

CONVENIENCE TRANSLATION OF
THE REPORT AND FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

CONSOLIDATED
FINANCIAL STATEMENTS FOR THE
NINE-MONTH INTERIM CONDENSED PERIOD ENDED
30 SEPTEMBER 2014

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

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(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

		(Unaudited) Current Period 30 September 2014	(Audited) Prior Period 31 December 2013
	Note		
ASSETS			
Cash and cash equivalents	5	41.399.057	39.925.027
Trade receivables	6	259.810.484	213.169.904
<i>Trade receivables from third parties</i>		259.810.484	213.169.904
Other receivables	8	603.834	628.630
<i>Other receivables from related parties</i>	23	98.302	73.337
<i>Other receivables from third parties</i>		505.532	555.293
Inventories	9	110.830.529	105.109.616
Prepaid expenses	10	12.586.334	4.976.859
Assets related to the current period taxes	21	487.470	949.139
Other current assets	14	2.187.413	5.212.778
Current Assets		427.905.121	369.971.953
Other receivables	8	2.913.699	2.683.824
Available for sale financial investments		56.978	56.978
Investments accounted under equity method	3	182.189.562	172.716.299
Property, plant and equipment	11	691.121.463	716.115.307
Intangible assets		167.025.850	168.703.401
<i>Goodwill</i>		148.119.252	148.119.252
<i>Other intangible assets</i>	11	18.906.598	20.584.149
Prepaid expenses	10	409.925	902.265
Deferred tax assets	21	5.977.846	5.173.155
Other non-current assets	14	4.161.079	3.686.410
Non-current assets		1.053.856.402	1.070.037.639
TOTAL ASSETS		1.481.761.523	1.440.009.592

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

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

LIABILITIES	Note	(Unaudited)	(Audited)
		Current Period 30 September 2014	Prior Period 31 December 2013
Short-term borrowings	7	144.805.274	60.317.314
Current portion of long-term borrowings	7	20.927.629	21.250.292
Trade payables	6	62.373.090	114.409.467
<i>Trade payables to related parties</i>	23	9.095.480	839.640
<i>Trade payables to third parties</i>		53.277.610	113.569.827
Employee benefit obligations		4.463.899	3.782.047
Other payables	8	9.009.465	5.944.682
<i>Other payables to related parties</i>	23	137.933	485.249
<i>Other payables to third parties</i>		8.871.533	5.459.433
Derivative financial liabilities	26	244.350	3.053.361
Deferred income	10	4.532.885	2.904.072
Current income tax liability	21	17.503.104	6.613.209
Short-term provisions	12	7.293.879	4.354.566
<i>Short-term provisions for employee benefits</i>	12	7.293.879	905.388
<i>Other short-term provisions</i>		-	3.449.178
Other current liabilities	14	3.309.573	671.835
Current liabilities		274.463.148	223.300.845
Long-term borrowings	7	21.306.449	41.442.507
Long-term provisions	12	22.737.100	21.834.367
<i>Long-term provisions for employee benefits</i>		18.225.195	17.913.207
<i>Other long-term provisions</i>		4.511.905	3.921.160
Deferred tax liability	21	27.625.634	26.911.941
Non-current liabilities		71.669.183	90.188.815
SHAREHOLDERS' EQUITY			
Share capital		135.084.442	135.084.442
Adjustments to share capital		41.741.516	41.741.516
Share premiums		30.131	30.131
Other comprehensive income/expense to be reclassified to profit or loss		4.313.816	3.338.621
<i>Foreign currency translation reserve</i>		4.464.882	5.009.558
<i>Cash flow hedge reserve</i>		(151.066)	(1.670.937)
Other comprehensive income/expense not to be reclassified to profit or loss		(1.846.351)	(1.218.106)
<i>Actuarial losses / gains on defined benefit plans</i>		(1.846.351)	(1.218.106)
Restricted reserves		132.289.960	117.376.637
Retained earnings		613.781.619	482.271.571
Net profit for the year		159.785.104	302.310.817
Equity Attributable to Equity Holders of the Parent	15	1.085.180.237	1.080.935.629
Non-controlling interests		50.448.955	45.584.303
Total Shareholders' Equity		1.135.629.192	1.126.519.932
TOTAL LIABILITIES AND EQUITY		1.481.761.523	1.440.009.592

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

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

(Amounts expressed in Turkish Lira (“TRY”), unless otherwise indicated.)

		(Unaudited) Current Period 1 January- 30 September 2014	(Unaudited) Current Period 1 July- 30 September 2014	(Unaudited) Prior Period 1 January- 30 September 2013	(Unaudited) Prior Period 1 July- 30 September 2013
	Note				
OPERATING INCOME					
Sales	16	824.224.670	289.034.486	738.512.445	269.615.950
Cost of sales (-)	20	(568.203.083)	(189.672.991)	(561.476.914)	(195.698.002)
GROSS PROFIT		256.021.587	99.361.495	177.035.531	73.917.948
General and administrative expense (-)	20	(35.284.949)	(11.799.645)	(31.481.825)	(10.377.483)
Marketing, selling and distribution expense (-)	20	(5.577.696)	(1.874.780)	(4.847.628)	(1.649.770)
Other operating income	17	21.705.972	6.971.789	21.818.921	9.070.444
Other operating expenses (-)	17	(26.095.520)	(6.867.768)	(26.303.773)	(5.901.673)
OPERATING PROFIT		210.769.394	85.791.091	136.221.226	65.059.466
Income from investment activities	18	3.965.187	2.221.267	143.546.106	229.969
Expense from investment activities (-)	18	(367.513)	(2.518)	(349.515)	(182.379)
Profit/(loss) from investments accounted by equity method	3	9.473.263	1.231.814	37.980.069	2.187.874
OPERATING PROFIT BEFORE FINANCIAL INCOME/EXPENSE		223.840.331	89.241.654	317.397.886	67.294.930
Financial income	19	-	(536.303)	148.250	128.344
Financial expenses (-)	19	(18.061.552)	(8.457.400)	(17.410.186)	(3.819.608)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		205.778.779	80.247.951	300.135.950	63.603.666
Tax income / (expense) from continuing operations	21	(41.598.756)	(17.153.376)	(31.156.818)	(12.109.121)
- Current period tax expense		(41.215.566)	(17.179.212)	(36.565.196)	(11.173.600)
- Deferred tax income / (expense)		(383.190)	25.836	5.408.378	(935.521)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		164.180.023	63.094.575	268.979.132	51.494.545
Profit/loss for the period attributable to					
- Non-controlling interests		4.394.919	2.229.591	22.430	353.007
- Equity holders of the parent		159.785.104	60.864.984	268.956.702	51.141.538
Earnings per share					
Earnings per share from continuing operations (Nominal amount of 1 Kr)	22	0,0118	0,0045	0,0199	0,0038

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

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2014

(Amounts expressed in Turkish Lira (“TRY”), unless otherwise indicated.)

	(Unaudited) Current Period 1 January- 30 September 2014	(Unaudited) Current Period 1 July- 30 September 2014	(Unaudited) Prior Period 1 January- 30 September 2013	(Unaudited) Prior Period 1 July- 30 September 2013
Note				
PROFIT FOR THE PERIOD	164.180.023	63.094.575	268.979.132	51.494.545
Other comprehensive income/expense to be reclassified to profit or loss	1.465.032	(251.975)	(109.085.367)	(1.113.088)
<i>Foreign currency translation reserve</i>	(54.839)	(41.256)	1.941.666	151.954
<i>Available for sales financial assets revaluation reserve</i>	-	-	(114.629.832)	-
<i>Cash flow hedge reserve</i>	1.899.839	(263.399)	(1.095.421)	(1.581.302)
Tax income/(expense)	21 (379.968)	52.680	4.698.220	316.260
Other comprehensive income/expense not to be reclassified to profit or loss	(648.349)	-	(625.035)	(458.893)
<i>Actuarial losses / gains on defined benefit plans</i>	(810.436)	-	(781.294)	(573.617)
Tax income/(expense)	21 162.087	-	156.259	114.724
OTHER COMPREHENSIVE INCOME (AFTER TAX)	816.683	(251.975)	(109.710.402)	(1.571.981)
TOTAL COMPREHENSIVE INCOME	164.996.706	62.842.599	159.268.730	49.922.564
Total comprehensive income attributable to				
-Non-controlling interests	4.864.652	2.719.428	1.380.417	466.620
-Equity holders of the parent	160.132.054	60.123.172	157.888.313	49.455.944

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2014

(Amounts expressed in Turkish Lira (“TRY”), unless otherwise indicated.)

Note	Share Capital	Adjustments to share capital	Share premiums	Other comprehensive income/expense to be reclassified to profit or loss			Other comprehensive income/expense not to be reclassified to profit or loss	Retained Earnings			Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
				Foreign currency translation reserve	Cash flow hedge reserve	Available for sales financial assets revaluation reserve	Actuarial gains/(losses) on defined benefit plans	Restricted reserves	Retained earnings	Net profit for the period			
1 January 2013	135.084.442	41.741.516	30.131	3.402.402	-	110.150.696	(642.373)	108.244.929	475.294.886	115.352.589	988.659.218	44.761.793	1.033.421.011
1 January 2013 (Restated)	135.084.442	41.741.516	30.131	3.402.402	-	110.150.696	(642.373)	108.244.929	475.294.886	115.352.589	988.659.218	44.761.793	1.033.421.011
Transfer from retained earnings	19	-	-	-	-	-	-	9.131.708	106.220.881	(115.352.589)	-	-	-
Net profit for the period		-	-	-	-	-	-	-	-	268.956.702	268.956.702	22.430	268.979.132
Other comprehensive income/(expense)		-	-	533.930	(876.337)	(110.150.696)	(575.286)	-	-	-	(111.068.389)	1.357.987	(109.710.402)
Total comprehensive income/(expense)		-	-	533.930	(876.337)	(110.150.696)	(575.286)	-	-	268.956.702	157.888.313	1.380.417	159.268.730
Dividends to be paid		-	-	-	-	-	-	-	(98.071.305)	-	(98.071.305)	-	(98.071.305)
Increase/(decrease) due to the change in shareholding retain subsidiary not resulting in loss of control (*)	3	-	-	-	-	-	-	-	(1.165.140)	-	(1.165.140)	(563.062)	(1.728.202)
30 Eylül 2013	135.084.442	41.741.516	30.131	3.936.332	(876.337)	-	(1.217.659)	117.376.637	482.279.322	268.956.702	1.047.311.086	45.579.148	1.092.890.234
1 January 2014	135.084.442	41.741.516	30.131	5.009.558	(1.670.937)	-	(1.218.106)	117.376.637	482.271.571	302.310.817	1.080.935.629	45.584.303	1.126.519.932
Transfer from retained earnings	15	-	-	-	-	-	-	14.913.323	287.397.494	(302.310.817)	-	-	-
Net profit for the period		-	-	-	-	-	-	-	-	159.785.104	159.785.104	4.394.919	164.180.023
Other comprehensive income/(expense)		-	-	(544.676)	1.519.871	-	(628.245)	-	-	-	346.950	469.733	816.683
Total comprehensive income/(expense)		-	-	(544.676)	1.519.871	-	(628.245)	-	-	159.785.104	160.132.054	4.864.652	164.996.706
Dividends to be paid (**)		-	-	-	-	-	-	-	(155.887.446)	-	(155.887.446)	-	(155.887.446)
30 Eylül 2014	135.084.442	41.741.516	30.131	4.464.882	(151.066)	-	(1.846.351)	132.289.960	613.781.619	159.785.104	1.085.180.237	50.448.955	1.135.629.192

(*)With the Board of Directors decision dated 25 April 2013 and numbered 1438, 10% shares of Çimsa Adriatico Srl which were owned B. Pacorini Srl was acquired by Çimsa Çimento Sanayi ve Ticaret A.Ş. on 27 May 2013. As a result of this transaction, Çimsa’s share in Çimsa Adriatico has increased from 60% to 70%.

