.998	-	-	620.475
Charge for the period	-	(589.418)	(1.336.617)	(5.550.910)	(1.597.901)	(176.544)	(141.223)	(101.522)	-	(9.494.135)
Disposals	-	-	-	-	45.492	-	-	-	-	45.492
31 March 2012 closing balance	-	(25.407.541)	(91.208.898)	(613.775.721)	(71.478.628)	(6.680.551)	(1.304.652)	(1.571.518)	-	(811.427.509)
31 March 2012 net book value	45.781.216	23.527.832	131.635.060	263.062.958	23.669.967	3.658.668	1.382.509	551.664	81.694.246	574.964.120

There is no pledge or mortgage on assets of the Group as of 31 March 2013 except for the tangible assets amounting of TL 48.489.833 (31 December 2012 – TL 48.856.499).

As of 31 March 2013, total cost of the property, plant and equipment and intangible assets which are fully depreciated/amortized but are still in use is TL 477.391.301 (31 December 2012 - TL 477.851.286).

As of 31 March 2013, total cost and accumulated depreciation of the property, plant and equipment which are acquired by financial leasing amount to TL 6.622.239 and TL 3.232.279, respectively (31 December 2012 - TL 6.622.239 and TL 2.995.771).

(Currency – Turkish Lira (TL) unless otherwise indicated)

13. Property, plant and equipment (continued)

The distribution of depreciation charge for the property, plant and equipment is as follows;

	1 January- 31 March 2013	1 January- 31 March 2012
Cost of sales (-)	12.038.865	9.214.483
General administrative expenses (-)	362.370	271.785
Marketing, sales and distribution expenses (-)	10.349	7.867
	12.411.584	9.494.135

14. Intangible assets

	Mining Rights	Other Intangible Assets	Total
Cost value			
1 January 2013 opening balance	31.348.361	391.587	31.739.948
Currency translation difference	-	(5.769)	(5.769)
Additions	-	6.501	6.501
31 March 2013 closing balance	31.348.361	392.319	31.740.680
Accumulated depreciation			
1 January 2013 opening balance	(9.525.279)	(349.046)	(9.874.325)
Currency translation difference	-	4.777	4.777
Amortization charge for the period	(332.018)	(13.354)	(345.372)
31 March 2013 closing balance	(9.857.297)	(357.623)	(10.214.920)
31 March 2013 net book value	21.491.064	34.696	21.525.760

(Currency – Turkish Lira (TL) unless otherwise indicated)

14. Intangible assets (continued)

	Mining Rights	Other Intangible Assets	Total
Cost value			
1 January 2012 opening balance	24.543.382	377.085	24.920.467
Currency translation difference	-	(11.873)	(11.873)
Additions	-	-	-
31 March 2012 closing balance	24.543.382	365.212	24.908.594
Accumulated depreciation			
1 January 2012 opening balance	(7.927.705)	(302.105)	(8.229.810)
Currency translation difference	-	9.472	9.472
Amortization charge for the period	(354.444)	(1.325)	(355.769)
31 March 2012 closing balance	(8.282.149)	(293.958)	(8.576.107)
31 March 2012 net book value	16.261.233	71.254	16.332.487

The mining rights are amortized in proportion to the reserves consumed in the current year to the total reserves. The remaining amortization period depends on the duration of the depletion of the remaining reserves.

The distribution of amortization charge for intangible assets is as follows:

	1 January - 31 March 2013	1 January - 31 March 2012
Cost of sales (-)	335.001	345.290
General administrative expenses (-)	10.084	10.184
Marketing, sales and distribution expenses (-)	287	295
	345.372	355.769

(Currency – Turkish Lira (TL) unless otherwise indicated)

15. Goodwill

The goodwill amount presented in the Group’s financial statements as of 31 March 2013 is related to Eskişehir ve Ankara Cement Factories (Standart Çimento) acquired in 2005, Çimsa Cement located in TRNC, Bilecik Ready Mix Cement Facilities acquired in 2008 and Afyon Çimento Sanayi Türk Anonim Şirketi acquired in 2012. The movement of goodwill is stated below.

As of 31 December 2012, the Group performed an impairment analysis on cash generating unit related with goodwill and as a result, did not detect any need for impairment allowance. The Group used the approved financial budgets for the estimated discounted cash flows in TL with the principal assumptions of weighted average cost of capital of 10,26%, and increase in the sales prices and costs by macroeconomic and market analysis.

The table below summarizes the goodwill movement as of 31 March 2013 and 31 March 2012:

31 March 2013	Opening	Effect of the Acquired Subsidiary	Translation Difference	Total
Eskişehir	132.140.806	-	-	132.140.806
Afyon Çimento Sanayi T.A.Ş.	11.358.393	-	-	11.358.393
Bilecik Hazır Beton	4.293.971	-	-	4.293.971
Çimsa Cement Free Zone Ltd.	326.082	-	4.774	330.856
	148.119.252	-	4.774	148.124.026

31 March 2012	Opening	Effect of the Acquired Subsidiary	Translation Difference	Total
Eskişehir	132.140.806	-	-	132.140.806
Bilecik Hazır Beton	4.293.971	-	-	4.293.971
Çimsa Cement Free Zone Ltd.	345.527	-	(21.219)	324.308
	136.780.304	-	(21.219)	136.759.085

(*) The Company signed the share transfer contract at 15 February 2012 due to the acquisition of shares of 153.000.000 unit and TL 1.530.000 nominal value representing 51% of Afyon Çimento Sanayi Türk Anonim Şirketi which was a 100% subsidiary CIMENT FRANÇAIS and owned by PARCIB SAS . According to the share transfer contract, TL 57.530.000 is determined for 153.000.000 unit shares for the shares of PARCIB. SAS. The share transfer amount is determined in TL by bargaining purchase method. The permission has been obtained from Competition Board on 12 April 2012 and the transfer of shares has been realized on 31 May 2012.

The goodwill amount of TL 11.358.393 resulting from the acquisition of Afyon Çimento Sanayii Türk Anonim Şirketi and recorded on a provisional basis represents the undistributed portion after the determination of the fair values of th tangible and intangible assets of Afyon Çimento Sanayii Türk Anonim Şirketi by an independent valuation company (Note: 5).

There is no impairment on the goodwill as of 31 March 2013.

(Currency – Turkish Lira (TL) unless otherwise indicated)

16. Provisions, contingent assets and liabilities

Current provisions

	31 March 2013	31 December 2012
Provision for litigations	3.096.234	3.036.881
	3.096.234	3.036.881

The movements of provisions for the litigatons as of 31 March 2013 and 31 March 2012 are stated below:

	1 January – 31 March 2013	1 January – 31 March 2012
Opening balance	3.036.881	2.913.458
Additional provisions	59.353	-
Released provisions (-)	-	(103.138)
Closing balance	3.096.234	2.810.320

As of 31 March 2013, the amount of the legal cases which is opened against the Group and still ongoing is approximately TL 9.324.642 (31 December 2012: TL 9.400.208). The Group provided provision for an amount of TL 3.096.234 based on the opinion of the legal advisors related to the cases which have a risk to result against the Group (31 December 2012: TL 3.036.881).

Non-current provisions

	31 March 2013	31 December 2012
Recultivation provision	3.493.081	3.264.016
Provision for the unlawful occupation (*)	133.750	107.000
	3.626.831	3.371.016

(*) Afyon Çimento Sanayi Türk A.Ş. pays a usage fee to Afyonkarahisar Governership National Estate Department for the 17.281 m2 portion of the land in the factory area which is owned by the National Estate Department. Since the usage fee is declared by the National Estate Department once in five years, the company provided provision amounting to TL 133.750 for the three months period of 2013.

