

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  
THREE-MONTH INTERIM CONDENSED PERIOD ENDED  
31 MARCH 2015

## 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 31 MARCH 2015**

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

		<b>(Non Audited)</b>	<b>(Audited)</b>
		<b>Current Period</b>	<b>Prior Period</b>
		<b>31 March</b>	<b>31 December</b>
	<b>Note</b>	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>			
Cash and cash equivalents	5	49.149.024	49.471.134
Trade receivables	6	265.645.668	255.357.427
<i>Trade receivables from related parties</i>	23	67.255	782.614
<i>Trade receivables from third parties</i>		265.578.413	254.574.813
Other receivables	8	903.127	987.187
<i>Other receivables from related parties</i>	23	-	113.967
<i>Other receivables from third parties</i>		903.127	873.220
Derivative financial asset	13	1.142.503	-
Inventories	9	125.836.780	119.641.155
Prepaid expenses	10	11.500.658	2.917.594
Assets related to the current period taxes	21	453.418	1.568.144
Other current assets	14	4.744.652	3.463.525
<b>Current Assets</b>		<b>459.375.830</b>	<b>433.406.166</b>
Other receivables	8	3.653.174	2.909.694
Available for sale financial investments		56.978	56.978
Investments accounted under equity method	3	188.612.889	184.835.754
Property, plant and equipment	11	707.818.759	707.887.820
Intangible assets		166.229.006	166.671.585
<i>Goodwill</i>		148.119.252	148.119.252
<i>Other intangible assets</i>	11	18.109.754	18.552.333
Prepaid expenses	10	8.548.216	1.022.344
Deferred tax assets	21	6.522.744	6.727.412
Other non-current assets	14	4.735.625	4.209.188
<b>Non-current assets</b>		<b>1.086.177.391</b>	<b>1.074.320.775</b>
<b>TOTAL ASSETS</b>		<b>1.545.553.221</b>	<b>1.507.726.941</b>

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 FINANCIAL POSITION AS AT 31 MARCH 2015**

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

		<b>(Non Audited)</b>	<b>(Audited)</b>
		<b>Current Period</b>	<b>Prior Period</b>
		<b>31 March</b>	<b>31 December</b>
	<b>Note</b>	<b>2015</b>	<b>2014</b>
<b>LIABILITIES</b>			
Short-term borrowings	7	161.959.565	64.460.792
Current portion of long-term borrowings	7	18.343.069	20.788.733
Trade payables	6	93.002.161	134.404.978
<i>Trade payables to related parties</i>	23	1.485.764	7.747.683
<i>Trade payables to third parties</i>		91.516.397	126.657.295
Employee benefit obligations		6.824.876	4.029.500
Other payables	8	78.722.744	10.058.992
<i>Other payables to related parties</i>	23	63.829.159	1.719.993
<i>Other payables to third parties</i>		14.893.585	8.338.999
Derivative financial liabilities	13	-	336.458
Deferred income	10	12.094.935	5.772.313
Current income tax liability	21	10.319.150	11.012.645
Short-term provisions		13.471.950	14.536.152
<i>Short-term provisions for employee benefits</i>		3.427.484	3.836.152
<i>Other short-term provisions</i>	12	10.044.466	10.700.000
Other current liabilities	14	288.157	406.298
<b>Current liabilities</b>		<b>395.026.607</b>	<b>265.806.861</b>
Long-term borrowings	7	61.980.640	20.426.403
Long-term provisions		24.746.352	24.380.893
<i>Long-term provisions for employee benefits</i>		19.937.222	19.490.245
<i>Other long-term provisions</i>	12	4.809.130	4.890.648
Deferred tax liability	21	28.595.216	27.381.153
<b>Non-current liabilities</b>		<b>115.322.208</b>	<b>72.188.449</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	15	135.084.442	135.084.442
Adjustments to share capital	15	41.741.516	41.741.516
Share premiums		30.131	30.131
Other comprehensive income/expense to be reclassified to profit or loss		2.698.446	4.714.228
<i>Foreign currency translation reserve</i>		2.698.446	4.714.228
Other comprehensive income/expense not to be reclassified to profit or loss		(2.661.786)	(2.436.517)
<i>Actuarial losses / gains on defined benefit plans</i>		(2.661.786)	(2.436.517)
Restricted reserves		149.067.447	132.289.960
Retained earnings		615.455.692	613.781.619
Net profit for the year		42.724.394	192.980.659
<b>Equity Attributable to Equity Holders of the Parent</b>		<b>984.140.282</b>	<b>1.118.186.038</b>
Non-controlling interests		51.064.124	51.545.593
<b>Total Shareholders' Equity</b>		<b>1.035.204.406</b>	<b>1.169.731.631</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1.545.553.221</b>	<b>1.507.726.941</b>