(**)The decision to distribute dividend of TRY 155.887.446 from 2013 year profit was unanimously approved by the Ordinary General Assembly held on 27 March 2014 and the payment was completed by distributing the first part of TRY 98.962.006 on 28.03.2014, and the remaining on 01.04.2014.

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

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2014
(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

		(Unaudited) Current Period 1 January- 30 September 2014	(Unaudited) Prior Period 1 January- 30 September 2013
	Note		
A. CASH FLOWS FROM OPERATING ACTIVITIES		104.478.117	92.303.794
Profit before tax from continuing operations		205.778.779	300.135.950
Adjustments to reconcile net profit/(loss) for the period		48.099.393	(119.368.938)
Adjustment related to depreciation and amortization expense	11	44.059.575	40.420.485
Adjustment related to gain on sale of fixed assets	18	(3.184.379)	(282.172)
Adjustment related to retained profits of subsidiaries	3	(9.473.263)	(37.980.069)
Adjustment related to allowance for doubtful receivable	6	234.413	1.259.726
Adjustment related to provision for inventories	9	(87.891)	(1.358.285)
Adjustment related to provision for litigations	12	3.844.701	292.999
Adjustment related to recultivation provision	12	743.245	313.460
Adjustment related to provision for unlawful occupation	12	113.545	80.250
Adjustment related to retirement pay provision		2.375.540	2.486.307
Adjustment related to seniority provision		(4.931)	66.417
Adjustment related to unpaid vacation liability		447.995	30.319
Adjustment related to sale of shares		-	(139.973.000)
Adjustment related to interest expense	19	14.055.088	16.284.024
Adjustment related to interest income	17	(2.934.317)	(1.606.862)
Adjustment related to dividend income	18	(21.504)	(2.167.675)
Unrealized foreign exchange (gains) / losses on financial borrowings		(1.159.252)	2.388.420
Adjustment related to fair value (increase) / decrease of derivative financial instruments		(909.172)	376.718
Changes in working capital		(100.386.140)	(32.761.376)
Short-term trade receivables		(46.857.506)	(47.157.759)
Inventories		(5.633.022)	16.927.613
Other receivables / current assets / prepaid expenses / assets related to current period taxes		(4.097.645)	2.714.618
Other long term receivables / non-current / prepaid expenses		(212.204)	6.613.207
Short term trade payables		(52.036.377)	(16.552.807)
Other short term payables/liabilities/ employee benefit obligations		8.450.614	4.695.915
Other long term payables/liabilities		-	(2.163)
Cash flows from operations		153.492.032	148.005.636
Interest paid		(16.497.765)	(22.273.532)
Interest received	17	2.934.317	1.458.612
Ödenen ecrimisil	12	(266.045)	-
Tax penalty liabilities paid in accordance with law no. 6111	8	(437.428)	(1.015.031)
Seniority provision paid		(905.388)	(87.234)
Retirement pay provision paid		(3.454.550)	(3.025.861)
Unused vacation liability paid		(61.385)	(41.737)
Taxes paid		(30.325.671)	(30.717.059)
B. CASH FLOWS FROM INVESTING ACTIVITIES		(15.396.387)	218.092.446
Bağlı ortaklık pay alımı nedeniyle net nakit çıkışı		-	(1.728.202)
Purchases of property, plant and equipment		(36.806.902)	(40.050.361)
Proceeds from sales of property, plant and equipment		21.714.152	1.458.699
Purchases of intangible assets		(303.637)	(6.886)
Cash provided from sale of shares		-	258.419.196
C. CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		(88.234.774)	(262.043.286)
Proceeds from borrowings		188.026.184	326.585.000
Repayment of borrowings		(120.386.933)	(492.858.802)
Repayment of financial lease liabilities		(8.083)	(14.104)
Dividend paid	15	(155.887.446)	(98.071.305)
Alınan temettü	18	21.504	2.167.675
Alınan Faiz		-	148.250
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)		846.956	48.352.954
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	39.925.027	17.601.845
Currency translation differences (net)		627.074	(6.500.196)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	41.399.057	59.454.603

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

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARY

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

(Amounts expressed in Turkish Lira (“TRY”), 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 Borsa İstanbul A.Ş. (BIST) (Note: 15). In accordance with Article 82 of the BIST Basic Principles of Share Indexes, the shares of Çimsa are included in the BIST 100 index by the Directorate General of the Stock Exchange for the third quarter of the year 2014 (1 January 2014 – 30 September 2014).

The upper limit of registered share capital of the Company is TRY 200.000.000 (31 December 2013- TRY 200.000.000)

Subsidiaries and joint ventures and associates

As of 30 September 2014 and 31 December 2013, the information related to the Company’s subsidiaries and joint venture is as follows:

Company	Date of acquisition	Location of the operation	Principal Activities	Effective shareholding of the company	
				30 September 2014	31 December 2013
Çimsa Cement Free-Zone Limited (Çimsa Cement) (*)	12 Oct 2005	NCTR	Cement sales and marketing	% 99,99	% 99,99
CIMSAROM Marketing Distributie S.R.L. (Çimsarom) (*)	8 Feb 2006	Romania	Cement sales and marketing	% 99,99	% 99,99
Çimsa Cementos Espana, S.A.U. (Cementos Espana,S.A.U.) (*)	7 July 2006	Spain	Sales of bulk and bagged cement to white cement market	% 100	% 100
Çimsa Mersin Serbest Bölge Şubesi (*)	12 Dec 2007	Mersin	Export	% 100	% 100
Regent Place Limited (Regent) (*)	21 May 2008	British Virgin Island	Financial investment and holding company	% 100	% 100
OOO Çimsa Rus CTK (OOO Rusya) (*)	16 July 2008	Russia	White cement packaging, sales and marketing	% 100	% 100
Çimsa Adriatico Srl (*)	9 Feb 2010	Italy	Cement sales and marketing	% 70	% 70
Afyon Çimento Sanayi Türk Anonim Şirketi (*)	31 May 2012	Türkey	Cement production and sales	% 51	% 51

(*) Full consolidation method has been applied.

The Company’s associate, Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş. (Exsa) (effective ownership: 32,875%) and joint venture, Cement Sales North GmbH (CSN) (effective ownership: 50%) are consolidated by the equity method.

For the purpose of presentation of the interim consolidated financial statements, Çimsa, its subsidiaries, its joint venture and its associate will be together referred as “the Group”.

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

(Amounts expressed in Turkish Lira (“TRY”), unless otherwise indicated.)

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 interim consolidated financial statements were authorized for issue by the Board of Directors of Çimsa on 6 November 2014. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issuance.

The number of blue collar employees (a union member) of the Group for the period ended 30 September 2014 is 613 (31 December 2013 – 610) and white collar employees (not a union member) is (31 December 2013 – 441) and the number of employees working in subsidiaries and joint venture located abroad is 43 (31 December 2013 - 43).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

The accompanying interim consolidated financial statements have been prepared in accordance with the communiqué numbered II-14,1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (the Communiqué) announced by the Capital Markets Board (“CMB”) (hereinafter will be referred to as “the CMB Reporting Standards”) on 13 June 2013 which is published on Official Gazette numbered 28676. In accordance with article 5th of the CMB Reporting Standards, companies should apply Turkish Accounting Standards / Turkish Financial Reporting Standards and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”).

With the decision taken on March 17, 2005, the CMB announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for listed companies in Turkey. The Group’s financial statements have been prepared in accordance with this decision.

The functional and presentation currency of the Company is TRY.

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 Turkish Accounting Standard TAS 21, for subsidiaries operating in countries without high inflation rates, the exchange rate used for translating the financial position 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 TRY. The resulting foreign currency gain / loss are recorded under the ‘Currency Translation Reserve’ account in equity.

The Company and the group companies established in Turkey maintain their books of account and prepare their statutory financial statements (“Statutory Financial Statements”) in accordance with rules and principles published by POA, the Turkish Commercial Code (“TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. 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. These interim consolidated financial statements have been prepared in Turkish Lira under the historical cost convention except for available for sale financial assets, assets acquired through business combination, derivative instruments and cash flow hedge reserve that are carried at fair value. These consolidated financial statements are based on the statutory records with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Turkish Financial Reporting Standards as adopted by POA. These adjustments and reclassifications mainly consist of the effect of deferred tax calculation, provision for doubtful receivables, the accounting of expense accruals, the effect of employee termination benefits and unused vacation pay liability calculated in accordance with TAS 19 “Employee Benefits”, prorata depreciation of property and equipments and intangible assets with useful life assessed by the management, the assessment of financial assets and liabilities in accordance with TAS 39, the accounting of TFRS 3 “Business Combinations” and the accounting of derivative financial instruments and cash flow hedge reserves in accordance with TAS 39.

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

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(Amounts expressed in Turkish Lira (“TRY”), unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Seasonality of the Group’s operations

The operations of the Group increase in spring and summer season when the demand for the construction increases and construction industry revives.

2.3 Offsetting

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

2.4 Summary of Significant Accounting Policies

The condensed interim consolidated financial statements of the Group for the nine month period ended September 30, 2014 have been prepared in accordance with TAS 34 “Interim Financial Reporting”. Additionally, the accounting policies used in the preparation of the condensed interim consolidated financial statements for the period ended September 30, 2014 are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2013. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2013.

2.5 Changes in Turkish Financial Reporting Standards (TFRS)

The new and amended standards and interpretations

The accounting policies adopted in preparation of the interim consolidated financial statements as at 30 September 2014 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2014. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at 1 January 2014 are as follows:

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

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

TRFS Interpretation 21 Levies

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

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ENDED 30 SEPTEMBER 2014

(Amounts expressed in Turkish Lira (“TRY”), unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Changes in Turkish Financial Reporting Standards (TFRS) (Continued)

The new standards, amendments and interpretations which are effective as at 1 January 2014 are as follows (Continued):

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

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

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

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

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)

TAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are to be retrospectively applied for annual periods beginning on or after 1 July 2014. The amendments will not have an impact on the financial position or performance of the Group.

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

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

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Changes in Turkish Financial Reporting Standards (TFRS) (Continued)

Improvements to TAS/TFRSs

In December 2013, the IASB issued two cycles of Annual Improvements to IFRSs – 2010–2012 Cycle and IFRSs – 2011–2013 Cycle. Other than the amendments that only affect the standards' Basis for Conclusions, the changes are effective for annual reporting periods beginning on or after 1 July 2014.

Annual Improvements to IFRSs – 2010–2012 Cycle

TFRS 2 Share-based Payment:

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

TFRS 3 Business Combinations

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

TFRS 8 Operating Segments

The changes are as follows: i) Operating segments may be combined/aggregated if they are consistent with the core principle of the standard. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

TFRS 13 Fair Value Measurement

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

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

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

TAS 24 Related Party Disclosures

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

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Changes in Turkish Financial Reporting Standards (TFRS) (Continued)

Annual Improvements to TAS/TFRSs (Continued)

Annual Improvements – 2011–2013 Cycle

TFRS 3 Business Combinations

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

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

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

TAS 40 Investment Property

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

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

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

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

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

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

In May 2014 the IASB amended IFRS 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except for those principles that conflict with the guidance in this IFRS. In addition, the acquirer shall disclose the information required by IFRS 3 and other IFRSs for business combinations. These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Group.