The movement of the recultivation provision is as follows:

	1 Janıuary – 31 March 2013	1 Janıuary – 31 March 2012
Opening balance	3.264.016	2.346.700
Additional provisions	229.065	-
Closing balance	3.493.081	2.346.700

The operations of the Group such as mining, cement production are subject to the Environment Law, and to the Land Protection and Utilization Law. All liabilities such as taxes, duties and emission fees resulting from this legislation have been fulfilled by the Group. This legislation addresses the costs that could arise from recovering the damage, pollution in the land while vacating the mines. Accordingly, the management calculated the estimated cost of plans that is deemed to meet the requirements of legislation related with the mining area the Group operates on. As a result, related with the surface area which is already excavated as of 31 March 2013, the Group has accounted and disclosed the recultivation provision amounting to TL 3.493.081 under "Non-current provisions" (31 December 2012: TL 3.264.016).

(Currency – Turkish Lira (TL) unless otherwise indicated)

17. Provisions, contingent assets and liabilities

The collaterals, pledges and mortgages (CPM) received by the Group are as follows:

		31 March 2013		31 December 2012	
	Original Currency	Original Amount	TL Balance	Original Amount	TL Balance
Letters of guarantee received	TL	131.191.783	131.191.783	136.938.267	136.938.267
Letters of guarantee received	USD	2.783.150	5.206.439	2.458.150	4.381.898
Letters of guarantee received	EUR	950.264	2.203.567	826.239	1.943.066
Mortgages	TL	25.760.754	25.760.754	28.407.954	28.407.954
Cheques and notes received	TL	20.428.385	20.428.385	21.362.510	21.362.510
Cheques and notes received	EUR	81.225	188.353	95.725	225.116
Cheques and notes received	USD	52.300	97.838	52.300	93.230
Pledges	TL	14.747.320	14.747.320	13.943.331	13.943.331
Total			199.824.439		207.295.372

As of 31 March 2013 and, 31 December 2012, the details of the CPM given are as follows:

		31 March 2013		31 December 2012	
	Original Currency	Original Amount	TL Balance	Original Amount	TL Balance
A. Total CPM given for the Company's own legal entity	TL	65.305.722	65.305.722	64.402.046	64.402.046
	USD	36.983.026	69.184.146	38.477.634	68.590.230
	EUR	17.705.600	41.057.516	17.705.600	41.638.260
B.Total CPM given in favour of sunsidiaries consolidated on line-by-line basis		-	-	-	-
C.Total CPM given in favour of other 3rd parties for ordinary trading operations		-	-	-	-
D.Other CPM given		-	-	-	-
i. Total CPM given in favour of parent entity		-	-	-	-
ii. Total CPM given in favour of other Group companies out of the scope of clause B and C		-	-	-	-
iii. Total CPM given in favour of other 3rd parties out of scope of clause C		-	-	-	-
			175.547.384		174.630.536

The ratio of other CPMs to the Group’s equity as of 31 March 2013 is 0% (31 December 2012: 0%).

(Currency – Turkish Lira (TL) unless otherwise indicated)

18. Employee benefits

	31 March 2013	31 December 2012
Retirement pay provision	15.591.087	15.212.235
Seniority provision	626.449	543.348
	16.217.536	15.755.583

The provision for the employee termination benefits:

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

Such payments are calculated on the basis of one month's pay limited to a maximum of TL 3.129,25 at 31 March 2013 (31 December 2012: TL 3.033,98).

As of 31 March 2013, this liability is reflected in the consolidated financial statements by using the "Projection Method" based on actuary method and assumptions made by professional actuaries.

The principal actuarial assumptions used to calculate the liability at the balance sheet date are as follows:

	31 March 2013	31 December 2012
Discount rate	10,12%	10,12%
Inflation	6,16%	6,16%
Personnel turnover rate	16,5%	15,8%

The movement of the provision for employee termination benefits for the periods ended 31 March 2013 and 31 March 2012 is as follows:

	1 January – 31 March 2013	1 January – 31 March 2012
Provision as of 1 January 2013	15.212.235	11.712.518
Service cost	943.499	628.677
Interest cost (Note: 25)	138.742	292.813
Actuarial loss / (gain)	250.813	-
Provision paid during the year	(960.134)	(535.462)
Currency translation difference	5.932	33.365
Provision as of 31 March 2013	15.591.087	12.131.911

(Currency – Turkish Lira (TL) unless otherwise indicated)

18. Employee benefits (continued)

Seniority incentive premium:

The movement of seniority incentive premium as of 31 March 2013 and 31 March 2012 is stated below:

	1 January – 31 March 2013	1 January – 31 March 2012
Provision as of 1 January 2013	543.348	465.865
Additional provision	107.701	267.127
Provision paid during the year	(23.750)	-
Released Provisions (-)	(850)	-
Provision as of 31 March 2013	626.449	732.992

19. Other assets and liabilities

a) Other current and non current asssets

Other current assets

	31 March 2013	31 December 2012
Prepaid expenses	4.891.373	1.894.491
Prepaid taxes and funds	3.643.318	3.328.853
Deferred VAT	1.807.462	3.276.311
Advances given to suppliers	1.443.479	1.019.848
Job advances	1.100.806	1.173.334
Export VAT (*)	930.298	210.255
Other current assets	1.130.741	479.663
	14.947.477	11.382.755

b) Other non-current assets

	31 March 2013	31 December 2012
Export VAT (*)	10.504.658	9.909.991
Advances given for property, plant and equipment	986.427	426.248
Prepaid expenses	326.825	227.191
Other non-current assets	114.171	111.148
	11.932.081	10.674.578

(*) According to VAT Law no 11/c, the VAT amount regarding to the goods which are rendered to export dealers by manufacturers is not collected, and are recorded to export VAT and deferred VAT accounts. Uncollected VAT is declared on related VAT declaration; accrued VAT is deferred and recorded to deferred VAT accounts. After verification of the realization of export, tax administration makes cancellation for the deferred VAT accordingly amounts in export VAT and deferred VAT are netted off.

(Currency – Turkish Lira (TL) unless otherwise indicated)

19. Other assets and liabilities (continued)

c) Other current liabilities

	31 March 2013	31 December 2012
Advances received	3.598.454	1.884.340
Cost provisions	2.638.589	773.907
Unused vacation liability	1.965.024	1.781.050
Tax penalty liabilities in accordance with law no. 6111	1.258.831	1.267.108
Expense accruals	157.989	149.398
Deferred income	107.698	102.446
Other current liabilities	1.456.086	698.947
	11.182.671	6.657.196

d) Other non-current liabilities

	31 March 2013	31 December 2012
Tax penalty liabilities in accordance with law no. 6111	-	397.247
Other long-term liabilities	2.163	2.163
	2.163	399.410

20. Equity

As of 31 March 2013 and 31 December 2012, the composition of shareholders and their respective percentage of ownership is as follows:

	31 March 2013		31 December 2012	
Shareholders (*)	(%)	Amount	(%)	Amount
Hacı Ömer Sabancı Holding A.Ş.	49,42	66.765.208	49,42	66.765.208
Aberdeen Asset Managers Limited	14,69	19.840.122	13,95	18.844.280
Akçansa Çimento San ve Tic. A.Ş.	8,98	12.130.560	8,98	12.130.560
Adana Çimento San. T.A.Ş.	5,11	6.908.993	5,11	6.908.993
Hacı Ömer Sabancı Vakfı	0,11	150.000	0,11	150.000
Other shareholders	21,69	29.289.559	22,43	30.285.402
Nominal share capital	100	135.084.442	100	135.084.442
Inflation adjustment		41.741.516		41.741.516
Rearranged share capital		176.825.958		176.825.958

(*) Public quotation of the Group is 41.37% as of 31 March 2013 (31 December 2012: 41.36%).

The share capital of the Group as of 31 March 2013 consists of 13.508.444.200 shares. (31 December 2012: 13.508.444.200 shares). The nominal value per share is 1 Kr (31 December 2012: per share 1 Kr).