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 PROFIT OR LOSS FOR THE PERIOD ENDED 31 MARCH 2015**

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

		(Non Audited) Current Period 1 January- 31 March 2015	(Non Audited) Prior Period 1 January- 31 March 2014
	Note		
<b>OPERATING INCOME</b>			
Sales	16	234.968.311	225.464.479
Cost of sales (-)	17	<u>(176.561.428)</u>	<u>(167.358.758)</u>
<b>GROSS PROFIT</b>		<b>58.406.883</b>	<b>58.105.721</b>
General and administrative expense (-)	17	(11.972.962)	(11.327.957)
Marketing, selling and distribution expense (-)	17	(1.717.921)	(1.545.811)
Other operating income	18	14.613.368	10.033.030
Other operating expenses (-)	18	<u>(7.684.009)</u>	<u>(9.675.789)</u>
<b>OPERATING PROFIT</b>		<b>51.645.359</b>	<b>45.589.194</b>
Income from investment activities	19	585.247	1.562.870
Expense from investment activities (-)	19	(23.194)	(364.806)
Profit/(loss) from investments accounted by equity method	3	3.777.135	2.594.267
<b>OPERATING PROFIT BEFORE FINANCIAL INCOME/EXPENSE</b>		<b>55.984.547</b>	<b>49.381.525</b>
Financial expenses (-)	20	(3.088.802)	(4.548.817)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>52.895.745</b>	<b>44.832.708</b>
<b>Tax income / (expense) from continuing operations</b>	21	(10.337.291)	(9.154.072)
- Current period tax expense		(10.150.049)	(9.275.338)
- Deferred tax income / (expense)		<u>(187.242)</u>	<u>121.266</u>
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>42.558.454</b>	<b>35.678.636</b>
<b>DÖNEM KARI</b>		<b>42.558.454</b>	<b>35.678.636</b>
<b>Profit/loss for the period attributable to</b>			
- Non-controlling interests		(165.940)	85.095
- Equity holders of the parent		<u>42.724.394</u>	<u>35.593.541</u>
<b>Earnings per share</b>			
Earnings per share from continuing operations (Nominal amount of 1 Kr)	22	0,0032	0,0026

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 31 MARCH 2015**

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

	<b>(Non Audited)</b>	<b>(Non Audited)</b>
	<b>Current Period</b>	<b>Prior Period</b>
	<b>1 January-</b>	<b>1 January-</b>
<b>Note</b>	<b>31 March 2015</b>	<b>31 March 2014</b>
<b>PROFIT FOR THE PERIOD</b>	<b>42.558.454</b>	<b>35.678.636</b>
<b>Other comprehensive income/expense to be reclassified to profit or loss</b>	<b>(2.331.310)</b>	<b>699.424</b>
<i>Foreign currency translation reserve</i>	(2.331.310)	448.126
<i>Cash flow hedge reserve</i>	-	314.122
Tax (expense) / income	21 -	(62.824)
<b>Other comprehensive income/expense not to be reclassified to profit or loss</b>	<b>(225.270)</b>	<b>(290.178)</b>
<i>Actuarial losses / gains on defined benefit plans</i>	(281.588)	(362.722)
Tax (expense) / income	21 56.318	72.544
<b>OTHER COMPREHENSIVE INCOME (AFTER TAX)</b>	<b>(2.556.580)</b>	<b>409.246</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>40.001.874</b>	<b>36.087.882</b>
<b>Total comprehensive income attributable to</b>	<b>-</b>	<b>-</b>
-Non-controlling interests	(481.469)	103.179
-Equity holders of the parent	40.483.343	35.984.703