(Amounts expressed in Turkish Lira (“TRY”), unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Changes in Turkish Financial Reporting Standards (TFRS) (Continued)

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

Annual Improvements – 2011–2013 Cycle (Continued)

IFRS 15 – Revenue from Contracts with Customers

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

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

In June 2014, the IASB issued amendments that bearer plants, such as grape vines, rubber trees and oil palms should be accounted for in the same way as property, plant and equipment in IAS 16. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates. Because their operation is similar to that of manufacturing, either the cost model or revaluation model should be applied. The produce growing on bearer plants will remain within the scope of IAS 41, measured at fair value less costs to sell. Entities are required to apply the amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

IFRS 9 Financial Instruments - Final standard (2014)

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

(Amounts expressed in Turkish Lira (“TRY”), unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Changes in Turkish Financial Reporting Standards (TFRS) (Continued)

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

Annual Improvements – 2011–2013 Cycle (Continued)

IAS 27 - Equity Method in Separate Financial Statements -Amendments to IAS 27

In August 2014, IASB issued an amendment to IAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity’s separate financial statements. Therefore, an entity must account for these investments either:

- At cost
- In accordance with IFRS 9 (or IAS 39), or
- Using the equity method

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

Annual Improvements to IFRSs - 2012-2014 Cycle

In September 2014, IASB issued their annual cycle of improvements to IFRSs, Annual Improvements to IFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – changes in methods of disposal
- IFRS 7 Financial Instruments: Disclosures – servicing contracts; applicability of the amendments to IFRS 7 to condensed interim financial statements
- IAS 19 Employee Benefits – regional market issue regarding discount rate
- IAS 34 Interim Financial Reporting – disclosure of information ‘elsewhere in the interim financial report’

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

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

In September 2014, IASB issued amendments to IFRS 10 and IAS 28, to address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognizes a full gain or loss on the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors’ interests in that former subsidiary. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group. Or the amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.6 Significant accounting judgments and estimates**

The preparation of the consolidated financial statements in conformity with Turkish Accounting Standards ("TAS") requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. Estimates are regularly reviewed; related corrections are adjusted and accounted for related period income statement. Critical accounting estimates and assumptions used in the condensed consolidated financial statements as of 30 September 2014 are consistent with the critical accounting estimates and assumptions used in the consolidated financial statements as of 31 December 2014.

3. INVESTMENTS ACCOUNTED BY EQUITY METHOD

<u>Investment</u>	<u>Main operating activity</u>	30 September		31 December	
		<u>Effective ownership (%)</u>	<u>Carrying net book value</u>	<u>Effective ownership (%)</u>	<u>Carrying net book value</u>
Exsa	Investment property and financial instruments	32,875	182.189.562	32,875	172.716.299
CSN (*)	White cement marketing	50,00	-	50,00	-
			<u>182.189.562</u>		<u>172.716.299</u>

(*)As of 30 September 2014 and 31 December 2013, Çimsa's share of losses of CSN exceeds its interest in CSN. Since the Company does not have any legal or constructive obligations on behalf of CSN, CSN is carried at zero value in the consolidated financial statements

The assets and liabilities of Exsa, which is consolidated by the equity method, calculated by using the effective percentage of ownership as of 30 September 2014 and 31 December 2013 and revenue, expense and net profit for the interim periods ending 30 September 2014 and 30 September 2013 are as follows:

	30 September		31 December	
	2014	2013	2014	2013
Assets	569.245.601	530.195.753		
Liabilities	(15.056.819)	(4.822.981)		
Net Assets	<u>554.188.781</u>	<u>525.372.772</u>		
Group's share	<u>182.189.562</u>	<u>172.716.299</u>		

	1 January- 30 September 2014	1 July- 30 September 2014	1 January- 30 September 2013	1 July- 30 September 2013
Revenues	45.991.717	11.601.970	148.957.156	9.310.900
Expenses	(17.175.710)	(7.855.008)	(33.428.430)	(2.655.772)
Net profit for the period	<u>28.816.006</u>	<u>3.746.961</u>	<u>115.528.726</u>	<u>6.655.128</u>
Group's share in net profit	<u>9.473.263</u>	<u>1.231.814</u>	<u>37.980.069</u>	<u>2.187.873</u>

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

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3. INVESTMENTS ACCOUNTED BY EQUITY METHOD (Continued)

The assets and liabilities of CSN, which is consolidated by the equity method, calculated by using the effective percentage of ownership as of 30 September 2014 and 31 December 2013 and revenue, expense and net profit for the interim periods ending 30 September 2014 and 30 September 2013 are as follows:

	30 September 2014	31 December 2013
Assets	1.890.624	3.636.453
Liabilities	(1.946.455)	(4.334.823)
Net Assets	(55.831)	(698.370)
Group's share	(27.916)	(349.185)

	1 January- 30 September 2014	1 July- 30 September 2014	1 January- 30 September 2013	1 July- 30 September 2013
Revenues	4.339.629	(3.549.966)	9.836.940	6.414.481
Expenses	(4.168.185)	3.520.015	(9.202.437)	(5.732.014)
Net profit for the period	171.444	(29.951)	634.503	682.467
Group's share in net profit	85.722	(14.976)	317.252	341.234

Information regarding the Subsidiaries in which the Group has major non-controlling interests is as follows:

30 September 2014				
Subsidiary	Non- controlling interest %	Gain/losses attributable to non-controlling interests	Accumulated non- controlling interests	Dividend paid to non-controlling interests
Afyon Çimento Sanayi T.A.Ş.	%49	4.838.336	45.568.038	-

30 September 2013				
Subsidiary	Non- controlling interest %	Gain/losses attributable to non-controlling interests	Accumulated non- controlling interests	Dividend paid to non-controlling interests
Afyon Çimento Sanayi T.A.Ş.	%49	507.378	41.486.929	-

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3. INVESTMENTS ACCOUNTED BY EQUITY METHOD (Continued)

Condensed financial information of subsidiaries after consolidation adjustments and before eliminations is as follows:

Condensed balance sheet information:

	30 September 2014	31 December 2013
Cash and cash equivalents	10.988.628	3.362.740
Other current assets	26.380.917	19.989.932
Non-current assets	75.004.142	76.360.419
Total assets	112.373.687	99.713.091
Short term borrowings	90.430	84.582
Other current liabilities	9.757.688	8.344.244
Other non-current liabilities	7.544.477	6.050.837
Total liabilities	12.700.600	14.479.663
Total equity	99.673.087	85.233.428

Condensed income statement information:

	1 January- 30 September 2014	1 July- 30 September 2014	1 January- 30 September 2013	1 July- 30 September 2013
Revenue	58.414.641	21.373.669	41.344.678	16.518.367
Gross profit	14.856.165	6.151.667	4.745.396	243.804
Operating profit/(loss)	12.638.278	6.259.226	1.797.451	1.526.328
Net financial income/(expense)	(290.657)	(272.023)	(17.018)	(6.290)
Profit/(loss)before tax	12.347.621	5.987.203	1.780.433	1.520.038
Net profit for the period	9.874.155	4.789.915	1.035.465	1.206.871

Condensed cash flow information:

	30 September- 2014	30 September- 2013
Cash flows from operating activities	8.891.206	2.721.421
Cash flows from investing activities	(1.252.462)	(648.480)
Cash flows from financing activities (excluding dividends)	(21.728)	3.498
Net decrease in cash and cash equivalents	7.617.016	2.076.439

4. SEGMENT REPORTING

Since the majority of the export 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 sales are disclosed as domestic and export sales in Note 16.

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 TFRS 8. The transfer prices between segments are prepared on the same basis with third parties. For the interim periods ended 30 September 2014 and 30 September 2013, the information about the Group's segments consists of sales and profits obtained from cement (including clinker and aggregate) and ready mix concrete.

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4. SEGMENT REPORTING (Continued)

1 January-31 September 2014	Cement	Ready-mix concrete	Undistributed	Elimination	Total
Sales	599.260.252	169.290.949	-	55.673.469	824.224.670
Cost of sales (-)	(326.748.261)	(185.781.353)	-	(55.673.469)	(568.203.083)
Gross profit/(loss)	272.511.991	(16.490.404)	-	-	256.021.587
General administrative, marketing selling distribution expenses (-)	(15.546.783)	-	(25.315.862)	-	(40.862.645)
Other operating income/expenses (-), net	(3.996.393)	370.451	(763.606)	-	(4.389.548)
Operating profit/ (loss)	252.968.815	(16.119.953)	(26.079.468)	-	210.769.394
Income from investment activities	-	-	3.965.187	-	3.965.187
Expense from investment activities (-)	-	-	(367.513)	-	(367.513)
Profit/loss from investments accounted by equity method	-	-	9.473.263	-	9.473.263
Operating profit/(loss) before financial income/expense	252.968.815	(16.119.953)	(13.008.531)	-	223.840.331
Financial income/(expenses), (net)	-	-	(18.061.552)	-	(18.061.552)
Profit/(loss) before tax from continuing operations	252.968.815	(16.119.953)	(31.070.083)	-	205.778.779
Tax income/(expense) from continuing operations	-	-	(41.598.756)	-	(41.598.756)
Current period tax expense (-)	-	-	(41.215.566)	-	(41.215.566)
Deferred tax income/expense	-	-	(383.190)	-	(383.190)
Profit/(loss) for the period from continuing operations	252.968.815	(16.119.953)	(72.668.839)	-	164.180.023
1 January-31 September 2013	Cement	Ready-mix concrete	Undistributed	Elimination	Total
Sales	638.770.861	161.512.419	-	(61.770.835)	738.512.445
Cost of sales (-)	(444.657.671)	(178.590.078)	-	61.770.835	(561.476.914)
Gross profit/(loss)	194.113.190	(17.077.659)	-	-	177.035.531
General administrative, marketing selling distribution expenses (-)	(14.236.712)	(15.716)	(22.077.025)	-	(36.329.453)
Other operating income/expenses (-), net	2.803.092	(1.533.143)	(5.754.801)	-	(4.484.852)
Operating profit/ (loss)	182.679.570	(18.626.518)	(27.831.826)	-	136.221.226
Income from investment activities	-	-	143.546.106	-	143.546.106
Expense from investment activities (-)	-	-	(349.515)	-	(349.515)
Profit/loss from investments accounted by equity method	-	-	37.980.069	-	37.980.069
Operating profit/(loss) before financial income/expense	182.679.570	(18.626.518)	153.344.834	-	317.397.886
Financial income/(expenses), (net)	-	-	(17.261.936)	-	(17.261.936)
Profit/(loss) before tax from continuing operations	182.679.570	(18.626.518)	136.082.898	-	300.135.950
Tax income/(expense) from continuing operations	-	-	(31.156.818)	-	(31.156.818)
Current period tax expense (-)	-	-	(36.565.196)	-	(36.565.196)
Deferred tax income/expense	-	-	5.408.378	-	5.408.378
Profit/(loss) for the period from continuing operations	182.679.570	(18.626.518)	104.926.080	-	268.979.132