(Currency – Turkish Lira (TL) unless otherwise indicated)

20. Equity (continued)

Revaluation reserve

The changes in revaluation reserve of Exsa, which is accounted by using the equity method, are as follows:

	Exsa Total	Group's Share 32,875%
1 January 2013 opening	76.188.922	25.047.108
Current period increase / (decrease)	(10.811.477)	(3.554.273)
31 March 2013 closing	65.377.445	21.492.835

	Exsa Total	Group's Share 32,875%
1 January 2012 opening	(32.774.330)	(10.774.561)
Current period increase / (decrease)	108.963.252	35.821.669
31 December 2012 closing	76.188.922	25.047.108

The movement of the value increase of Hacı Ömer Sabancı Holding A.Ş. shares as a result of the valuation according to the quoted price as of 31 March 2013, which is disclosed under the available-for-sale financial assets, is as follows:

	Market Value	Deferred Tax Effect	Net Value
1 January 2013 opening	208.021.419	(10.401.071)	197.620.348
Current period increase / (decrease)	24.549.112	(1.227.456)	23.321.656
31 March 2013 closing	232.570.531	(11.628.527)	220.942.004

	Market Value	Deferred Tax Effect	Net Value
1 January 2012 opening	114.993.207	(5.749.660)	109.243.547
Current period increase / (decrease)	93.028.212	(4.651.411)	88.376.801
31 December 2012 closing	208.021.419	(10.401.071)	197.620.348

Profit reserves – retained earnings

Legal reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Group's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Group's share capital. The legal reserves are not available for distribution unless they exceed 50% of the issued capital, other than that legal reserves can not be used.

(Currency – Turkish Lira (TL) unless otherwise indicated)

20. Equity (continued)

Profit reserves – retained earnings (continued)

Retained earnings

The General Assembly Meeting for 2012 has been held on 27 March 2013, TL 98.071.305 of dividend payment has been made (2012: TL 106.716.09) and TL 9.131.708 of legal reserves (2012: TL 9.996.249) have been allocated (Note: 27).

The public companies are subject to the dividend distribution requirements regulated by the Turkish Capital Market Board and they distribute dividend accordingly:

Based on CMB dated 27 January 2010 and 02/51 numbered notice:

The dividend distribution, is conducted in accordance with Communiqué Serial: IV, XI-27 of CMB, "Principle of Dividend Advance Distribution of Companies that are Subject to the Capital Market Board Regulations" and in accordance with the terms of articles of associations and the profit distribution policies publicly disclosed by the companies.

According to the communique, it is required to state the first dividend ratio in the articles of association of coporations. First dividend ratio of the shareholders cannot be less than 20% of the distributable profit after providing for the reserves required according to the law and taxes, funds, financial payments and the accumulated losses, if any.

Public entities, depending on the resolution of their General Assembly, are entitled to;
1) Distribute dividends completely in cash,
2) Distribute dividends completely in bonus share form,
3) Distribute dividends both in cash and bonus share form with certain rates, keeping the remaining amount in the Group,
4) Keep the amount of dividends in the Group without distributing them neither in cash nor in bonus share form.

For such companies, The Board can oblige the Group to distribute the first dividend from previous period's allocated profit in cash until the agenda of the General Assembly shall be announced.

As of 31 March 2013 and 31 December 2012, the composition of consolidated legal reserves, extraordinary reserves, accumulated profit, share premium and other reserves can be summarized as follows:

	31 March 2013	31 December 2012
Legal reserves	121.597.278	112.465.570
Other capital reserves	37.493.591	37.493.591
Extraordinary reserves	52.527.224	52.405.376
Accumulated profit due to inflation difference	68.691.034	68.691.034
Share premiums	30.131	30.131
Special funds	37.233.032	37.233.032
	317.572.290	308.318.734

Effects of Changes in Foreign Exchange Rates:

According to IAS 21 "Effects of Changes in Foreign Exchange Rates", during the consolidation, the assets and liabilities of Group's subsidiaries and joint ventures in foreign countries are translated to Turkish Lira with respect to the exchange rates on the balance sheet date. Income and expense items are translated via the average exchange rates of the period. The differences emerged as a result of using the closing and average exchange rates are accounted for as foreign currency translation differences in the comprehensive statement of income.

(Currency – Turkish Lira (TL) unless otherwise indicated)

20. Equity (continued)

Profit reserves – retained earnings (continued)

Foreign currency translation differences

Non-controlling interests

All non-controlling shares are eliminated from the equity accounts, including paid-in capital, of the consolidated subsidiaries and presented as a non-controlling interest in shareholders' equity in the consolidated balance sheet.

21. Sales and cost of sales

Sales Revenue

	1 January - 31 March 2013	1 January - 31 March 2012
Domestic sales	140.591.186	90.826.475
Export sales	67.295.675	54.906.772
Sale discounts (-)	(3.304.583)	(3.243.747)
Other deductions (-)	(14.687.904)	(10.566.167)
	189.894.374	131.923.333
Cost of sales (-)	(157.047.621)	(107.374.341)
Gross profit	32.846.753	24.548.992

Cost of Sales

	1 January - 31 March 2013	1 January - 31 March 2012
Direct material and supplies expenses	(30.226.532)	(21.587.395)
Direct labor expenses	(1.698.853)	(1.439.334)
Energy costs	(66.694.582)	(56.116.487)
Depreciation and amortization expenses	(12.373.866)	(9.559.773)
Other production expenses	(43.487.908)	(30.958.301)
Total production cost	(154.481.741)	(119.661.290)
Change in work-in-process	(1.131.886)	21.468.597
Beginning WIP	(26.008.013)	(25.176.974)
Ending WIP	24.876.127	46.645.571
Change in finished goods	(200.903)	(5.835.980)
Beginning finished goods	(16.438.878)	(18.445.617)
Ending finished goods	16.237.975	12.609.637
Reversal of inventory write-downs (Not 11)	161.599	-
Cost of merchandises sold	(1.394.690)	(3.345.668)
	(157.047.621)	(107.374.341)

(Currency – Turkish Lira (TL) unless otherwise indicated)

22. Marketing, selling and distribution expenses and general administrative expenses

The detail of operating expenses as of 1 January – 31 March 2013 and 2012 is stated below:

	1 January - 31 March 2013	1 January - 31 March 2012
General administrative expenses (-)	(9.919.336)	(9.370.531)
Marketing, selling and distribution expenses (-)	(1.621.799)	(1.136.769)
	(11.541.135)	(10.507.300)

23. Operating expenses by nature

The detail of general administrative expenses as of 1 January – 31 March 2013 and 2012 is as follows:

	1 January - 31 March 2013	1 January - 31 March 2012
Personnel expenses	(4.372.441)	(4.087.101)
Consultancy and advisory expenses	(1.101.940)	(1.474.242)
Retirement pay provisions	(779.264)	(662.071)
Tax, duty and charges	(762.897)	(568.406)
Communication and advertising expenses	(375.275)	(155.100)
Depreciation and amortization expenses	(372.454)	(281.969)
Travel expenses	(344.611)	(299.438)
Insurance expenses	(304.672)	(192.729)
IT expenses	(265.632)	(239.848)
Rent expenses	(216.827)	(254.005)
Maintenance expenses	(78.858)	(80.590)
Representation expenses	(55.940)	(174.249)
Other miscellaneous expenses	(888.525)	(900.783)
	(9.919.336)	(9.370.531)

The detail of marketing, selling and distribution expenses as of 1 January – 31 March 2013 and 2012 is as follows:

	1 January - 31 March 2013	1 January - 31 March 2012
Personnel expenses	(785.846)	(755.631)
Representation expenses	(350.739)	(7.637)
Travel expenses	(91.292)	(77.404)
Consultancy and advisory expenses	(62.720)	(23.290)
Rent expenses	(40.525)	(29.985)
Insurance expenses	(30.693)	(25.378)
Advertising expenses	(14.749)	(35.626)
Depreciation and amortization expenses	(10.636)	(8.162)
Other miscellaneous expenses	(234.599)	(173.656)
	(1.621.799)	(1.136.769)