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015**

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

	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	Actuarial gains/(losses) on defined benefit plans	Restricted reserves	Retained earnings	Net profit for the period			
<b>1 January 2014</b>	<b>135.084.442</b>	<b>41.741.516</b>	<b>30.131</b>	<b>5.009.558</b>	<b>(1.670.937)</b>	<b>(1.218.106)</b>	<b>117.376.637</b>	<b>482.271.571</b>	<b>302.310.817</b>	<b>1.080.935.629</b>	<b>45.584.303</b>	<b>1.033.421.011</b>
Transfer from retained earnings	-	-	-	-	-	-	14.913.323	287.397.494	(302.310.817)	-	-	-
Net profit for the period	-	-	-	-	-	-	-	-	35.593.541	35.593.541	85.095	35.678.636
Other comprehensive income/(expense)	-	-	-	417.264	251.298	(277.400)	-	-	-	391.162	18.084	409.246
<b>Total comprehensive income/(expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>417.264</b>	<b>251.298</b>	<b>(277.400)</b>	<b>-</b>	<b>-</b>	<b>35.593.541</b>	<b>(74.165.993)</b>	<b>103.179</b>	<b>(74.062.814)</b>
Dividends to be paid	-	-	-	-	-	-	-	(155.887.446)	-	(155.887.446)	-	(155.887.446)
<b>31 March 2014</b>	<b>135.084.442</b>	<b>41.741.516</b>	<b>30.131</b>	<b>5.426.822</b>	<b>(1.419.639)</b>	<b>(1.495.506)</b>	<b>132.289.960</b>	<b>613.781.619</b>	<b>35.593.541</b>	<b>961.032.886</b>	<b>45.687.482</b>	<b>1.006.720.368</b>
<b>1 January 2015</b>	<b>135.084.442</b>	<b>41.741.516</b>	<b>30.131</b>	<b>4.714.228</b>	<b>-</b>	<b>(2.436.517)</b>	<b>132.289.960</b>	<b>613.781.619</b>	<b>192.980.659</b>	<b>1.118.186.038</b>	<b>51.545.593</b>	<b>1.169.731.631</b>
Transfer from retained earnings	-	-	-	-	-	-	16.777.487	176.203.172	(192.980.659)	-	-	-
<b>Net profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42.724.394</b>	<b>42.724.394</b>	<b>(165.940)</b>	<b>42.558.454</b>
Other comprehensive income/(expense)	-	-	-	(2.015.782)	-	(225.269)	-	-	-	(2.241.051)	(315.529)	(2.556.580)
<b>Total comprehensive income/(expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2.015.782)</b>	<b>-</b>	<b>(225.269)</b>	<b>-</b>	<b>-</b>	<b>42.724.394</b>	<b>40.483.343</b>	<b>(481.469)</b>	<b>40.001.874</b>
Dividends to be paid (*)	-	-	-	-	-	-	-	(174.529.099)	-	(174.529.099)	-	(174.529.099)
<b>31 March 2015</b>	<b>135.084.442</b>	<b>41.741.516</b>	<b>30.131</b>	<b>2.698.446</b>	<b>-</b>	<b>(2.661.786)</b>	<b>149.067.447</b>	<b>615.455.692</b>	<b>42.724.394</b>	<b>984.140.282</b>	<b>51.064.124</b>	<b>1.035.204.406</b>

(\*)The decision to distribute dividend of TRY 174.529.099 from 2014 year profit was unanimously approved by the Ordinary General Assembly held on 26 March 2015 and the payment was completed by distributing the first part of TRY 110.821.507 on 31.03.2015, and the remaining on 01.04.2015.

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 31 MARCH 2015**

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

		(Non Audited)	(Non Audited)
		Current Period	Prior Period
		1 January-	1 January-
	Not	31 March 2015	31 March 2014
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(25.122.278)</b>	<b>(8.718.437)</b>
Profit before tax from continuing operations		52.895.745	44.832.708
<b>Adjustments to reconcile net profit/(loss) for the period</b>		<b>10.915.375</b>	<b>15.005.983</b>
Adjustment related to depreciation and amortization expense	11	13.806.175	14.018.521
Adjustment related to gain on sale of fixed assets	19	(86.008)	(1.038.503)
Adjustment related to retained profits of subsidiaries	3	(3.777.135)	(2.594.267)
Adjustment related to allowance for doubtful receivable	6/8	(70.146)	10.124
Adjustment related to provision for inventories	9	(789)	(8.333)
Adjustment related to provision for litigations	12	(655.534)	431.551
Adjustment related to recultivation provision	12	(111.518)	181.253
Adjustment related to provision for unlawful occupation	12	30.000	28.750
Adjustment related to retirement pay provision		650.715	1.480.723
Adjustment related to seniority provision		62.923	28.702
Adjustment related to unpaid vacation liability		319.128	376.790
Adjustment related to bonus accrual		3.427.484	-
Adjustment related to interest expense	20	611.205	3.003.186
Adjustment related to interest income	18	(782.749)	(1.795.696)
Unrealized foreign exchange (gains) / losses on financial borrowings		72.058	1.160.769
Adjustment related to fair value (increase) / decrease of derivative financial instruments	26	(1.478.961)	(277.587)
Capitalized finance expense	11	(1.101.473)	-
<b>Changes in working capital</b>		<b>(67.396.348)</b>	<b>(56.697.638)</b>
Short-term trade receivables		(10.222.632)	(22.466.006)
Inventories		(6.194.836)	(18.536.595)
Other receivables / current assets / prepaid expenses		(9.780.131)	(4.872.759)
Other long term receivables / non-current / prepaid expenses		(8.795.789)	(665.311)
Short term trade payables		(41.402.817)	(20.987.537)
Other short term payables/liabilities		8.999.857	10.830.570
<b>Cash flows from operations</b>		<b>(3.585.228)</b>	<b>3.141.053</b>
Interest paid		(7.866.488)	(4.888.335)
Interest received	18	782.749	1.795.696
Tax penalty liabilities paid in accordance with law no. 6111		-	(437.428)
Seniority provision paid		(3.836.152)	-
Retirement pay provision paid		(868.121)	(1.541.632)
Unused vacation liability paid		(12.818)	(43.641)
Seniority provision paid		(7.402)	(17.854)
Taxes paid	21	(9.728.818)	(6.726.296)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(16.556.625)</b>	<b>(7.996.977)</b>
Purchases of property, plant and equipment	11	<b>(16.666.793)</b>	<b>(10.215.407)</b>
Proceeds from sales of property, plant and equipment	11/19	110.168	2.230.535
Purchases of intangible assets	11	-	(12.105)
<b>C. CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES</b>		<b>37.925.224</b>	<b>48.868.784</b>
Proceeds from borrowings		156.689.982	258.074.000
Repayment of borrowings		(12.899.411)	(110.235.127)
Repayment of financial lease liabilities		-	(8.083)
Dividend paid	15	(105.865.347)	(98.962.006)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>(3.753.679)</b>	<b>32.153.370</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	5	<b>49.471.134</b>	<b>39.925.027</b>
Currency translation differences (net)		3.431.569	(671.334)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5	<b>49.149.024</b>	<b>71.407.063</b>