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4. SEGMENT REPORTING (Continued)

1 July-30 September 2014	Cement	Ready-mix concrete	Undistributed	Elimination	Total
Sales	137.957.385	57.088.212	-	93.988.889	289.034.486
Cost of sales (-)	(33.549.637)	(62.134.464)	-	(93.988.889)	(189.672.991)
Gross profit/(loss)	104.407.748	(5.046.253)	-	-	99.361.495
General administrative, marketing selling distribution expenses (-)	4.141.498	-	(17.815.923)	-	(13.674.425)
Other operating income/expenses (-), net	2.844.459	(495.528)	(2.244.910)	-	104.021
Operating profit/ (loss)	111.393.705	(5.541.781)	(20.060.833)	-	85.791.091
Income from investment activities	-	-	-	-	2.221.267
Expense from investment activities (-)	4.183	360.812	(367.513)	-	(2.518)
Profit/loss from investments accounted by equity method	-	-	1.231.814	-	1.231.814
Operating profit/(loss) before financial income/expense	111.232.059	(6.759.060)	(15.231.345)	-	89.241.654
Financial income/(expenses), (net)	-	-	(8.993.703)	-	(8.993.703)
Profit/(loss) before tax from continuing operations	111.232.059	(6.759.060)	(24.225.048)	-	80.247.951
Tax income/(expense) from continuing operations	-	-	(17.153.376)	-	(17.153.376)
Current period tax expense (-)	-	-	(17.179.212)	-	(17.179.212)
Deferred tax income/expense	-	-	25.836	-	25.836
Profit/(loss) for the period from continuing operations	111.232.059	(6.759.060)	(41.378.424)	-	63.094.575
1 July-30 September 2013	Cement	Ready-mix concrete	Undistributed	Elimination	Total
Sales	234.676.141	55.889.855	-	(20.950.046)	269.615.950
Cost of sales (-)	(155.510.348)	(61.137.700)	-	20.950.046	(195.698.002)
Gross profit/(loss)	79.165.793	(5.247.845)	-	-	73.917.948
General administrative, marketing selling distribution expenses (-)	2.982.731	8.085	(15.018.069)	-	(12.027.253)
Other operating income/expenses (-), net	(9.148.274)	14.363	12.282.776	-	3.148.865
Operating profit/ (loss)	73.000.250	(5.225.397)	(2.735.293)	-	65.039.560
Income from investment activities	-	-	229.969	-	229.969
Expense from investment activities (-)	-	-	(182.379)	-	(182.379)
Profit/loss from investments accounted by equity method	-	-	2.187.874	-	2.187.874
Operating profit/(loss) before financial income/expense	73.000.250	(5.225.397)	(499.829)	-	67.275.024
Financial income/(expenses), (net)	-	-	(3.671.358)	-	(3.671.358)
Profit/(loss) before tax from continuing operations	73.000.250	(5.225.397)	(4.171.187)	-	63.603.666
Tax income/(expense) from continuing operations	-	-	(12.109.121)	-	(12.109.121)
Current period tax expense (-)	-	-	(11.173.600)	-	(11.173.600)
Deferred tax income/expense	-	-	(935.521)	-	(935.521)
Profit/(loss) for the period from continuing operations	73.000.250	(5.225.397)	(16.280.308)	-	51.494.545

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4. SEGMENT REPORTING (Continued)

1 January-31 September 2014

Other segment information	Cement	Ready-mix concrete	Undistributed	Elimination	Total
Property, plant and equipment	35.509.582	1.297.320	-	-	36.806.902
Intangible assets	303.637	-	-	-	303.637
Total investment expenditures	35.813.219	1.297.320	-	-	37.110.539
Depreciation expenses (Note: 11)	(34.236.694)	(8.389.359)	-	-	(42.626.053)
Amortization expenses (Note:11)	(1.433.522)	-	-	-	(1.433.522)

1 January-31 September 2013

Other segment information	Cement	Ready-mix concrete	Undistributed	Elimination	Total
Property, plant and equipment	31.123.796	8.926.565	-	-	40.050.361
Intangible assets	6.886	-	-	-	6.886
Total investment expenditures	31.130.682	8.926.565	-	-	40.057.247
Depreciation expenses (Note: 11)	(31.984.109)	(7.014.678)	-	-	(38.998.787)
Amortization expenses (Note:11)	(1.421.698)	-	-	-	(1.421.698)

1 July-30 September 2014

Other segment information	Cement	Ready-mix concrete	Undistributed	Elimination	Total
Property, plant and equipment	21.479.015	559.043	-	-	22.038.058
Intangible assets	289.058	-	-	-	289.058
Total investment expenditures	21.768.073	559.043	-	-	22.327.116
Depreciation expenses	(12.781.371)	(2.800.232)	-	-	(15.581.603)
Amortization expenses	(482.066)	-	-	-	(482.066)

1 July-30 September 2013

Other segment information	Cement	Ready-mix concrete	Undistributed	Elimination	Total
Property, plant and equipment	11.323.404	3.790.626	-	-	15.114.030
Intangible assets	385	-	-	-	385
Total investment expenditures	11.323.789	3.790.626	-	-	15.114.415
Depreciation expenses	(10.807.238)	(2.258.562)	-	-	(13.065.800)
Amortization expenses	(524.685)	-	-	-	(524.685)

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4. SEGMENT REPORTING (Continued)

30 September 2014	Cement	Ready-mix concrete	Undistributed	Elimination	Total
Assets and liabilities					
Segment assets	1.263.045.181	23.007.253	-	-	1.286.052.434
Satılmaya hazır finansal varlıklar	-	-	56.978	-	56.978
Investments accounted by equity method	-	-	182.189.562	-	182.189.562
Undistributed assets	-	-	13.462.549	-	13.462.549
Total assets	1.263.045.181	23.007.253	195.709.089	-	1.481.761.523
Segment liabilities					
Segment liabilities	338.092.941	8.039.390	-	-	346.132.331
Undistributed liabilities	-	-	1.135.629.192	-	1.135.629.192
Total liabilities	338.092.941	8.039.390	1.135.629.192	-	1.481.761.523

31 December 2013	Cement	Ready-mix concrete	Undistributed	Elimination	Total
Varlık ve yükümlülükler					
Bölüm varlıkları	1.102.885.181	151.905.480	-	-	1.254.790.661
Satılmaya hazır finansal varlıklar	-	-	56.978	-	56.978
Özkaynak yöntemiyle değerlendirilen yatırımlar	-	-	172.716.299	-	172.716.299
Dağıtılmamış varlıklar	-	-	12.445.654	-	12.445.654
Toplam varlıklar	1.102.885.181	151.905.480	185.218.931	-	1.440.009.592
Bölüm yükümlülükleri	133.543.037	179.041.235	905.388	-	313.489.660
Dağıtılmamış yükümlülükler	-	-	1.126.519.932	-	1.126.519.932
Toplam yükümlülükler	133.543.037	179.041.235	1.127.425.320	-	1.440.009.592

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

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5. CASH AND CASH EQUIVALENTS

The detail of cash and cash equivalents as of 30 September 2014 and 31 December 2013 is as follows:

	30 September 2014	31 December 2013
Cash	20.104	9.511
Cash at banks	34.811.685	38.380.950
<i>Demand deposits</i>	15.390.058	11.573.640
<i>Time deposits with maturity of less than 3 months</i>	19.421.627	26.807.310
Checks in collection with maturities before the balance sheet date	6.567.268	1.534.566
	<u>41.399.057</u>	<u>39.925.027</u>

The detail of bank deposits is stated below:

	30 September 2014	31 December 2013
TRY	27.470.852	36.764.772
EUR	3.669.650	217.087
USD	2.551.071	1.396.059
GBP	308.847	3.032
Other	811.265	-
	<u>34.811.685</u>	<u>38.380.950</u>

All time deposits as of 30 September 2014 are denominated in TRY with the maturity of less than three months. As of 30 September 2014, effective weighted average interest rate on time deposits is 8,0% (31 December 2013: 8,1%)

The Group does not have any blocked deposits as of 30 September 2014 and 31 December 2013.

6. TRADE RECEIVABLES AND PAYABLES

a. Short-term trade receivables

	30 September 2014	31 December 2013
Short-term trade receivables		
Trade receivables	207.239.594	169.721.279
Notes receivable	59.334.714	50.307.308
Allowance for doubtful receivables (-)	(6.763.824)	(6.858.683)
	<u>259.810.484</u>	<u>213.169.904</u>

Trade receivables' collection terms vary based on the type of the product and agreements made with the customers and the average term is 71 days (31 December 2013- 78 days). Effective interest rates used when determining the amortized cost are 11,71% for TRY, 2,07% for USD and 2,14% for EUR (31 December 2013 - TRY: 6,33%, USD: 2,56%, EUR: 2,60%).

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6. TRADE RECEIVABLES AND PAYABLES (Continued)

b. Short-term trade receivables (Continued)

The movement of the provision for doubtful receivables for the periods ended 30 September 2014 and 30 September 2013 is as follows:

	1 January - 30 September 2014	1 January - 30 September 2013
<u>Allowance for doubtful receivables (-)</u>		
Opening balance	6.858.683	4.835.959
Provisions during the period (Note: 21)	234.413	510.506
Collections within the period (-) (Note: 21)	(311.785)	(183.885)
Currency translation difference	(17.487)	166.121
Closing balance	<u>6.763.824</u>	<u>5.328.701</u>

b. Short-term trade payables

	30 September 2014	31 December 2013
<u>Short-term trade payables</u>		
Trade payables	53.277.610	113.569.827
Trade payables to related parties (Not 23)	9.095.480	839.640
	<u>62.373.090</u>	<u>114.409.467</u>

The average payment period of trade payables is 53 days (31 December 2013- 52 days). Effective interest rates used when determining the amortized cost are 11,71% for TRY, 2,07% for USD and 2,14% for EUR (31 December 2013 - TRY: 6,33%, USD:% 2,56, EUR 2,60%).