(Currency – Turkish Lira (TL) unless otherwise indicated)

24. Other operating income / (expense)

Other operating income

	1 January - 31 March 2013	1 January - 31 March 2012
Sales of scrap and miscellaneous material	608.776	313.962
Rent income	280.804	76.474
Released provisions	183.510	123.013
Fixed assets sales income	156.630	5.872.588
Other	425.849	239.274
	1.655.569	6.625.311

Other operating expense (-)

	1 January - 31 March 2013	1 January - 31 March 2012
Provision expenses	(1.097.102)	-
Litigation and execution expenses	(582.618)	(308.431)
Penalty expenses (*)	(208.074)	(5.942.537)
Courts and enforcement expense	(64.102)	(10.658)
Fixed assets sales loss	(63.007)	(321)
Donations expense	(3.885)	(11.004)
Tax and penalty expense based on 6111 law	-	(393.324)
Other expenses	(466.310)	(326.686)
	(2.485.098)	(6.992.961)

(*) Based on the resolution of the Competition Authority whose reasoned decision will be notifed later and for which there is an opportunity to appeal to the Council of Sate, the Group is subjected to an administrative penalty of TL 7.758.016. After the declaration has been notifed on this sentence, the Group made the total amount of TL 5.818.512 payment to the tax office, with a discount of 25% applied in accordance with the Law on Misdemaenors, reserving all its' rights.

25. Financial income / (expenses)

Financial income

	1 January - 31 March 2013	1 January - 31 March 2012
Dividend income	2.153.431	-
Foreign exchange gains	1.130.952	6.754.310
Interest income of due date differences	645.825	258.926
Interest income	42.089	12.993
Other financial income	-	84.318
	3.972.297	7.110.547

(Currency – Turkish Lira (TL) unless otherwise indicated)

25. Financial income / (expenses) (continued)

Financial expenses (-)

	1 January - 31 March 2013	1 January - 31 March 2012
Interest expense on bank loans	(7.087.374)	(5.942.961)
Foreign exchange losses	(1.693.198)	(6.926.019)
Retirement pay provision interest cost	(138.742)	(292.813)
Other financial expenses	(188.758)	(55.511)
	(9.108.072)	(13.217.304)

TL 6.336.655 portion of the borrowing costs have been capitalized on the property, plant and equipment (31 March 2012: TL 3.105.281) (Not:13)

26. Tax assets and liabilities (Including deferred tax asset and liabilites)

The Group is subject to taxation in accordance with the tax procedures and the legislation effective in the countries where the Group is operating.

In Turkey, the corporation tax rate is 20%. Corporate tax returns are required to be filed until the twentyfifth of the fourth month following the balance sheet date and paid in one installment until the end of the fourth month. The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

In Turkey, the tax legislation does not permit a parent group and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis. Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

The dividend payments made other than to the companies resident in Turkey that are not responsible from the corporate and income tax and the dispensed ones and to resident and nonresident individuals and nonresident legal entities in Turkey are due to 15% income tax. The dividend payments made from the resident companies in Turkey to again resident companies in Turkey are not due to tax, and in case of not calculating the profit or not adding to capital, the income tax is not calculated.

In accordance with the "General Communiqué" (Serial no:1) on "Disguised Profit Distribution Through Transfer Pricing" was published in November 2007, the forms should be prepared until the deadline of annual corporate tax return. The Group has completed its work and made the related declarations

As of 31 March 2013 and 31 December 2012, income taxes payables are summarized as follows:

	31 March 2013	31 December 2012
Current period corporate tax provision	8.346.684	27.517.141
Prepaid taxes and funds (-)	(4.201.196)	(22.568.893)
	4.145.488	4.948.248

(Currency – Turkish Lira (TL) unless otherwise indicated)

26. Tax assets and liabilities (continued)

The detail of the tax expense is as follows:

Tax expense:	1 January – 31 March 2013	1 January – 31 March 2012
Current period corporate tax	(3.398.436)	(2.418.214)
Deferred tax income / (expense)	240.337	1.685.192
	(3.158.099)	(733.022)

The details of the deferred tax assets and liabilities of the Group as of 31 March 2013 and 31 December 2012 are as follows:

Deferred tax assets:	31 March 2013	31 December 2012
Provisions for carried forward tax losses (*)	4.870.241	4.707.762
Provision for employee termination benefits	3.243.507	3.151.117
Recultivation provision	698.616	652.803
Provision for litigations	619.247	607.376
Inventory impairment provision	455.140	487.460
Tangible and intangible assets	411.970	389.291
Provision for unused vacation pay	393.005	356.210
Allovance for doubtful receivables	308.087	315.946
Rediscount of receivables and payables	144.896	150.128
Other	292.031	511.807
	11.436.740	11.329.900
Deferred tax liabilities:		
Goodwill	(24.589.322)	(24.589.322)
Revaluation of available-for-sale investments	(11.628.527)	(10.401.071)
Tangible and intangible assets	(9.413.352)	(9.477.295)
Rediscount of receivables and payables	(78.132)	(52.704)
Other	-	(24.189)
	(45.709.333)	(44.544.581)
Net deferred tax (liabilities) / assets	(34.272.593)	(33.214.681)

The balance sheet presentation of the deferred tax (assets) / liabilities :

	31 March 2013	31 December 2012
Deferred tax assets	(6.018.613)	(4.665.563)
Deferred tax liabilities	40.291.206	37.880.244
	34.272.593	33.214.681

(*) The subsidiary of the Group, Afyon Çimento Sanayi Türk Anonim Şirketi A.Ş., has TL 12.851.120 carried forward tax losses as of 31 March 2013 (31 December 2012: TL 11.462.605). TL 4.312.255 portion of this loss will expire in 2016, whereas TL 7.150.350 portion of this loss will expire in 2017, and the remaining TL 1.388.515 portion will expire in 2018. The foreign-based subsidiaries of the Group have total TL 7.982.870 carried forward tax losses (31 December 2012: TL 6.405.884). TL 3.805.748 portion of this loss will expire between 2028 – 2030 (31 December 2012: TL 1.696.571), and the remaning portion of TL 4.177.119 (31 December 2012: 4.709.312 TL) will be carried forward with no time limit.

(Currency – Turkish Lira (TL) unless otherwise indicated)

26. Tax assets and liabilities (continued)

The movement table of the net deferred tax liabilities is as follows:

The movement for deferred tax (asset) / liabilties:	1 January - 31 March 2013	1 January - 31 March 2012
Opening balance	33.214.681	24.587.510
Accounted for in the income statement	(240.337)	(1.685.192)
Accounted for under equity (*)	1.177.293	2.411.843
Currency translation difference	120.956	(1.016)
Closing balance	34.272.593	25.313.145

The detail of the tax income / (expense) in the statement of comprehensive income / (loss) within the period 1 January- 31 March 2013 and 2012 is as follows:

	1 January – 31 March 2013		
Other comprehensive income / (loss) within the period	Amount before taxation	Tax income / (loss)	Amount after taxation
Change in the actuarial loss	(250.813)	50.163	(200.650)
Change in the revaluation reserve	24.549.112	(1.227.456)	23.321.656
	24.298.299	(1.177.293)	23.121.006

	1 January – 31 March 2012		
Other comrehensive income / (loss) within the period	Amount before taxation	Tax income / (loss)	Amount after taxation
Change in the revaluation reserve	48.236.851	(2.411.843)	45.825.008
	48.236.851	(2.411.843)	45.825.008

26. Tax assets and liabilities (continued)

The reconciliation of the corporate tax expense applicable to profit before income tax at the statutory income tax rate to income tax expense reported in the income statements for the periods ended 31 march 2013 and 2012 is as follows:

Tax reconciliation	31 December 2012	31 December 2011
Profit before taxation	26.905.843	7.953.751
Effective statutory income tax rate of 20 %	20%	20%
At the effective statutory income tax rate of 20 %	(5.381.169)	(1.590.750)
- Non-deductible expenses	(267.952)	(501.194)
- Non-taxable income	480.038	921.077
- Effect of the profit from investments accounted by using the equity method	2.313.106	25.410
Other	(302.123)	412.435
Tax expense in the income statement	(3.158.099)	(733.022)

(Currency – Turkish Lira (TL) unless otherwise indicated)

27. Earnings per share

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

Earnings per share:

	1 January - 31 March 2013	1 January - 31 March 2012
Number of shares with nominal value of 1 kr	13.508.444.200	13.508.444.200
Profit attributable to equity holders of the parent - TL	24.515.594	7.220.684
Dividend per share	0,0018	0,0005

Dividends distributed per share:

The dividend distributed in 2013 from 2012 profit is stated below:

Dividend amount distributed	98.071.305
Number of shares with nominal value of 1 kr	13.508.444.200
Dividend per share	0,0073

The dividend distributed in 2012 from 2011 profit is stated below:

Dividend amount distributed	94.829.278
Number of shares with nominal value of 1 kr	13.508.444.200
Dividend per share	0,0070

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

28. Related party disclosures

Entities are defined as related if one of the entities has control over the other entity or has a significant influence over the other entity’s financial and administrative decisions. The Group is controlled by Hacı Ömer Sabancı Holding A.Ş. For the consolidated financial statements, the other shareholder of CSN which is a jointly controlled company, shareholder companies and financial assets of Hacı Ömer Sabancı Holding A.Ş. and their affiliates and subsidiaries and also other companies of Sabancı Group are presented separately and these companies and top management of the Group are referred to as related parties. The Group has various transactions with related parties. The balances with the related parties as of 31 March 2013 and 31 December 2012 and the transaction amounts for the periods ended 31 March 2013 and 31 March 2012 are mainly as follows:

(Currency – Turkish Lira (TL) unless otherwise indicated)

28. Related party disclosures (continued)

Due from related parties:

Other receivables (short term) due from related parties:

	31 March 2013	31 December 2012
Hacı Ömer Sabancı Holding A.Ş. (1) (*)	2.268.454	-
Akleasing A.Ş. (2)	2.736	2.775
Akbank T.A.Ş. (2)	300	-
	2.271.490	2.775

(*) TL 2.153.431 of the amount is the dividend to be received from "Hacı Ömer Sabancı Holding A.Ş."

Due to related parties

Trade payables (short term) due to related parties:

	31 March 2013	31 December 2012
Enerjisa A.Ş. (3)	3.948.433	4.716.747
Akçansa Çimento Sanayi ve Ticaret A.Ş.(3)	846.449	5.916
Enerjisa Elektrik Perakende Satış A.Ş. (3)	205.243	140.239
	5.000.125	4.862.902

Other payables (short term) due to related parties:

	31 March 2013	31 December 2012
Dividend payables to shareholders (*)	98.528.076	458.386
Aksigorta A.Ş. (3)	541.570	5.444
Avivasa Emeklilik ve Hayat A.Ş. (3)	167.403	62.607
Bimsa Uluslararı İş Bilgi ve Yön. Sistemleri A.Ş. (2)	46.557	-
Hacı Ömer Sabancı Holding A.Ş. (1)	-	29.624
Other	6.919	9.510
	99.290.525	565.571

(*) The decision to distribute TL 98.071.305 dividend from 2012 profit was approved unanimously by the Ordinary General Meeting held on 27 March 2013. Within the dividend distribution process, which has a pay out ratio of gross; 72.60%, net; 61.71%, the dividend receivables of the recorded shares traded on the stock exchange were transfered to the accounts in the Settlement and Custody Bank Inc. (Takasbank A.Ş) of the relevant members on 3 April 2013. As of 31 March 2013, TL 456.771 (31 December 2012: TL 458.386) of the total is the dividend amount which belongs to the previous years not yet collected by the shareholders.

(Currency – Turkish Lira (TL) unless otherwise indicated)

28. Related party disclosures (continued)

Bank balances - related parties	31 March 2013	31 December 2012
Akbank T.A.Ş. [2]	4.809.447	10.926.821
	4.809.447	10.926.821

Financial liabilities from related parties	31 March 2012	31 December 2011
Bank loans from Akbank T.A.Ş.[2]	188.165.860	156.786.582
	188.165.860	156.786.582

Sales to related parties

	1 January - 31 March 2013	1 January - 31 March 2012
Enerjisa A.Ş. [3]	104.605	-
Hacı Ömer Sabancı Holding A.Ş.[1]	61.015	-
Aksigorta A.Ş. [3]	32.562	5.704
Akçansa Çimento Sanayi ve Ticaret A.Ş.[3]	801	-
Other	4.096	-
	203.079	5.704

Purchases and services received from related parties

	1 January - 31 March 2013	1 January - 31 March 2012
Enerjisa A.Ş. [3]	12.658.595	8.646.736
Aksigorta A.Ş. [3]	3.670.444	3.445.049
Akçansa Çimento Sanayi ve Ticaret A.Ş.[3]	1.192.154	2.997.441
Bimsa Uluslararası İş Bilgi ve Yön. Sistemleri A.Ş.[2]	680.057	484.438
Enerjisa Elektrik Perakende Satış A.Ş. [3]	446.079	204.962
Avivasa Emeklilik ve Hayat A.Ş. [3]	164.764	161.967
Hacı Ömer Sabancı Holding. A.Ş.[1]	28.010	124.754
Other	43.026	7.990
	18.883.129	16.073.337

The Group purchases goods from the related parties: Akçansa Çimento Sanayi ve Ticaret A.Ş., Enerjisa Enerji A.Ş., Enerjisa Elektrik Perakende Satış A.Ş. (2012: Başkent Elektrik Dağıtım A.Ş.) and service from the others.

(Currency – Turkish Lira (TL) unless otherwise indicated)

28. Related party disclosures (continued)

Interest income from related parties	1 January - 31 March 2013	1 January - 31 March 2012
Akbank T.A.Ş. [(2)]	10.581	-
	10.581	-
Interest expense to related parties		
Akbank T.A.Ş. [(2)]	(1.988.891)	(1.687.856)
	(1.988.891)	(1.687.856)

(1) Parent company
(2) Subsidiary of the parent company; Hacı Ömer Sabancı Holding A.Ş.
(3) Joint venture of the parent company; Hacı Ömer Sabancı Holding A.Ş.

Compensation benefits to the top management

In the current period, total amount of compensation benefits paid to the Chairman and the members of the Board of Directors, general manager, general coordinator and deputy general managers, is TL 1.023.710 (31 December 2012 – TL 1.044.598). The salaries paid are TL 972.988 (31 December 2012 – TL 998.527) and contributions paid to Social Security Institution are TL 50.722 (31 December 2012 – TL 46.070).

29. Financial instruments and financial risk management

a. Capital management

The Group manages its capital by maintaining permanence of its operations and on the other hand by reviewing terms of the trade receivables, trade payables and financial liabilities and cash from operations by using the debt and equity ratio in the most efficient way. The Group's top management evaluates the cost of capital and the risks which are associated with every equity account, and presents to Board of Directors those which depend on their decision. The Group's objective is to maintain the stability of capital structure by taking new debts or repayment of debts and also via dividend payments, depending on the decisions of Board of Directors.

The Group follows the debt to equity ratio in the capital management in parallel with other companies in the sector. Net debt is calculated by dividing net debt to total equity. Total debts/ total equity ratios at 31 Mart 2013 and 31 December 2012 are as follows:

	Note	31 March 2013	31 December 2012
Total financial liabilities	8	365.345.314	366.940.247
Cash and cash equivalents (-)	6	15.138.562	17.601.845
Net liabilities		350.206.752	349.338.402
Equity	20	978.218.892	1.033.421.011
Total liabilities		1.328.425.644	1.382.759.413
Net liability / equity ratio		36%	34%

b. Financial risk factors

The Group's principal financial instruments are cash, short-term time deposits and bank borrowings. The main purpose of use of these financial instruments is to raise finance for the Group's operations and to hedge interest rate risk. The Group has various other financial instruments such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk, interest rate risk and credit risk.