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 31 MARCH 2015

(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.

The upper limit of registered share capital of the Company is TRY 200.000.000 (31 December 2014- TRY 200.000.000)

##### Subsidiaries and joint ventures and associates

As of 31 March 2015 and 31 December 2014, 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	
				31 March 2014	31 December 2014
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 Cement Sales North GmbH (CSN)(*)	27June 2006	Germany	White cement marketing	% 100	% 100
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”.

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

### **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

(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 8 May 2015. 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 31 March 2015 is 629 (31 December 2014 – 620) and white collar employees (not a union member) is 427 (31 December 2014 – 443) and the number of employees working in subsidiaries and joint venture located abroad is 44 (31 December 2014 - 42).

#### **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.

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

### **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

(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 three month period ended March 31, 2015 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 March 31, 2015 are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2014. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2014.

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

#### **i) The new standards, amendments and interpretations which are effective as at 1 January 2015**

##### **TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)**

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

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

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

(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)

#### i) The new standards, amendments and interpretations which are effective as at 1 January 2015 (Continued)

##### Annual Improvements to TAS/TFRSs

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

##### Annual Improvements - 2010–2012 Cycle

###### *TFRS 2 Share-based Payment:*

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

###### *TFRS 3 Business Combinations*

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

###### *TFRS 8 Operating Segments*

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

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

The amendment to TAS 16.35(a) and TAS 38.80(a) clarifies that revaluation can be performed, as follows:

i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

###### *TAS 24 Related Party Disclosures*

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

##### Annual Improvements – 2011–2013 Cycle

###### *TFRS 3 Business Combinations*

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

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

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

###### *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 amendments did not have a significant impact on the interim condensed consolidated financial statements of the Group.

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

### **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

(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)**

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

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

#### **TFRS 9 Financial Instruments – Classification and measurement**

As amended in December 2012 and February 2015, the new standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

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

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

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

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

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

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

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## **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

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

#### **ii) Standards issued but not yet effective and not early adopted (Continued)**

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

In February 2015, Public Oversight Accounting and Auditing Standards Authority (POA) of Turkey issued an amendment to TAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity’s separate financial statements. Therefore, an entity must account for these investments either:

- At cost
  - In accordance with IFRS 9,
- Or
- Using the equity method defined in TAS 28

The entity must apply the same accounting for each category of investments. The amendment is effective for annual periods beginning on or after 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 Company / the Group.

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

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

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

In February 2015, amendments issued to TFRS 10, TFRS 12 and TAS 28, to address the following issues that have arisen in applying the investment entities exception under TFRS 10 Consolidated Financial Statements; i) the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value, ii) only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value, iii) the amendments to TAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments are applied retrospectively. However, when the first time the amendments to TFRS 10 are applied, the quantitative information required TAS 8 need only be presented for the annual period immediately preceding the date of initial application. Or the amendment is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

(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)

#### ii) Standards issued but not yet effective and not early adopted (Continued)

##### TAS 1: Disclosure Initiative (Amendments to TAS 1)

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

##### Annual Improvements to TFRSs - 2012-2014 Cycle

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

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – changes in methods of disposal
- IFRS 7 Financial Instruments: Disclosures – clarification on the assessment of servicing contracts for the continuing involvement of financial assets
- 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.