7. FINANCIAL BORROWINGS

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

	30 September 2014	31 December 2013
<u>Borrowings</u>		
Short-term borrowings	144.805.274	60.317.314
Current portion of long-term borrowings	20.927.629	21.242.209
Total short-term borrowings and financial lease liabilities	-	8.083
	<u>165.732.903</u>	<u>81.567.606</u>
Long-term borrowings	21.306.449	41.442.507
	<u>21.306.449</u>	<u>41.442.507</u>
Total borrowings	<u>187.039.352</u>	<u>123.010.113</u>

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7. FINANCIAL BORROWINGS (Continued)

The details of the borrowings and financial lease liabilities as of 30 September 2014 are as follows:

Secured/ Unsecured	Interest type	Currency type	Weighted average interest rate (%)	Original Balance	Short-term	Long-term	30 September 2014
Teminatsız	Fixed	TRY	10,65	21.707.570	14.534.868	7.172.702	21.707.570
Teminatlı	Fixed	TRY	11,75	80.000.000	80.000.000	-	80.000.000
Teminatsız	No interest	TRY	-	90.430	90.430	-	90.430
Teminatsız	Fixed	EUR	1,85	19.701.845	52.587.858	5.204.520	57.792.378
Teminatsız	Floating	EUR	1,75	18.750	6.023	48.190	54.213
Teminatlı	Floating	EUR	1,07	4.708.411	4.732.864	8.881.037	13.613.900
Teminatsız	Fixed	USD	2,07	6.000.000	13.716.566	-	13.716.566
Teminatlı	Fixed	USD	6,56	146.520	64.294	-	64.294
					165.732.903	21.306.449	187.039.352

The details of the borrowings and financial lease liabilities as of 31 December 2014 are as follows:

Secured/ Unsecured	Interest type	Currency type	Weighted average interest rate (%)	Original Balance	Short-term	Uzun Vadeli Kısım	31 December 2013
Teminatsız	Fixed	TRY	9,43	46.862.042	24.824.900	22.037.143	46.862.043
Teminatsız	Faizsiz	TRY	-	84.582	84.582	-	84.582
Teminatsız	Fixed	EUR	2,68	10.650.084	31.273.972	-	31.273.972
Teminatlı	Floating	EUR	1,42	8.839.143	6.550.780	19.405.364	25.956.144
Teminatsız	Floating	EUR	3,62	309.685	909.389	-	909.389
Teminatsız	No interest	EUR	-	4.229	12.419	-	12.419
Teminatsız	Fixed	USD	2,56	8.090.199	17.266.912	-	17.266.912
Teminatlı	Fixed	USD	6,82	298.257	636.569	-	636.569
					81.559.523	41.442.507	123.002.030
Finansal Leasing		EUR	4,73	2.753	8.083	-	8.083

The repayment schedule of the borrowings as of 30 September 2014 and 31 December 2013 is as follows:

	30 September 2014	31 December 2013
To be paid within 1 year	165.732.903	81.559.523
To be paid between 1-2 years	11.269.291	18.820.061
To be paid between 2-3 years	3.603.431	12.200.068
To be paid between 3-4 years	3.579.336	4.672.603
To be paid between 4-5 years	1.844.496	4.657.483
More than 5 years	1.009.894	1.092.292
187.039.352		123.002.030

Financial lease liabilities

As of 30 September 2014, the lease payments in Euro, which is related to the heavy construction vehicle acquisition lease agreement, have been completed. (31 December 2013: TRY 8.083, the weighted average effective interest rate: 4,73%)

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8. OTHER RECEIVABLES AND OTHER PAYABLES

a. Other current and non-current receivables

	30 September 2014	31 December 2013
Short-term other receivables		
Due from personnel	501.795	480.055
Receivables from insurance claims	3.737	75.238
Other receivables from related parties (Note: 27)	98.302	73.337
Other miscellaneous receivables	749.220	749.220
Provision for doubtful other receivables (-)	(749.220)	(749.220)
	<u>603.834</u>	<u>628.630</u>
Long-term other receivables		
Deposits and guarantees given	2.913.699	2.683.824
	<u>2.913.699</u>	<u>2.683.824</u>

b. Other current payables

	30 September 2014	31 December 2013
Short-term other payables		
Taxes and funds payable	5.119.189	1.767.933
Deposits and guarantees received	3.752.344	3.254.072
Tax penalty liabilities in accordance with law no. 6111	-	437.428
Other payables to related parties (Note: 23)	137.933	485.249
	<u>9.009.465</u>	<u>5.944.682</u>

9. INVENTORIES

	30 September 2014	31 December 2013
Inventories		
Raw materials	70.285.502	60.636.953
Work-in progress	28.512.520	25.448.507
Finished goods	6.362.077	17.411.114
Other inventories	7.654.959	3.685.462
Inventory impairment provision (-)	(1.984.529)	(2.072.420)
	<u>110.830.529</u>	<u>105.109.616</u>

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9. INVENTORIES (Continued)

	1 January - 30 September 2014	1 January - 30 September 2013
<u>Inventory impairment provision movement:</u>		
Opening balance	2.072.420	2.437.301
Provisions during the period (Note: 21)	-	18.053
Reversal of the provision	(87.891)	(1.376.338)
Closing balance	<u>1.984.529</u>	<u>1.079.016</u>

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 they are classified as slow moving inventories. The provision has been recognized under cost of sales.

The cost of raw materials and supplies expensed in the current period amounted to TRY 97.446.021 and accounted under cost of sales (30 September 2013: 118.541.197 TRY) (Note: 20)

10. PREPAID EXPENSES AND DEFERRED INCOME

a. Short Term Prepaid Expenses

	30 September 2014	31 December 2013
<u>Short-term provision expenses</u>		
Advances given to suppliers	8.220.983	3.604.139
Prepaid expenses	<u>4.365.351</u>	<u>1.372.720</u>
	<u>12.586.334</u>	<u>4.976.859</u>

b. Short Term Deferred Income

	30 September 2014	31 December 2013
<u>Short-term deferred incme</u>		
Advanced received	4.394.568	2.798.796
Deferred income	<u>138.317</u>	<u>105.276</u>
	<u>4.532.885</u>	<u>2.904.072</u>

c. Long Term Prepaid Expenses

	30 September 2014	31 December 2013
<u>Long-term provision expenses</u>		
Advances given for the purchase of fixed assets	281.230	579.661
Prepaid expenses	<u>128.695</u>	<u>322.604</u>
	<u>409.925</u>	<u>902.265</u>

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11. PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

As of 30 September 2014, the amount of TRY 37.110.539 has purchased property, plant and equipment and other intangible assets. (30 September 2013 – TRY 40.057.247).

As of 30 September 2014, the amount of TRY 18.529.773 has sold property, plant and equipment and other intangible assets. (30 September 2013 – TRY 1.176.527).

As of 30 September 2014, depreciation and amortization expense of TRY 43.036.928 has been charged in cost of goods sold (30 September 2013: TRY: 39.216.952), TRY 993.842 has been charged in general administrative expenses(30 September 2013: 1.174.795TRY) and the remaining amount of TRY 28. 805 was included in marketing, selling and distribution expenses(30 September 2013: 28.738 TRY).

As of 30September 2014, total cost of the property, plant and equipment and intangible assets which are fully depreciated / amortized but are still in use is TRY 463.315.129 (31 December 2013 – TRY 525.065.437).

There is no pledge or mortgage on assets of the Group as of 30 September 2014 except for the property, plant and equipment amounting of TRY 60.744.453 (31 December 2013 – TRY 61.456.359).

As of 30 September 2014, the ownership of the total property, plant and equipment which were acquired by financial lease amount to TRY 6.622.239 was fully passed to the Group (31 December 2013 – TRY 6.622.239).

12. PROVISION, CONTINGENT ASSETS AND LIABILITIES

a. Short-Term Provisions

	30 September 2014	31 December 2013
<u>Short-term provisions</u>		
Provision for litigations	7.293.879	3.449.178
Short-term provisions for employee benefits	-	905.388
	<u>7.293.879</u>	<u>4.354.566</u>

The movement of “Provision for the litigations” as of 30 September 2014 and 30 September 2013 is stated below:

	1 January - 30 September 2014	1 January - 30 September 2013
<u>Provision for the litigation movement</u>		
Opening balance	3.449.178	3.036.881
Additional provision	4.288.200	447.929
Provision paid during the period (-)	(443.499)	(154.930)
Closing balance	<u>7.293.879</u>	<u>3.329.880</u>

As of 30 September 2014, the amount of the legal cases which are opened against the Group and still ongoing is approximately TRY 9.114.921 (31 December 2013: TRY 9.359.006). As of 30 September 2014, the Group provided provision for an amount of TRY 7.293.879 based on the opinion of the legal advisors related to the cases which have a risk to result against the Group. (31 December 2013: TRY 3.449.178).

b. Long-term provisions

	30 September 2014	31 December 2013
<u>Long-term provisions</u>		
Long-term employee benefits	18.225.195	17.913.207
Other long term provisions	4.511.905	3.921.160
	<u>22.737.100</u>	<u>21.834.367</u>

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12. PROVISION, CONTINGENT ASSETS AND LIABILITIES (Continued)

Other Long-Term Provisions

	30 September 2014	31 December 2013
Other long term provisions		
Recultivation provision	4.450.405	3.707.160
Provision for the unlawful occupation	61.500	214.000
	<u>4.511.905</u>	<u>3.921.160</u>

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 areas in which the Group operates. The Group has accounted and disclosed the recultivation provision amounting to TRY 4.450.405 under “Other Long Term Provisions” as of 30 September 2014 (31 December 2013: TRY 3.707.160).

The movement of “the recultivation provision” as of 30 September 2014 and 30 September 2013 is as follows:

	1 January - 30 September 2014	1 January - 30 September 2013
Recultivation provision movement		
Opening balance	3.707.160	3.264.016
Additional provision	743.245	313.460
Closing balance	<u>4.450.405</u>	<u>3.577.476</u>

The movement of “the provision for the unlawful occupation” as of 30 September 2014 and 30 September 2013 is as follows:

	1 January - 30 September 2014	1 January - 30 September 2013
Unlawful occupation provision movement(*)		
Opening balance	214.000	107.000
Additional provision (Note: 21)	113.545	80.250
Provision paid (-)	(266.045)	-
Closing balance	<u>61.500</u>	<u>187.250</u>

Afyon Çimento Sanayi Türk A.Ş. pays a usage fee to Afyonkarahisar Governors National Estate Department for the 17.281 m² portion of the land in the factory area which is owned by the National Estate Department. However, the National Estate Department has adopted a new policy and demanded the payment of the accrual amount of TRY 266.045 covering 2 years, 4 months and 16 days on 13 May 2014. The provision amounts allowed in accordance with this payment have been updated (31 December 2013: TRY 214.000).

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

(Amounts expressed in Turkish Lira (“TRY”), unless otherwise indicated.)

12. PROVISION, CONTINGENT ASSETS AND LIABILITIES (Continued)**c. Collaterals, pledges and mortgages**

The collaterals, pledges and mortgages (CPM) received by the Group as of 30 September 2014 and 31 December 2013 are as follows:

	Original Currency	30 September 2014		31 December 2013	
		Original Amount	TRY Amount	Original Amount	TRY Amount
Letters of guarantee received	TRY	191.321.117	191.321.117	156.048.567	156.048.567
Letters of guarantee received	USD	7.451.000	16.980.084	3.648.500	7.786.994
Letters of guarantee received	EUR	6.404.383	18.517.633	1.560.273	4.581.742
Mortgages	TRY	24.944.489	24.944.489	24.437.615	24.437.615
Mortgages	EUR	1.400.000	4.047.960	1.400.000	4.111.100
Mortgages	RUB	175.174.835	10.993.973	175.174.835	11.347.826
Cheques and notes received	TRY	21.394.510	21.394.510	21.369.510	21.369.510
Cheques and notes received	EUR	135.000	390.339	95.000	278.968
Cheques and notes received	USD	47.300	107.792	47.300	100.952
Pledges	TRY	15.433.769	15.433.769	14.115.574	14.115.574
Total			<u>304.131.666</u>		<u>244.178.848</u>

As of 30 September 2014 and 31 December 2013, the details of the CPM given are as follows:

	Original Currency	30 September 2014		31 December 2013	
		Original Amount	TRY Balance	Original Amount	TRY Balance
A. Total CPM given for the Company's own legal entity	TRY	76.685.661	76.685.661	90.240.601	90.240.601
	USD	29.355.672	66.898.642	17.307.229	36.938.819
	EUR	17.705.600	51.193.972	17.705.600	51.992.494
B. Total CPM given in favour of subsidiaries 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 scope of clause B and C		-	-	-	-
iii. Total CPM given in favour of other 3rd parties out of scope of clause C		-	-	-	-
			<u>194.778.276</u>		<u>179.171.914</u>

The ratio of other CPMs to the Group's equity as of 30 September 2014 is 0% (31 December 2013: 0%).