(Currency – Turkish Lira (TL) unless otherwise indicated)

29. Financial instruments and financial risk management (continued)

c. Credit risk

The majority of the trade receivables are guaranteed by the bank letters and / or credit limits. The credit reviews are performed continuously over the accounts receivable balances of the customers. The Group does not have a significant credit risk arising from any customer.
The credit risk of the Group for each financial instrument type is as follows:

	Receivables				Deposits		
	Trade receivables		Other receivables		Bank deposit		
31 March 2013	Related Party	Third Party	Related Party	Third Party	Related Party	Third Party	Derivative Financial Instruments
Maximum credit risk exposures as of report date (1) (A+B+C+D+E)	-	188.535.636	2.271.490	2.482.676	4.809.447	6.522.102	-
Secured part of maximum credit risk exposure via collateral etc.	-	118.840.943	-	-	-	-	-
A. Net book value of the financial assets that are neither overdue nor impaired (2)	-	162.600.378	2.271.490	2.482.676	4.809.447	6.522.102	-
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impared (3)	-	-	-	-	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	25.935.258	-	-	-	-	-
- Secured part via collateral etc.	-	17.809.707	-	-	-	-	-
D. Net book value of impaired financial assets	-	-	-	-	-	-	-
- Overdue (gross carrying amount)	-	4.677.008	-	749.220	-	-	-
- Impairment (-)	-	(4.677.008)	-	(749.220)	-	-	-
- Secured part via collateral etc.	-	-	-	-	-	-	-
- Not Overdue (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured part via collateral etc.	-	-	-	-	-	-	-
E. Off-balance sheet financial assets exposed to credit risk	-	-	-	-	-	-	-

(1) When determining the amount, the guarantees received and factors increasing the credibility are not considered.
(2) The guarantees consist of letters of guarantees, guarantee cheques and mortgages received from customers. The portion of the guarantee which covers the risk has not been taken into consideration.
(3) The Group did not have any collection problems with these customers in the past.

(Currency – Turkish Lira (TL) unless otherwise indicated)

29. Financial instruments and financial risk management (continued)

c. Credit risk (continued)

	Receivables				Deposits		
	Trade receivables		Other receivables		Bank deposit		
31 December 2012	Related Party	Third Party	Related Party	Third Party	Related Party	Third Party	Derivative Financial Instruments
Maximum credit risk exposures as of report date (1) (A+B+C+D+E)	-	194.965.330	2.775	2.445.257	10.926.821	3.108.924	-
Secured part of maximum credit risk exposure by collateral etc.	-	118.393.534	-	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired (2)	-	170.909.959	2.775	2.445.257	10.926.821	3.108.924	-
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impared (3)	-	-	-	-	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	24.055.371	-	-	-	-	-
- Secured part via collateral etc.	-	15.810.454	-	-	-	-	-
D. Net book value of impaired financial assets	-	-	-	-	-	-	-
- Overdue (gross carrying amount)	-	4.835.959	-	-	-	-	-
- Impairment (-)	-	(4.835.959)	-	-	-	-	-
- Secured part via collateral etc.	-	-	-	-	-	-	-
- Not Overdue (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured part via collateral etc.	-	-	-	-	-	-	-
E. Off-balance sheet financial assets exposed to credit risk	-	-	-	-	-	-	-

(1) When determining the amount, the guarantees received and factors increasing the credibility are not considered.
(2) The guarantees consist of letters of guarantees, guarantee cheques and mortgages received from customers. The portion of the guarantee which covers the risk has not been taken into consideration.
(3) The Group did not have any collection problems with these customers in the past.

(Currency – Turkish Lira (TL) unless otherwise indicated)

29. Financial instruments and financial risk management (continued)

c. Credit risk (continued)

The aging of the assets that are overdue but not subject to any impairment as of 31 March 2013 is as follows:

	Receivables			Derivative		
31 March 2013	**Trade Receivables**	**Other Receivables**	**Bank Deposits**	**Financial Instruments**	**Other**	**Total**
Overdue 1-30 days	16.535.608	-	-	-	-	16.535.608
Overdue 1-3 months	5.284.476	-	-	-	-	5.284.476
Overdue 3-12 months	4.115.174	-	-	-	-	4.115.174
Total overdue receivables	25.935.258	-	-	-	-	25.935.258
Secured part via collaterals etc.	17.809.707	-	-	-	-	17.809.707

The aging of the assets that are overdue but not subject to impairment as of 31 December 2012 is as follows:

	Receivables			Derivative		
31 December 2012	**Trade Receivables**	**Other Receivables**	**Bank Deposits**	**Financial Instruments**	**Other**	**Total**
Overdue 1-30 days	14.776.292	-	-	-	-	14.776.292
Overdue 1-3 months	5.053.839	-	-	-	-	5.053.839
Overdue 3-12 months	4.225.240	-	-	-	-	4.225.240
Total overdue receivables	24.055.371	-	-	-	-	24.055.371
Secured part via collaterals etc.	15.810.454	-	-	-	-	15.810.454

(Currency – Turkish Lira (TL) unless otherwise indicated)

29. Financial instruments and financial risk management (continued)

d. Foreign currency risk

The Group's foreign currency position in terms of the orginal currency (*) as of 31 March 2013 is as follows:

	31 March 2013			
	TL Equvalents (Functional currency)	USD (Original currency)	EUR (Original currency)	GBP (Original currency)
1. Trade Receivables	15.315.232	5.998.000	1.926.193	-
2A. Monetary Financial Assets	3.086.894	993.607	545.032	9.432
2B. Non Monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. CURRENT ASSETS (1+2+3)	**18.402.126**	**6.991.607**	**2.471.225**	**9.432**
5. Trade Receivables	-	-	-	-
6A. Monetary Financial Assets	-	-	-	-
6B. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON CURRENT ASSETS (5+6+7)	-	-	-	-
9. TOTAL ASSETS (4+8)	**18.402.126**	**6.991.607**	**2.471.225**	**9.432**
10. Trade Payables	5.839.192	2.717.600	390.312	6.842
11. Financial Liabilities	871.036	481.581	-	-
12A. Other Monetary Financial Liabilities	762.002	385.340	28.047	-
12B. Other Non-monetary Financial Liabilities	-	-	-	-
13. SHORT-TERM LIABILITIES (10+11+12)	**7.472.230**	**3.584.521**	**418.359**	**6.842**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	320.185	177.025	-	-
16A. Other Monetary Financial Liabilities	-	-	-	-
16B. Other Non-monetary Financial Liabilities	-	-	-	-
17. LONG-TERM LIABILITIES (14+15+16)	**320.185**	**177.025**	**-**	**-**
18. TOTAL LIABILITIES (13+17)	**7.792.415**	**3.761.546**	**418.359**	**6.842**
19. Off Balance Sheet Derivative Financial Instruments Net Asset/Liability Position (19A-	-	-	-	-
19A. Off-balance Sheet Derivative Assets Denominated in Foreign Currencies	-	-	-	-
19B. Off-balance Sheet Derivative Liabilites Denominated in Foreign Currencies	-	-	-	-
20. Net Foreign Currency Asset / Liability Position (9-18+19)	**10.609.711**	**3.230.061**	**2.052.866**	**2.590**
21. Net Foreign Currency Asset / Liability Position (1+2A+5+6A-10-11-12A-14-15-16A)	**10.609.711**	**3.230.061**	**2.052.866**	**2.590**
22. Total Fair Value of Derivative Financial Instruments used as Foreign Currency Hedge	-	-	-	-
23. Hedged Foreign Currency Assets	-	-	-	-
24. Hedged Foreign Currency Liabilites	-	-	-	-
25. Exports	52.497.037	19.802.121	6.551.345	542.628
26. Imports	21.572.148	10.521.500	1.096.171	-

(*) As the national currencies of the Group's subsidiaries abroad are not assessed as the foreign currency risk, they are not included in the foreign currency position.