##### 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.

##### Annual Improvements – 2011–2013 Cycle

###### **IFRS 15 Revenue from Contracts with Customers**

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity’s ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 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.

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### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

(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)

###### ii) Standards issued but not yet effective and not early adopted (Continued)

###### Annual Improvements – 2011–2013 Cycle (Continued)

###### IFRS 9 Financial Instruments - Final standard (2014)

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

### 3. INVESTMENTS ACCOUNTED BY EQUITY METHOD

			<u>31 March 2015</u>		<u>31 December 2014</u>
<u>Investments</u>	<u>Main operating activity</u>	<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	188.612.889	32,875	184.835.754
			<u>188.612.889</u>		<u>184.835.754</u>



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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

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

**3. INVESTMENTS ACCOUNTED BY EQUITY METHOD (Continued)**

The assets and liabilities of Exsa, which is consolidated by the equity method, calculated by using the effective percentage of ownership as of 31 March 2015 and 31 December 2014 and revenue, expense and net profit for the interim periods ending 31 March 2015 and 31 March 2014 are as follows:

	31 March 2015	31 December 2014
Assets	590.966.982	576.761.986
Liabilities	<u>(17.239.564)</u>	<u>(14.523.951)</u>
Net Assets	<u>573.727.418</u>	<u>562.238.035</u>
Group's share	<u>188.612.889</u>	<u>184.835.754</u>
	1 January- 31 March 2015	1 January- 31 March 2014
Revenues	18.576.935	11.329.013
Expenses	<u>(7.087.552)</u>	<u>(3.437.708)</u>
Net profit for the period	<u>11.489.383</u>	<u>7.891.305</u>
Group's share in net profit	<u>3.777.135</u>	<u>2.594.267</u>

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

<b>31 March 2015</b>				
<u>Subsidiary</u>	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	89.436	46.841.338	-

  

<b>31 March 2014</b>				
<u>Subsidiary</u>	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	199.093	41.950.696	-

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### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

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

#### 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:*

	31 March 2015	31 December 2014
Cash and cash equivalents	20.404.358	12.688.794
Other current assets	18.107.906	25.551.902
Non-current assets	83.385.709	81.357.173
Total Assets	121.897.973	119.597.869
Short term borrowings	98.535	82.785
Other current liabilities	6.497.240	14.246.801
Long term borrowings	10.000.000	-
Other non-current liabilities	7.969.161	7.752.838
Total liabilities	24.564.936	22.082.424
Total equity	97.333.037	97.515.445

##### *Condensed income statement information:*

	1 January- 31 March 2015	1 January- 31 March 2014
Revenue	8.994.585	13.942.017
Gross profit	779.225	1.528.890
Operating profit/ (loss)	(917)	345.487
Net financial income /(expense)	(223.294)	(9.796)
Profit/ (loss) before tax	(224.211)	335.691
Net profit for the period	(149.185)	406.312

##### *Condensed cash flow information:*

	1 January- 31 March 2015	1 January- 31 March 2014
Cash flows from operating activities	(66.517)	991.500
Cash flows from investing activities	(2.221.572)	(558.919)
Cash flows from financing activities (excluding dividend)	10.003.653	(9.032)
Net decrease in cash and cash equivalents	7.715.564	423.549

#### 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 31 March 2015 and 31 March 2014, 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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**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