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12. PROVISION, CONTINGENT ASSETS AND LIABILITIES (Continued)

d. Contingent Liabilities:

Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (“Exsa”), of which the Group owns 32,875% of the shares and is an investment accounted by equity method was subject to tax investigation in the year 2012 regarding corporate tax calculation for the year 2010 and tax charge amounting to TRY 39.219.428 (effect to the Group: TRY 12.893.387) and related penalty amounting to TRY 58.829.143 (effect to the Group: TRY 19.340.081) were charged to Exsa on 22 January 2013. The tax investigation was related to the spin off transaction which was also subject to tax investigation in 2010. The total tax charge and penalty charged to Exsa as a result of the first investigation in 2010 amounting to TRY 281.115.699 (effect to the Group: TRY 92.416.786) were reconciled with the Ministry of Finance, where the tax penalty was waived, the total tax burden was decreased to TRY 14.558.396 (effect to the Group: TRY 4.786.073) and in the year 2011, a total of TRY 21.000.000 together with interest (effect to the Group: TRY 6.903.750) was paid. Exsa appealed for a reconciliation settlement process for the tax charge dated 22 January 2013 to Ministry of Finance on 25 January 2013. No reconciliation was provided in the meeting held between the Company and the Ministry of Finance Central Reconciliation Commission on 10 October 2013 and the Company filed a lawsuit by the Tax Court as of 24 October 2013. As of the date of this report, the legal proceedings initiated by the Company continue. In accordance with the opinion of the Group’s legal advisors and tax experts, no provisions have been made in the accompanying consolidated financial statements for the interim period ended 30 September 2014 for the tax penalties and notifications considering the uncertainty as to the outcome of the legal proceedings.

Pursuant to the assembly resolution published on the official website of the Competition Authority, a preliminary investigation was decided upon regarding the allegations that Çimsa Çimento Sanayi ve Ticaret A.Ş. committed a competition infringement with another company in the white cement market. Regarding the detection of whether they have violated Article 4 of the Code 4054 in the white cement market, the Assembly has decided that an investigation should be launched regarding these two companies. As of the reporting date of 30 September 2014, the investigation process has been completed. It has been concluded that Article 4 of the Code 4054 has not been violated and as a result there has been no ground for the administrative fine in accordance with Article 16 of the same code.

13. COMMITMENTS

The table below shows the details of foreign currency purchase / sale commitments relating to the outstanding forward contracts of the Group as of 30 September 2014 and 31 December 2013:

	Average contract rate	Sales in original currency	Purchase in original currency	Original Currency (TL equivalent)	Contract Value (TL Equivalent)	Fair Value
30 September 2014						
Outstanding purchase/ sale contract						
Up to 3 months						
EUR sale/ TRY purchase	2,9794	8.938.100	3.000.000	8.938.100	9.126.933	(188.833)
						(188.833)
Up to 3 months						
USD sale	3,5982	12.953.580	3.600.000	8.204.040	8.259.557	(55.517)
						(55.517)
Total						(244.350)

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13. COMMITMENTS (Continued)

31 December 2013	Average contract rate	Sales in original currency	Purchase in original currency	Original Currency (TL equivalent)	Contract Value (TL Equivalent)	Fair Value
Outstanding purchase/ sale contract						
Up to 3 months						
EUR sale/ TRY purchase	2,7950	5.589.900	2.000.000	5.589.900	5.918.544	(328.644)
USD sale/ TRY purchase	2,1205	4.240.900	2.000.000	4.240.900	4.298.576	(57.676)
						(386.320)
3-6 months						
EUR sale/ TRY purchase	2,8631	8.589.200	3.000.000	8.589.200	9.070.370	(481.170)
USD sale/ TRY purchase	2,1847	2.184.700	1.000.000	2.184.700	2.211.895	(27.195)
						(508.365)
6-12 months						
EUR sale/ TRY purchase	2,9469	20.628.400	7.000.000	20.628.400	21.770.847	(1.142.447)
USD sale/ TRY purchase	2,2595	3.389.250	1.500.000	3.389.250	3.440.789	(51.539)
						(1.193.986)
Up to 3 months						
USD sale	3,5887	51.677.790	14.400.000	29.292.480	30.257.170	(964.690)
Total						(3.053.361)

14. OTHER ASSETS AND LIABILITIES

a. Other current and non-current assets

	30 September 2014	31 December 2013
Other current assets		
Deferred VAT	622.233	4.228.484
Job and personnel advances	1.016.089	748.141
Other current assets	549.091	236.153
	2.187.413	5.212.778
Other non-current assets		
Export VAT (*)	3.917.202	3.554.004
Other non-current assets	243.877	132.406
	4.161.079	3.686.410

(*) 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.

b. Other short term and long term liabilities

	30 September 2014	31 December 2013
Other short term liabilities		
Allowance for cost expenses	3.159.966	649.290
Other short term liabilities	149.607	22.545
	3.309.573	671.835

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(Amounts expressed in Turkish Lira (“TRY”), unless otherwise indicated.)

15. EQUITY, RESERVES AND OTHER EQUITY ITEMS

As of 30 September 2014 and 31 December 2013, the composition of shareholders is as follows:

Shareholders (*)	30 September 2014		31 December 2013	
	(%)	Amount	(%)	Amount
Hacı Ömer Sabancı Holding A.Ş.	49,42	66.765.208	49,42	66.765.208
Aberdeen Asset Managers Limited	13,79	18.628.038	13,94	18.628.038
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	22,58	30.501.643	22,43	30.501.643
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 41,47% as of 30 September 2014 (31 December 2013: 41,47%). As of 30 September 2014, actual free float rate is 29,45% (31 December 2013: 27,75%)

(**) Aberdeen Asset Management Limited holds 13,79 % of the total capital as being the discretionary portfolio manager of the managed multiple portfolios.

The share capital of the Group as of 30 September 2014 consists of 13.508.444.200 shares. (31 December 2013: 13.508.444.200 shares). The nominal value per share is 1 Kr (31 December 2013: per share 1 Kr).

Restricted reserves and 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.

Retained earnings

The Ordinary General Assembly of 2013 has been held on 27 March 2014, the decisions to pay TRY 155.887.446 of dividend (2013: TRY 98.071.305) and to allocate TRY 14.913.322 of “Legal reserves” and TRY 131.510.049 “Extraordinary reserves” were unanimously approved (2013: TRY 9.131.708) and the payment was completed by distributing the first part of TRY 98.962.006 on 28.03.2014, and the remaining on 01.04.2014 (Note: 22).

Profit Distribution

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from February 1, 2014.

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

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15. EQUITY, RESERVES AND OTHER EQUITY ITEMS (Continued)

Profit Distribution (Continued)

Companies should include at least the following in their profit distribution policies:

- Whether dividends will be distributed, and if distributed, the dividend distribution rate for shareholders and for others participating in the distribution.
- Payment type of dividend distribution.
- Time of dividend distribution; on condition that the distribution procedures to be started at the latest of the end of the annual period in which general assembly meeting was held in which the distribution was agreed upon.
- Whether dividend advances will be distributed, and if distributed, the related principles.

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

As of 30 September 2014 and 31 December 2013, the composition of consolidated legal reserves, extraordinary reserves, accumulated profit, share premiums and other reserves existing in the statutory records of the Company can be summarized as follows:

	30 September 2014	31 December 2013
Legal reserves	136.510.601	121.597.278
Other capital reserves (*)	238.197.945	43.100.627
Extraordinary reserves	52.635.185	52.527.224
Accumulated profit due to inflation difference (*)	68.691.034	68.691.034
Share premiums	30.131	30.131
Special funds	15.698.724	15.698.724
	<u>511.763.619</u>	<u>301.645.018</u>

(*)In accordance with the dividend payment policy that has been approved in the Ordinary General Assembly of the year 2013 held on 27 March 2014, the net profit for the period available for distribution, amounting to TRY 366.006.047,25 in the statutory records, and prepared in line with the decrees of Tax Procedure Law has been decided to be allocated as the following: TRY 107.960,35 as “Extraordinary reserves” and TRY 195.097.318,43 as “Special reserves” recorded as a liability in the statement of financial position under the investment and real estate sales income accounts in order to have 75% of income realised in 2013 from the sales of shares and real estates, benefit from the exemption stated in the Corporate Tax Law article 5/1-e.

Foreign currency translation differences

According to TAS 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. 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.

Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The deferred gain or loss arising from hedging instruments will be recognized in profit or loss only when the hedged transaction affects the profit or loss.

(Convenience Translation of The Report and Financial Statements Originally Issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

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16. SALES

	1 January – 30 September 2014	1 July – 30 September 2014	1 January – 30 September 2013	1 July – 30 September 2013
Sales				
Domestic sales	669.632.774	235.558.087	590.486.898	218.754.124
Export sales	213.944.320	74.980.885	209.261.892	71.866.954
Sales discounts (-)	(12.540.425)	(5.000.498)	(12.284.298)	(4.279.217)
Other deductions (-)	(46.811.999)	(16.503.988)	(48.952.047)	(16.725.911)
	<u>824.224.670</u>	<u>289.034.486</u>	<u>738.512.445</u>	<u>269.615.950</u>
Cost of sales (-) (Note: 20)	<u>(568.203.083)</u>	<u>(189.672.991)</u>	<u>(561.476.914)</u>	<u>(195.698.002)</u>
Gross profit	<u>256.021.587</u>	<u>99.361.495</u>	<u>177.035.531</u>	<u>73.917.948</u>

17. OTHER OPERATING INCOME AND EXPENSES

Other Operating Income

	1 January – 30 September 2014	1 July – 30 September 2014	1 January – 30 September 2013	1 July – 30 September 2013
Other operating income				
Foreign exchange gain from operating	15.687.417	6.006.039	16.225.790	7.511.148
Time deposit interest income (less than	2.091.565	397.002	1.458.612	341.602
Sales of scrap and miscellaneous material	1.759.298	246.986	1.794.241	785.657
Overdue and interest income from operating activities	842.752	179.903	-	-
Released provisions	168.822	-	338.815	-
Other income	1.156.117	141.859	2.001.463	432.037
	<u>21.705.972</u>	<u>6.971.789</u>	<u>21.818.921</u>	<u>9.070.444</u>

Other operating expense (-)

	1 January – 30 September 2014	1 July – 30 September 2014	1 January – 30 September 2013	1 July – 30 September 2013
Other operating expense				
Donations and grants	(187.973)	(88.649)	(10.249.872)	(196.516)
Foreign exchange loss from operating activities	(15.256.671)	(2.730.593)	(9.194.248)	(5.047.390)
Provision expenses	(4.690.400)	(2.029.445)	(2.101.365)	(430.427)
Compensation and penalty expenses	(1.818.949)	(275.334)	(1.656.323)	(58.948)
Interest expense of retirement pay provision	(288.939)	-	(419.733)	(142.249)
Other expenses	<u>(3.852.589)</u>	<u>(1.743.748)</u>	<u>(2.682.232)</u>	<u>(26.143)</u>
	<u>(26.095.520)</u>	<u>(6.867.768)</u>	<u>(26.303.773)</u>	<u>(5.901.673)</u>

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

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18. INCOME AND EXPENSE FROM INVESTMENT ACTIVITIES**Income from Investment Activities**

	1 January – 30 September 2014	1 July – 30 September 2014	1 January – 30 September 2013	1 July – 30 September 2013
Income from investment activities				
Fixed assets sales income (*)	-	-	139.973.000	-
Dividend income	21.504	-	2.167.675	-
Fixed asset sales income	3.551.892	2.136.930	631.687	112.443
Rent income	391.790	84.336	773.744	117.526
	<u>3.965.187</u>	<u>2.221.266</u>	<u>143.546.106</u>	<u>229.969</u>

(*) On 10 May 2013, the Group has sold Hacı Ömer Sabancı Holding shares in BIST which had TRY 21.534.308 nominal value. The Group has acquired TRY 12 per share and used the cash generated for the repayment of existing borrowings. The Group recognized the gain and losses relating to the fair value measurement of Hacı Ömer Sabancı Holding shares which are disclosed under available for sale financial assets revaluation reserve account in equity until related assets are sold on 10 May 2013 and after that date recognized in profit and loss. The fair value of Hacı Ömer Sabancı Holding shares was TRY 258.411.696 as of 10 May 2013 and the amount recognized under available for sale financial assets revaluation reserve account in equity was TRY 139.973.000 (TRY 132.974.350, net off tax). The Group has gained TRY 139.973.000 income from this sale.