(Currency – Turkish Lira (TL) unless otherwise indicated)

29. Financial instruments and financial risk management (continued)

d. Foreign currency risk (continued)

The Group's foreign currency position in terms of the orginal currency (*) as of 31 December 2012 is as follows:

	31 December 2012			
	TL Equvalents (Functional currency)	USD (Original currency)	EUR (Original currency)	GBP (Original currency)
1. Trade Receivables	18.690.949	8.714.490	1.342.220	-
2A. Monetary Financial Assets	2.507.862	826.531	431.493	6.878
2B. Non Monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. CURRENT ASSETS (1+2+3)	**21.198.811**	**9.541.021**	**1.773.713**	**6.878**
5. Trade Receivables	-	-	-	-
6A. Monetary Financial Assets	-	-	-	-
6B. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON CURRENT ASSETS (5+6+7)	**-**	**-**	**-**	**-**
9. TOTAL ASSETS (4+8)	**21.198.811**	**9.541.021**	**1.773.713**	**6.878**
10. Trade Payables	3.733.753	1.512.803	428.938	9.856
11. Financial Liabilities	861.525	483.297	-	-
12A. Other Monetary Financial Liabilities	1.053.467	553.965	28.052	-
12B. Other Non-monetary Financial Liabilities	-	-	-	-
13. SHORT-TERM LIABILITIES (10+11+12)	**5.648.745**	**2.550.065**	**456.990**	**9.856**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	531.894	298.381	-	-
16A. Other Monetary Financial Liabilities	-	-	-	-
16B. Other Non-monetary Financial Liabilities	-	-	-	-
17. LONG-TERM LIABILITIES (14+15+16)	**531.894**	**298.381**	**-**	**-**
18. TOTAL LIABILITIES (13+17)	**6.180.639**	**2.848.446**	**456.990**	**9.856**
19. Off Balance Sheet Derivative Financial Instruments Net Asset/Liability Position (19A-	-	-	-	-
19A. Off-balance Sheet Derivative Assets Denominated in Foreign Currencies	-	-	-	-
19B. Off-balance Sheet Derivative Liabilites Denominated in Foreign Currencies	-	-	-	-
20. Net Foreign Currency Asset / Liability Position (9-18+19)	**15.018.172**	**6.692.575**	**1.316.723**	**(2.978)**
21. Net Foreign Currency Asset / Liability Position (1+2A+5+6A-10-11-12A-14-15-16A)	**15.018.172**	**6.692.575**	**1.316.723**	**(2.978)**
22. Total Fair Value of Derivative Financial Instruments used as Foreign Currency Hedge	-	-	-	-
23. Hedged Foreign Currency Assets	-	-	-	-
24. Hedged Foreign Currency Liabilites	-	-	-	-
25. Exports	174.895.019	62.495.826	26.110.897	726.265
26. Imports	71.008.945	33.986.792	4.432.576	-

(*) As the national currencies of the Group's subsidiaries abroad are not assessed as the foreign currency risk, they are not included in the foreign currency position.

(Currency – Turkish Lira (TL) unless otherwise indicated)

29. Financial instruments and financial risk management (continued)

d. Foreign currency risk (continued)

Foreign currency risk occurs due to the Group's assets and liabilities which are denominated mostly in USD and EUR and other foreign currencies. The Group is also exposed to foreign currency risk due to the transactions made in foreign currency. This risk occurs due to purchases, sales and bank borrowings of the Group which are denominated in currencies other than the functional currency.

The Group hedges the foreign currency risk arising from bank borrowings denominated in foreign currencies by balancing its foreign currency denominated assets and liabilities.
The information below is shows the Group's sensitivity to a 10% (+ / -) change in USD and EUR. 10% is the sensitivity rate which represents the top management‟s assessment of the possible change in foreign exchange rates.
As of 31 March 2013, the assets and liabilities have been translated by using the following exchange rates: 1, 8087 TL = 1USD 2,3189 TL = 1 EUR 2,7441 TL =1 GBP (31 December 2012: 1,7826 TL = 1USD 2,3517 TL = 1 EUR 2,8708 TL = 1GBP))

	Profit / (loss) after capitalization on tangible assets, and before tax and non-controlling interests	
31 March 2013	Foreign currency appreciation	Foreign currency depreciation
1- USD net assets / liabilities	584.221	(584.221)
2- Hedged portion of USD risk (-)	-	-
3- Effect of the capitalization (-)	-	-
4- USD net effect (1+2+3)	584.221	(584.221)
5- Net EUR assets/liabilities	476.039	(476.039)
6- Hedged portion of EUR risk (-)	-	-
7- Effect of the capitalization (-)	-	-
8- EUR net effect (5+6+7)	476.039	(476.039)
9- Net GBP assets/liabilities	711	(711)
10- Hedged portion of GBP risk (-)	-	-
11- Effect of the capitalization (-)	-	-
12- GBP net effect (9+10+11)	711	(711)
TOTAL (4+8+12)	**1.060.971**	**(1.060.971)**

(Currency – Turkish Lira (TL) unless otherwise indicated)

29. Financial instruments and financial risk management (continued)

d. Foreign currency risk (continued)

	Profit / (loss) after capitalization on tangible assets, and before tax and non-controlling interests	
31 December 2012	Foreign currency appreciation	Foreign currency depreciation
1- USD net assets / liabilities	1.193.018	(1.193.018)
2- Hedged portion of USD risk (-)	-	-
3- Effect of the capitalization (-)	-	-
4- USD net effect (1+2+3)	1.193.018	(1.193.018)
5- Net EUR assets/liabilities	309.654	(309.654)
6- Hedged portion of EUR risk (-)	-	-
7- Effect of the capitalization (-)	-	-
8- EUR net effect (5+6+7)	309.654	(309.654)
9- Net GBP assets/liabilities	(855)	855
10- Hedged portion of GBP risk (-)	-	-
11- Effect of the capitalization (-)	-	-
12- GBP net effect (9+10+11)	(855)	855
TOTAL (4+8+12)	**1.501.817**	**(1.501.817)**

The Group managed foreign currency forward purchase / sale contracts with maturities less than one year. The table below shows the details of the outstanding foreign currency forward purchase / sale contracts:

31 March 2013	Average contract rate	Sales in original currency	Purchases in original currency	Original currency (TL equivalents)	Contract value (TL equivalents)	Fair value
Outstanding forward contracts						
USD purchases						
1 year	3,8301	34.471.325	9.000.000	16.549.683	17.288.444	(738.761)
						(738.761)

31 December 2012	Average contract rate	Sales in original currency	Purchases in original currency	Original currency (TL equivalents)	Contract value (TL equivalents)	Fair value
Outstanding forward contracts						
USD purchases						
3-12 months	3,8250	45.899.950	12.000.000	22.036.566	22.473.929	(437.363)
						(437.363)

(Currency – Turkish Lira (TL) unless otherwise indicated)

29. Financial instruments and financial risk management (continued)

d. Foreign currency risk (continued)

The Group is exposed to the interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Group manages interest rate risk by using natural hedges that arise from offsetting interest rate of assets and liabilities.

	31 March 2013	31 December 2012
Financial instruments with variable interest rates		
Financial assets (Note: 6)	2.721.680	4.279.898
Financial liabilities (Note: 8)	24.437.365	27.910.946

The amounts are calculated using the anticipated interest rate changes for the liabilities with variable interests as of the date of the report of the sensitivity analysis. If the Euro interest rates had been 50 basis points higher / lower ceteris paribus, the profit before taxation and non-controlling interests would have been TL 30.547 (31 December 2012: TL 141.493) lower / higher.

e. Liquidity risk

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

The current and prospective risk of funding the debts is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions.