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

**4. SEGMENT REPORTING (Continued)**

1 January-31 March 2015	Cement	Ready-mix concrete	Undistributed	Elimination	Total
Sales	210.823.504	36.855.823	-	(12.711.016)	234.968.311
Cost of sales (-)	(148.619.091)	(40.653.353)	-	12.711.016	(176.561.428)
<b>Gross profit/(loss)</b>	<b>62.204.413</b>	<b>(3.797.530)</b>	<b>-</b>	<b>-</b>	<b>58.406.883</b>
General administrative,marketing selling distribution expenses (-)	(4.392.273)	-	(9.298.610)	-	(13.690.883)
Other operating income/expenses (-), net	2.786.508	(117.498)	4.260.349	-	6.929.359
<b>Operating profit/ (loss)</b>	<b>60.598.648</b>	<b>(3.915.028)</b>	<b>(5.038.261)</b>	<b>-</b>	<b>51.645.359</b>
Income from investment activities	-	-	585.247	-	585.247
Expense from investment activities (-)	-	-	(23.194)	-	(23.194)
Profit/loss from investments accounted by equity method	-	-	3.777.135	-	3.777.135
<b>Operating profit/(loss) before financial income/expense</b>	<b>60.598.648</b>	<b>(3.915.028)</b>	<b>(699.073)</b>	<b>-</b>	<b>55.984.547</b>
Financial income/(expenses), (net)	-	-	(3.088.802)	-	(3.088.802)
<b>Profit/(loss) before tax from continuing operations</b>	<b>60.598.648</b>	<b>(3.915.028)</b>	<b>(3.787.875)</b>	<b>-</b>	<b>52.895.745</b>
<b>Tax (expense)/income from continuing operations</b>	<b>-</b>	<b>-</b>	<b>(10.337.291)</b>	<b>-</b>	<b>(10.337.291)</b>
Current period tax expense (-)	-	-	(10.150.049)	-	(10.150.049)
Deferred tax income/expense	-	-	(187.242)	-	(187.242)
<b>Profit/(loss) for the period from continuing operations</b>	<b>60.598.648</b>	<b>(3.915.028)</b>	<b>(14.125.166)</b>	<b>-</b>	<b>42.558.454</b>
<hr/>					
1 January-31 March 2014	Cement	Ready-mix concrete	Undistributed	Elimination	Total
Sales	195.449.005	49.537.708	-	(19.522.234)	225.464.479
Cost of sales (-)	(131.755.089)	(55.125.903)	-	19.522.234	(167.358.758)
<b>Gross profit/(loss)</b>	<b>63.693.916</b>	<b>(5.588.195)</b>	<b>-</b>	<b>-</b>	<b>58.105.721</b>
General administrative,marketing selling distribution expenses (-)	(5.376.292)	-	(7.497.476)	-	(12.873.768)
Other operating income/expenses (-), net	655.302	(12.749)	(285.312)	-	357.241
<b>Operating profit/ (loss)</b>	<b>58.972.926</b>	<b>(5.600.944)</b>	<b>(7.782.788)</b>	<b>-</b>	<b>45.589.194</b>
Income from investment activities	-	-	1.562.870	-	1.562.870
Expense from investment activities (-)	-	-	(364.806)	-	(364.806)
Profit/loss from investments accounted by equity method	-	-	2.594.267	-	2.594.267
<b>Operating profit/(loss) before financial income/expense</b>	<b>58.972.926</b>	<b>(5.600.944)</b>	<b>(3.990.457)</b>	<b>-</b>	<b>49.381.525</b>
Financial income/(expenses), (net)	-	-	(4.548.817)	-	(4.548.817)
<b>Profit/(loss) before tax from continuing operations</b>	<b>58.972.926</b>	<b>(5.600.944)</b>	<b>(8.539.274)</b>	<b>-</b>	<b>44.832.708</b>
<b>Tax (expense)/income from continuing operations</b>	<b>-</b>	<b>-</b>	<b>(9.154.072)</b>	<b>-</b>	<b>(9.154.072)</b>
Current period tax expense (-)	-	-	(9.275.338)	-	(9.275.338)
Deferred tax income/expense	-	-	121.266	-	121.266
<b>Profit/(loss) for the period from continuing operations</b>	<b>58.972.926</b>	<b>(5.600.944)</b>	<b>(17.693.346)</b>	<b>-</b>	<b>35.678.636</b>

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**4. SEGMENT REPORTING (Continued)**

1 January-31 March 2015					
Other segment information	Cement	Ready-mix concrete	Undistributed	Elimination	Total
Property, plant and equipment	17.724.727	43.539	-	-	17.768.266
Intangible assets	-	-	-	-	-
<b>Total investment expenditures</b>	<b>17.724.727</b>	<b>43.539</b>	<b>-</b>	<b>-</b>	<b>17.768.266</b>
Depreciation expenses	(10.394.810)	(3.270.681)	-	-	(13.665.491)
Amortization expenses	(140.684)	-	-	-	(140.684)
1 January-31 March 2014					
Other segment information	Cement	Ready-mix concrete	Undistributed	Elimination	Total
Property, plant and equipment	9.808.167	407.240	-	-	10.215.407
Intangible assets	12.105	-	-	-	12.105
<b>Total investment expenditures</b>	<b>9.820.272</b>	<b>407.240</b>	<b>-</b>	<b>-</b>	<b>10.227.512</b>
Depreciation expenses	(10.769.863)	(2.782.455)	-	-	(13.552.318)
Amortization expenses	(466.203)	-	-	-	(466.203)
31 March 2015					
Assets and liabilities	Cement	Ready-mix concrete	Undistributed	Elimination	Total
Segment assets	1.195.648.431	137.775.164	-	-	1.333.423.595
Available for sale financial investments	-	-	56.978	-	56.978
Investments accounted by equity method	-	-	188.612.889	-	188.612.889
Undistributed assets	-	-	23.459.759	-	23.459.759
<b>Total assets</b>	<b>1.195.648.431</b>	<b>137.775.164</b>	<b>212.129.626</b>	<b>-</b>	<b>1.545.553.221</b>
Segment liabilities	472.795.453	37.553.362	-	-	510.348.815
Undistributed liabilities	-	-	1.035.204.406	-	1.035.204.406
<b>Total liabilities</b>	<b>472.795.453</b>	<b>37.553.362</b>	<b>1.035.204.406</b>	<b>-</b>	<b>1.545.553.221</b>
31 December 2014					
Assets and liabilities	Cement	Ready-mix concrete	Undistributed	Elimination	Total
Segment assets	1.102.885.181	151.905.480	-	-	1.254.790.661
Available for sale financial investments	-	-	56.978	-	56.978
Investments accounted by equity method	-	-	172.716.299	-	172.716.299
Undistributed assets	-	-	12.445.654	-	12.445.654
<b>Total assets</b>	<b>1.102.885.181</b>	<b>151.905.480</b>	<b>185.218.931</b>	<b>-</b>	<b>1.440.009.592</b>
Segment liabilities	293.848.999	44.146.311	-	-	337.995.310
Undistributed liabilities	-	-	1.169.731.631	-	1.169.731.631
<b>Total liabilities</b>	<b>293.848.999</b>	<b>44.146.311</b>	<b>1.169.731.631</b>	<b>-</b>	<b>1.507.726.941</b>