Expense from Investment Activities

	1 January – 30 September 2014	1 July – 30 September 2014	1 January – 30 September 2013	1 July – 30 September 2013
Expense from investment activities (-)				
Fixed asset sales expense	(367.513)	(2.518)	(349.515)	(182.379)
	<u>(367.513)</u>	<u>(2.518)</u>	<u>(349.515)</u>	<u>(182.379)</u>

19. FINANCIAL INCOME / EXPENSE**Financial Income**

	1 Ocak – 30 September 2014	1 July – 30 September 2014	1 January – 30 September 2013	1 July – 30 September 2013
Financial income				
Foreign exchange income on bank borrowings	-	(536.303)	148.250	128.344
Total financial income	<u>-</u>	<u>(536.303)</u>	<u>148.250</u>	<u>128.344</u>

Financial Expense

	1 January – 30 September 2014	1 July – 30 September 2014	1 January – 30 September 2013	1 July – 30 September 2013
Financial expenses				
Interest expenses	(14.055.088)	(5.121.533)	(16.284.024)	(3.248.616)
Foreign exchange loss on bank borrowings	(2.859.499)	(2.859.499)	-	-
Other financial expenses	(1.146.964)	(476.367)	(1.126.162)	(570.992)
Total financial expenses	<u>(18.061.552)</u>	<u>(8.457.400)</u>	<u>(17.410.186)</u>	<u>(3.819.608)</u>

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20. OPERATING EXPENSES BY NATURE

The detail of costs of sales for the periods between 1 January – 30 September 2014 and 2013 is as follows:

	1 January – 30 September 2014	1 July – 30 September 2014	1 January – 30 September 2013	1 July – 30 September 2013
Cost of sales (-)				
Direct material and supplies expenses	(97.466.021)	(11.137.158)	(118.541.197)	(43.795.627)
Direct labor expenses	(5.053.054)	(1.705.190)	(5.414.063)	(1.973.253)
Energy costs	(222.831.306)	(61.143.266)	(231.451.380)	(82.994.623)
Depreciation and amortization expenses	(43.036.928)	(15.709.931)	(39.216.952)	(13.148.046)
Other production expenses	(116.721.424)	(21.825.607)	(144.856.320)	(51.462.290)
Total production cost	(485.108.732)	(111.521.151)	(539.479.912)	(193.373.839)
Inventory impairment provision	-	-	(18.053)	(1.455)
Change in work-in-process	3.064.013	3.853.394	(15.026.445)	(172.545)
Change in finished and trade goods	(367.380)	1.007.239	(2.687.260)	(1.053.764)
Released inventory impairment provision	87.891	56.103	1.376.338	21.740
Cost of trade goods sold and other	(85.878.875)	(83.068.576)	(5.641.582)	(1.118.139)
	(568.203.083)	(189.672.991)	(561.476.914)	(195.698.002)

The detail of marketing, selling and distribution expense for the periods between 1 January – 30 September 2014 and 2013 is as follows:

	1 January – 30 September 2014	1 July – 30 September 2014	1 January – 30 September 2013	1 July – 30 September 2013
Marketing, selling and distribution expenses (-)				
Personnel expenses	(3.149.744)	(707.779)	(2.674.462)	(840.298)
Representation expenses	(407.123)	(35.000)	(493.437)	(131.286)
Travel expenses	(536.990)	(411.668)	(323.587)	(106.683)
Consultancy expenses	(145.959)	(29.112)	(169.791)	(59.885)
Rent expenses	(183.991)	(123.690)	(132.425)	(50.907)
Insurance expenses	(95.697)	(47.684)	(75.019)	(29.166)
Communication and advertising expenses	(43.313)	(20.000)	(52.665)	(14.872)
Depreciation and amortization expenses	(28.805)	(9.233)	(28.738)	(8.272)
Other miscellaneous expenses	(986.074)	(490.614)	(897.504)	(408.401)
	(5.577.696)	(1.874.780)	(4.847.628)	(1.649.770)

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20. OPERATING EXPENSES BY NATURE (Continued)

The detail of general administration expenses for the periods between 1 January – 30 September 2014 and 2013 is as follows:

	1 January – 30 September 2014	1 July – 30 September 2014	1 January – 30 September 2013	1 July – 30 September 2013
General administration expenses (-)				
Personnel expenses	(15.754.524)	(4.913.152)	(13.698.373)	(4.274.595)
Consultancy expenses	(3.912.591)	(1.288.591)	(4.453.677)	(1.710.515)
Tax, duty and charges	(3.457.167)	(934.586)	(2.721.255)	(756.258)
Retirement pay provisions	(2.729.469)	(1.375.864)	(1.772.464)	(646.052)
Communication and advertising expenses	(1.108.728)	(233.050)	(1.078.128)	(289.549)
Depreciation and amortization expenses	(993.842)	(153.172)	(1.174.795)	(434.167)
Travel expenses	(1.303.821)	(494.321)	(1.011.905)	(371.484)
Insurance expenses	(835.572)	(186.235)	(992.703)	(289.545)
IT expenses	(1.317.877)	(769.553)	(901.875)	(359.150)
Rent expenses	(815.002)	(294.880)	(662.190)	(237.055)
Representation expenses	(806.413)	(659.952)	(383.579)	(121.863)
Maintenance expenses	(153.366)	(29.392)	(272.486)	(98.296)
Other miscellaneous expenses	(2.096.578)	(466.897)	(2.358.395)	(788.954)
	<u>(35.284.949)</u>	<u>(11.799.645)</u>	<u>(31.481.825)</u>	<u>(10.377.483)</u>

21. INCOME TAXES

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.

As of 30 September 2014 and 31 December 2013, corporate tax payables are summarized as follows:

	30 September 2014	31 December 2013
Corporate tax payable		
Current period corporate tax provision	(41.215.566)	(44.387.686)
Prepaid taxes and funds (-)	23.712.462	37.774.477
	<u>(17.503.104)</u>	<u>(6.613.209)</u>

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21. INCOME TAXES (Continued)

The detail of the tax expenses is as follows:

	1 January – 30 September 2014	1 July – 30 September 2014	1 January – 30 September 2013	1 July – 30 September 2013
Current period corporate tax expense				
Current period corporate tax expense	(41.215.566)	(17.179.212)	(36.565.196)	(11.173.600)
Deferred tax income / (expense)	(383.190)	25.836	5.408.378	(935.521)
	<u>(41.598.756)</u>	<u>(17.153.376)</u>	<u>(31.156.818)</u>	<u>(12.109.121)</u>

The details of the deferred tax assets and liabilities of the Group as of 30 September 2014 and 30 September 2013 are as follows:

	30 September 2014	31 December 2013
Deferred tax assets:		
Tax losses carried forward (*)	3.170.992	3.981.917
Provision for employee benefits	3.645.039	3.763.719
Recultivation provision	890.081	741.432
Provision for other receivables	322.334	360.555
Provision for litigations	1.458.776	689.836
Fair value of derivative instruments	48.870	610.672
Inventory impairment provision	396.906	414.484
Rediscount of receivables	83.438	110.736
Other	2.627.721	1.864.338
	<u>12.644.158</u>	<u>12.537.689</u>
Deferred tax liabilities:		
Goodwill	(24.589.322)	(24.589.322)
Property, plant and equipment and intangible assets	(9.349.981)	(9.647.481)
Rediscount of payables and borrowings	(352.643)	(39.672)
	<u>(34.291.946)</u>	<u>(34.276.475)</u>
Net deferred tax asset / (liability)	<u>(21.647.788)</u>	<u>(21.738.786)</u>
	30 September 2014	31 December 2013
The balance sheet presentation of the deferred tax (assets) / liabilities :		
Deferred tax (assets)	5.977.846	5.173.155
Deferred tax liabilities	(27.625.634)	(26.911.941)
	<u>(21.647.788)</u>	<u>(21.738.786)</u>

(*) The subsidiary of the Group, Afyon Çimento Sanayi Türk A.Ş., has no carried forward tax losses as of 30 September 2014 (31 December 2013: TRY 7.659.978). The subsidiaries of the Group located in foreign countries have total TRY 15.854.960 carried forward tax losses (31 December 2013: TRY 8.017.175).

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21. INCOME TAXES (Continued)

Net ertelenmiş vergi yükümlülükleri hareket tablosu aşağıdaki gibidir:

	1 January - 30 September 2014	1 January - 30 September 2013
Deferred tax assets/ liabilities movement		
Opening balance	21.738.786	33.214.681
Deferred tax (income)/expense	383.190	(5.408.378)
Other accounted under equity	217.881	(375.343)
Sales of share effect accounted under equity	-	(4.479.136)
Currency translation difference	(692.069)	(14.775)
Closing balance	<u>21.647.788</u>	<u>22.937.049</u>

Assets related to the current period taxes

	30 September 2014	31 December 2013
Assets related to the current period taxes		
Prepaid taxes and funds	<u>487.470</u>	<u>949.139</u>
	<u>487.470</u>	<u>949.139</u>

22. EARNINGS PER SHARE

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

	1 January – 30 September 2014	1 July – 30 September 2014	1 January – 30 September 2013	1 July – 30 September 2013
Number of shares	13.508.444.200	13.508.444.200	13.508.444.200	13.508.444.200
Profit attributable to equity holders of the parent – TL	159.785.104	60.864.984	268.956.702	51.141.538
Dividend per share with nominal value of 1 K	0,0118	0,0045	0,0199	0,0038

Dividends distributed per share:

The dividend per share distributed in 2014 from 2013 profit is stated below:

Dividend amount distributed	155.887.446
Number of shares with nominal value of 1 Kr	13.508.444.200
Dividend per share (Kr)	<u>0,0115</u>

The dividend per share 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 (Kr)	<u>0,0073</u>

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.