The breakdown of financial assets and liabilities according to their maturities is disclosed considering the period elapsed from balance sheet date to due date:

31 March 2012

Contractual maturities	**Net book value**	**Contractual cash outflow (I+II+III+IV)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**	**up to 5 years (IV)**
Non-derivative financial liabilities						
Bank loans	365.322.843	385.193.282	246.856.655	13.076.254	124.839.997	420.376
Financial lease obligations	22.471	22.990	5.524	16.572	894	-
Trade payables	71.316.287	71.706.945	71.706.945	-	-	-
Other liabilities and obligations (*)	107.862.899	107.862.899	107.862.899	-	-	-
Total liabilities	**544.524.500**	**564.786.116**	**426.432.023**	**13.092.826**	**124.840.891**	**420.376**
Financial liabilities						
Foreign currency forward contracts	(738.761)					
Derivative cash inflows		16.278.300	5.426.100	10.852.200	-	-
Derivative cash outflows		(17.121.907)	(5.692.182)	(11.429.725)	-	-
	(738.761)	**(843.607)**	**(266.082)**	**(577.525)**	**-**	**-**

(*) Only financial liabilities in the other payables and liabilies have been included.

(Currency – Turkish Lira (TL) unless otherwise indicated)

29. Financial instruments and financial risk management (continued)

e. Liquidity risk (continued)

31 December 2012

Contractual maturities	**Net book value**	**Contractual cash outflow (I+II+III+IV)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**	**up to 5 years (IV)**
Non-derivative financial liabilities						
Bank loans	366.912.147	395.000.123	73.163.204	194.909.933	125.459.401	1.467.584
Financial lease obligations	28.100	28.918	5.499	16.945	6.474	-
Trade payables	88.982.159	89.245.682	89.245.682	-	-	-
Other liabilities and obligations (*)	6.240.854	6.240.854	6.240.854	-	-	-
Total liabilities	**462.163.260**	**490.515.576**	**168.655.239**	**194.926.879**	**125.465.875**	**1.467.584**
Financial liabilities						
Foreign currency forward contracts	(437.363)					
Derivative cash inflows		21.391.200	21.391.200	-	-	-
Derivative cash outflows		(22.036.566)	(22.036.566)	-	-	-
	(437.363)	**(645.366)**	**(645.366)**	**-**	**-**	**-**

(*)Only financial liabilities in the other payables and liabilies have been included.

The classification and fair value of the financial instruments:

31 March 2013	Cash and cash equvalents	Loans and receivables	Available for sale financial assets	Financial liabilities at amortized costs	Derivative financial instruments through profit/loss	Carrying value	Note
Financial assets							
Cash and cash equvalents	15.138.562	-	-	-	-	15.138.562	6
Trade receivablres	-	188.535.636	-	-	-	188.535.636	9
Financial investments	-	-	232.627.509	-	-	232.627.509	7
Other financial assets	-	4.754.166	-	-	-	4.754.166	10
Derivative financial assets	-	-	-	-	-	-	7
Financial liablities							
Financial liabilities	-	-	-	365.345.314	-	365.345.314	8
Trade payables	-	-	-	71.316.287	-	71.316.287	9
Other liabilities	-	-	-	107.862.899	-	107.862.899	10/19
Derivative financial liabilities	-	-	-	-	738.761	738.761	9
31 December 2012							
Financial assets							
Cash and cash equvalents	17.601.845	-	-	-	-	17.601.845	6
Trade receivablres	-	194.965.330	-	-	-	194.965.330	9
Financial investments	-	-	208.085.897	-	-	208.085.897	7
Other financial assets	-	2.448.032	-	-	-	2.448.032	10
Derivative financial assets	-	-	-	-	-	-	7
Financial liablities							
Financial liabilities	-	-	-	366.940.247	-	366.940.247	8
Trade payables	-	-	-	88.982.159	-	88.982.159	9
Other liabilities	-	-	-	6.240.854	-	6.240.854	10/19
Derivative financial liabilities	-	-	-	-	437.363	437.363	9

The Company estimated the fair value of financial instruments using available market information and appropriate valuation methodologies. However, market data, and judgment is required to estimate the fair values. As a result, the estimates presented here, may not be an indicative of the amounts by which the Company could obtain in a current market transaction. .

(Currency – Turkish Lira (TL) unless otherwise indicated)

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

Financial assets-The fair values of certain financial assets carried at cost, including cash and cash equivalents plus the respective accrued interest and other financial assets are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses. The carrying value of trade receivables along with the related allowance for doubtful receivables is estimated to be their fair values.

Financial liabilities- Trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of bank borrowings. The fair value of long-term bank borrowings with variable interest rates are considered to state their respective carrying values since the interest rate applied to bank borrowings are updated periodically by the lender to reflect active market price quotations. The fair values of long-term bank borrowings with fixed interest rates considered to approximate their respective carrying values due to the fact that fixed rate is the rate applicable as of balance sheet date. The fair values of short-term bank borrowings are considered to approximate their respective carrying values due to their short-term nature.

Fair value hierarchy table

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

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

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

As of 31 March 2013 and 31 December 2012, the hierarchy table of the Company's assets and liabilities at fair value are as follows:

The fair value of financial assets and liabilities		The level of fair value at the reporting date		
	31 March 2013	Level 1	Level 2	Level 3
At fair value through profit/loss financial assets and liabilities				
Financial assets held-for-sale				
Derivative financial instruments	(738.761)	-	(738.761)	-
At fair value through other comprehensive income/loss for the financial assets and liabilities				
Available for sale of financial assets (*)	232.627.509	232.570.531	-	56.978
Total	231.888.748	232.570.531	(738.761)	56.978

(*) The assets are valued by the quoted market price at the balance sheet date.

(Currency – Turkish Lira (TL) unless otherwise indicated)

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

Fair value hierarchy table (continued):

The fair value of financial assets and liabilities		The level of fair value at the reporting date		
	31 December 2012	Level 1	Level 2	Level 3
At fair value through profit/loss financial assets and liabilities.				
Derivative financial instruments	(437.363)	-	(437.363)	-
At fair value through other comprehensive income/loss for the financial assets and liabilities				
Available for sale of financial assets (*)	208.085.897	208.021.419	-	64.478
Total	207.648.534	208.021.419	(437.363)	64.478

(*) The assets are valued by the quoted market price at the balance sheet date.

31. Other issues affecting the consolidated financial statements materially or those required to be disclosed for a clear, understandible and interpretable presentation

The reclassifications made on the income statement:

Production expenses amounting to TL 609.608, which were previously presented in "General administrative expenses" in the consolidated income satatement for the year ending 31 March 2012, have been reclassified into "Cost of Sales".

Real estate taxes, title fees, municipal taxes, stamp tax, excise tax, environmental cleaning duties, taxes and fees and other taxes, duties and charges and motor vehicle taxes amounting to TL 393.325, which were previously presented in "Other operating expenses" in the consolidated income satatement for the year ending 31 March 2012, have been reclassified into "General administrative expenses".

Personnel expenses amounting to TL 164.274, which were previously presented in "General administrative expenses"in the consolidated income statement for the year ending 31 March 2012, have ben reclassified into

Rediscount income for the provision provided according to law no. 6111 amounting to TL 63.198, which was previously presented in "Other operating income" in the consolidated income satatement for the year ending 31 March 2012, has been reclassified into "Financial income".

32. Subsequent events

As of 10 May 2013, the total of 21.534.308,387 shares of Hacı Ömer Sabancı Holding in the company's portfolio, with a nominal amount of TL 21.534.308,387 have been sold in Borsa İstanbul A.Ş. (BIST), with the price per share of TL 12. TL 193.605.272,79 which is 75% of the profit arising from the sale, has been recorded into the related fund under the equity, in order to benefit from the corporate tax exemption, pursuant to the Corporate Tax Law 5/1-e. The amount received from the transaction was used for the closure of the current financial debts.