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 31 March 2015 and 31 December 2014 is as follows:

	31 March 2015	31 December 2014
Cash	1.894.676	7.878
Cash at banks	44.875.973	47.194.365
Demand deposits	20.390.660	16.416.405
Time deposits with maturity of less than 3 months	24.485.313	30.777.960
Checks in collection with maturities before the balance sheet date	2.378.375	2.268.891
	<u>49.149.024</u>	<u>49.471.134</u>

The detail of bank deposits is stated below:

	31 March 2015	31 December 2014
TRY	25.884.604	33.419.670
EUR	6.170.899	10.285.613
USD	12.441.343	3.058.364
GBP	409	63.582
Other	378.718	367.136
	<u>44.875.973</u>	<u>47.194.365</u>

All time deposits as of 31 March 2015 are denominated in TRY with the maturity of less than three months. As of 31 March 2015, effective weighted average interest rate on time deposits is 10,13% (31 December 2014: 8,0%)

The Group does not have any blocked deposits as of 31 March 2015 and 31 December 2014.

#### 6. TRADE RECEIVABLES AND PAYABLES

##### a. Trade receivables

	31 March 2015	31 December 2014
Short-term trade receivables		
Trade receivables	236.595.885	209.685.865
Notes receivable	35.535.428	51.507.457
Due from related parties (Note 23)	67.255	782.614
Allowance for doubtful receivables (-)	(6.552.900)	(6.618.509)
	<u>265.645.668</u>	<u>255.357.427</u>

Trade receivables' collection terms vary based on the type of the product and agreements made with the customers and the average term is 76 days (31 December 2014- 70 days). Effective interest rates used when determining the amortized cost are 10,11% for TRY, 2,15% for USD and 2,14% for EUR (31 December 2014 - TRY: 10,74%, USD: 2,07%, EUR: 2,14%).

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**6. TRADE RECEIVABLES AND PAYABLES (Continued)**

**b. Trade receivables (Continued)**

The movement of the provision for doubtful receivables for the periods ended 31 March 2015 and 31 March 2014 is as follows:

	1 January- 31 March 2015	1 January- 31 March 2014
<u>Allowance for doubtful receivables (-)</u>		
Opening balance	6.618.509	6.858.683
Provisions during the period	61.232	66.924
Collections within the period (-) (Note 18)	(131.378)	(56.800)
Currency translation difference	4.537	31.114
Closing balance	<u>6.552.900</u>	<u>6.899.921</u>

**b. Trade payables**

	31 March 2015	31 December 2014
<u>Short-term trade payables</u>		
Trade payables	91.516.397	126.657.295
Trade payables to related parties (Note 23)	1.485.764	7.747.683
	<u>93.002.161</u>	<u>134.404.978</u>

The average payment period of trade payables is 54 days (31 December 2014- 53 days). Effective interest rates used when determining the amortized cost are 10,11% for TRY, 2,15% for USD and 2,14% for EUR (31 December 2014 - TRY: 10,74%, USD:% 2,07, EUR 2,14%).