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23. 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, shareholder companies and financial assets of Hacı Ömer Sabancı Holding A.Ş. and their associates 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 related party balances as of 30 September 2014 and 31 December 2013 and the related party transactions for the interim periods ended 30 September 2014 and 30 September 2013 are mainly as follows:

Other receivables from related parties (short term)

	30 September 2014	31 December 2013
Aksigorta A.Ş. ⁽²⁾	98.302	58.228
Sasa Polyester Sanayi A.Ş. ⁽²⁾	-	15.109
	<u>98.302</u>	<u>73.337</u>

Other receivables from related parties (short term)

	30 September 2014	31 Aralık 2013
Enerjisa Enerji A.Ş. ^{(3)(*)}	9.071.770	826.403
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽³⁾	23.710	13.237
	<u>9.095.480</u>	<u>839.640</u>

(*)This trade payable amount covers TRY 9.069.011 to Enerjisa Elk. Enrj.Toptan Satış A.Ş., TRY 0 to Enerjisa Elektrik Perakende Satış A.Ş. and TRY 2.759 to Enerjisa Enerji Üretim A.Ş. (31 December 2013: TRY 634.404, TRY 189.850, TRY 2.149)

Other payables to related parties (short term)

	30 September 2014	31 Aralık 2013
Hacı Ömer Sabancı Holding A.Ş. ⁽¹⁾	4.100	4.639
Bimsa Uluslararası İş Bilgi ve Yön. Sistemleri A.Ş. ⁽²⁾	78.630	455.294
Avivasa Emeklilik ve Hayat A.Ş. ⁽³⁾	37.611	7.317
Diğer	17.592	17.999
	<u>137.933</u>	<u>485.249</u>

Bank balances deposited in related parties

	30 September 2014	31 Aralık 2013
Akbank T.A.Ş. ⁽²⁾	17.309.151	30.866.858
	<u>17.309.151</u>	<u>30.866.858</u>

Borrowings from related parties

	30 September 2013	31 Aralık 2013
Akbank T.A.Ş.'den banka kredisi ⁽²⁾	22.461.016	36.813.153
	<u>22.461.016</u>	<u>36.813.153</u>

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23. RELATED PARTY DISCLOSURES (Continued)

Sales to related parties

	1 January – 30 September 2014	1 July – 30 September 2014	1 January – 30 September 2013	1 July – 30 September 2013
Aksigorta A.Ş. ⁽³⁾	193.671	68.238	11.083	1.528
Sasa Polyester Sanayi A.Ş. (2)	-	-	49.508	16.928
Enerjisa Enerji A.Ş. ^{(3)(*)}	68.613	-	190.539	190.539
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽³⁾	31.325	-	-	-
Diğer	54.841	33.341	7.500	-
	<u>348.450</u>	<u>101.578</u>	<u>258.630</u>	<u>208.996</u>

(*) TRY 35.272 is the sale to Enerjisa Enerji Üretim A.Ş., while TRY 33.341 is to Enerjisa Elektrik Enerji Toptan Satış A.Ş. (30 September 2013: - Enerjisa Enerji Üretim A.Ş.: TRY 190.539, Enerjisa Elektrik Enerji Toptan Satış A.Ş.: TRY -)

Purchases and services received from related parties

	1 January – 30 September 2014	1 July – 30 September 2014	1 January – 30 September 2013	1 July – 30 September 2013
Enerjisa Enerji A.Ş. ^{(3)(*)}	73.646.187	23.304.805	51.055.603	19.716.314
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽³⁾	942.115	441.961	6.570.750	1.317.235
Aksigorta A.Ş. ⁽³⁾	4.477.187	3.298.042	3.808.254	65.714
Bimsa Uluslararası İş Bilgi ve Yön. Sistemleri A.Ş. ⁽²⁾	1.643.036	1.023.282	1.773.320	583.973
Avivasa Emeklilik ve Hayat A.Ş. ⁽³⁾	237.089	(3.834)	175.434	1.727
Hacı Ömer Sabancı Holding. A.Ş. ⁽¹⁾	39.083	12.534	142.462	4.737
Diğer	287.776	110.405	87.314	24.919
	<u>81.272.472</u>	<u>28.187.195</u>	<u>63.613.137</u>	<u>21.714.619</u>

(*) TRY 72.094.639 is the purchases from Enerjisa Elektrik Toptan Satış A.Ş., while TRY 1.477.391 is from Enerjisa Elektrik Perakende Satış A.Ş., TRY 74.156 is from Enerjisa Enerji Üretim A.Ş. (30 September 2013: TRY 49.152.123, TRY 1.881.567, TRY 21.913 11.535)

The Group purchases goods from Akçansa Çimento Sanayi ve Ticaret A.Ş. and Enerjisa Enerji A.Ş. and receives services from other related parties.

Interest income from related parties

	1 January – 30 September 2014	1 July – 30 September 2014	1 January – 30 September 2013	1 July – 30 September 2013
Akbank T.A.Ş. ⁽²⁾	885.871	233.868	35.836	15.930
	<u>885.871</u>	<u>233.868</u>	<u>35.836</u>	<u>15.930</u>

Interest expense from related parties

	1 January – 30 September 2014	1 July – 30 September 2014	1 January – 30 September 2013	1 July – 30 September 2013
Akbank T.A.Ş. ⁽²⁾	(6.637.272)	(2.409.852)	(5.294.192)	(9.113.134)
	<u>(6.637.272)</u>	<u>(2.409.852)</u>	<u>(5.294.192)</u>	<u>(9.113.134)</u>

(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

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 TRY 5.354.253 (30 September 2013 – TRY 4.859.642). The salaries paid are TRY 5.158.322 (30 September 2013 – TRY 4.671.926 TRY) and contributions paid to Social Security Institution are TRY 195.931 (30 September 2013 – TRY 187.716).

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24. FOREIGN CURRENCY RISK

As of 30 September 2014 and 31 December 2013, the Group’s foreign currency position in terms of the original currency is as follows:

	30 September 2014				31 December 2013			
	TL Equivalent (Functional Currency)	USD (Original Currency)	EUR (Original Currency)	GBP (Original Currency)	TL Equivalent (Functional Currency)	USD (Original Currency)	EUR (Original Currency)	GBP (Original Currency)
1. Trade receivables	89.724.822	17.933.341	16.895.145	1.600	78.727.789	14.455.998	16.297.283	4.950
2. Monetary financial assets	9.619.711	2.317.023	1.393.620	83.918	1.616.179	654.106	73.927	864
3. TOTAL ASSET (1+2)	99.344.533	20.250.364	18.288.765	85.518	80.343.968	15.110.104	16.371.210	5.814
4. Trade payables	513.040	155.605	54.794	-	27.316.552	9.706.072	2.247.874	-
5. Financial liabilities	63.364.410	6.043.166	17.151.774	-	47.662.951	8.388.456	10.134.333	-
6. SHORT TERM LIABILITIES (3+4)	63.877.450	6.198.771	17.206.568	-	75.907.967	18.178.498	12.637.357	-
7. TOTAL LIABILITIES (3+6)	63.877.450	6.198.771	17.206.568	-	75.907.967	18.178.498	12.637.357	-
8. Off balance sheet derivative financial instruments net asset/liability position	(16.878.240)	(3.600.000)	(3.000.000)	-	(44.842.350)	(4.500.000)	(12.000.000)	-
8a. Off-balance Sheet derivative liabilities denominated in foreign currencies	16.878.240	3.600.000	3.000.000	-	44.842.350	4.500.000	12.000.000	-
9. Net foreign currency asset / liability position (3-7+8)	18.588.843	10.451.593	(1.917.803)	85.518	(40.406.349)	(7.568.394)	(8.266.147)	5.814
10. Net foreign currency asset / liability position (1+2+4+5)	35.467.083	14.051.593	1.082.197	85.518	4.436.001	(3.068.394)	3.733.853	5.814
11. Total fair value of derivative financial instruments used as foreign currency hedge	(545.992)	-	(188.833)	-	(2.088.671)	(136.410)	(1.952.261)	-
12. Hedged foreign currency assets	16.878.240	3.600.000	3.000.000	-	44.842.350	4.500.000	12.000.000	-
13. Export	166.255.217	38.901.790	25.227.436	1.261.560	213.725.344	57.785.573	29.472.458	1.095.780
14. Import	104.756.239	43.220.800	2.165.165	-	87.524.727	37.335.334	2.669.819	-

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

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24. 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 by balancing its foreign currency denominated assets and liabilities.

The information below 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 30 September 2014, the assets and liabilities have been translated by using the following exchange rates: TRY 2,2789 = USD 1, TRY 2,8914 = EUR 1, TRY 3,6933 = GBP 1 (31 December 2013: TRY 2,1343 = USD 1 TRY 2,9365 = EUR 1, TRY 3,5114= GBP 1).

	Profit / (loss) after capitalization on property, plant and equipment, and before tax and non-controlling interests	
	Foreign currency appreciation	Foreign currency depreciation
30 September 2014		
1- USD net assets / liabilities	3.202.218	(3.202.218)
2- Hedged portion of USD risk (-)	(820.404)	820.404
3- Effect of the capitalization (-)	-	-
4- USD net effect (1+2+3)	2.381.814	(2.381.814)
5- Net EUR assets/liabilities	312.906	(312.906)
6- Hedged portion of EUR risk (-)	(312.906)	312.906
7- Effect of the capitalization (-)	-	-
8- EUR net effect (5+6+7)	-	-
9- Net GBP assets/liabilities	31.584	(31.584)
10- Hedged portion of GBP risk (-)	-	-
11- Effect of the capitalization (-)	-	-
12- GBP net effect (9+10+11)	31.584	(31.584)
TOTAL (4+8+12)	2.413.398	(2.413.398)
	Profit / (loss) after capitalization on property, plant and equipment, and before tax and non-controlling interests	
	Foreign currency appreciation	Foreign currency depreciation
31 December 2013		
1- USD net assets / liabilities	(654.887)	654.887
2- Hedged portion of USD risk (-)	654.887	(654.887)
3- Effect of the capitalization (-)	-	-
4- USD net effect (1+2+3)	-	-
5- Net EUR assets/liabilities	1.096.446	(1.096.446)
6- Hedged portion of EUR risk (-)	(1.096.446)	1.096.446
7- Effect of the capitalization (-)	-	-
8- EUR net effect (5+6+7)	-	-
9- Net GBP assets/liabilities	2.042	(2.042)
10- Hedged portion of GBP risk (-)	-	-
11- Effect of the capitalization (-)	-	-
12- GBP net effect (9+10+11)	2.042	(2.042)
TOTAL (4+8+12)	2.042	(2.042)

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25. REPORTING IN HYPERINFLATION ECONOMY

In accordance with the CMB's resolution dated March 17, 2005 and numbered 11/367, the financial statements were restated in accordance with Turkish Accounting Standards (TAS) 29 (Financial Reporting in Hyperinflationary Economies) for the last time as of 31 December 2004, since the objective conditions which require the application of restatement of financial statements have not been realized and that based on the existing data CMB has foreseen that the indications whether such conditions are going to be realized in the future is no longer probable. Therefore, non-monetary assets, liabilities and equity items including the share capital as of 30 September 2014 and 31 December 2013 have been restated by applying the relevant conversion factors through 31 December 2004 and carrying additions after 31 December 2004 at their nominal values.

26. DERIVATIVE FINANCIAL INSTRUMENTS

	30 September 2014	31 December 2013
Derivative financial instruments at fair value designated through income/expense	244.350	964.690
Total	244.350	964.690
Derivative financial instruments at fair value designated through other comprehensive income/expense (*)	-	2.088.671
Total	-	2.088.671

(*): Grup'un nakit akış riskinden korunma yöntemi için yaptığı döviz kuru forward sözleşmelerinden doğan yükümlülüklerdir.

27. SUBSEQUENT EVENTS

None.