**7. FINANCIAL BORROWINGS**

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

	31 March 2015	31 December 2014
<u>Borrowings</u>		
Short-term borrowings	161.959.565	64.460.792
Current portion of long-term borrowings	<u>18.343.069</u>	<u>20.788.733</u>
	180.302.634	85.249.525
Long-term borrowings	61.980.640	20.426.403
	<u>61.980.640</u>	<u>20.426.403</u>
Total borrowings	<u>242.283.274</u>	<u>105.675.928</u>

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**7. FINANCIAL BORROWINGS (Continued)**

The details of the borrowings and financial lease liabilities as of 31 March 2015 are as follows:

Secured/ Unsecured	Interest type	Currency type	Weighted average interest rate (%)	Original Balance	Short-term	Long-term	31 December 2014
Unsecured	Fixed	TRY	9,32	147.087.255	97.087.255	50.000.000	147.087.255
Unsecured	Fixed	USD	2,25	16.000.000	41.763.200	-	41.763.200
Unsecured	Fixed	EUR	0,03	12.711.167	35.984.041	-	35.984.041
Secured	Fixed	EUR	0,01	3.868.914	4.091.080	6.861.429	10.952.509
Secured	Floating	EUR	1,75	2.259.965	1.278.523	5.119.211	6.397.734
Unsecured	No interest	TRY	-	98.535	98.535	-	98.535
					<u>180.302.634</u>	<u>61.980.640</u>	<u>242.283.274</u>

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	Long-term	31 December 2014
Unsecured	Fixed	EUR	2,05	17.657.746	49.807.203	-	49.807.203
Unsecured	Fixed	TRY	10,65	21.492.293	14.325.931	7.166.363	21.492.294
Unsecured	Fixed	USD	2,06	6.000.000	13.913.400	-	13.913.400
Secured	Fixed	EUR	0,01	4.523.380	4.576.319	8.182.780	12.759.099
Secured	Floating	EUR	1,75	2.701.864	2.543.887	5.077.260	7.621.147
Unsecured	No interest	TRY	-	82.785	82.785	-	82.785
					<u>85.249.525</u>	<u>20.426.403</u>	<u>105.675.928</u>

The repayment schedule of the borrowings as of 31 March 2015 and 31 December 2014 is as follows:

	31 March 2015	31 December 2014
To be paid within 1 year	180.302.634	85.249.525
To be paid between 1-2 years	45.273.282	12.397.139
To be paid between 2-3 years	7.067.874	5.230.777
To be paid between 3-4 years	2.538.434	1.704.902
To be paid between 4-5 years	2.028.872	463.794
More than 5 years	5.072.179	629.791
	<u>242.283.274</u>	<u>105.675.928</u>

Subsidiary of Afyon Çimento Sanayi Türk A.Ş. allocated \$ 165.000.000 to rebuild a new and modern factory and relocate its cement factory on land outside the city of Afyon. The funds of TRY 97.000.000 provided by capital increasing from TRY 3.000.000 to TRY 100.000.000 will be used to finance investment. The remaining funds will be provided with long term bank credits. At the date of March 31, 2015, The Company has signed loan agreement between two banks for the limit of TRY 300.000.000. The Company entered into the loan agreement between TSKB for TRY of 100.000.000, the loan bears interest at a fixed rate of % 10,83 p.a. and Turkey İş Bank A.Ş. for TRY of 200.000.000 the loan bears interest at a fixed rate of % 10,35% p.a. These two loan agreements are seven years tenor without principal payment in two years. The first using amount of TRY 10.000.000 from TSKB was recognized. Remaining loan balances will be finalized in a year.

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**8. OTHER RECEIVABLES AND OTHER PAYABLES**

**a. Other receivables**

	31 March 2015	31 December 2014
<b>Short-term other receivables</b>		
Due from personnel	604.739	634.618
Receivables from insurance claims	298.388	238.602
Other receivables from related parties (Note 23)	-	113.967
Other miscellaneous receivables	753.646	753.646
Provision for doubtful other receivables (-)	(753.646)	(753.646)
	<u>903.127</u>	<u>987.187</u>
	31 March 2015	31 December 2014
<b>Long-term other receivables</b>		
Deposits and guarantees given	3.653.174	2.909.694
	<u>3.653.174</u>	<u>2.909.694</u>

**b. Other payables**

	31 March 2015	31 December 2014
<b>Short-term other payables</b>		
Deposits and guarantees received	4.736.093	3.574.314
Taxes and funds payable	10.157.492	4.764.685
Other payables to related parties (Note 23)	63.829.159	1.719.993
	<u>78.722.744</u>	<u>10.058.992</u>

**9. INVENTORIES**

	31 Mart 2015	31 December 2014
<b>Inventories</b>		
Raw materials	68.823.279	68.827.562
Work-in progress	41.195.766	33.950.324
Finished goods	15.652.174	13.088.638
Other inventories	2.500.480	6.110.339
Inventory impairment provision (-)	(2.334.919)	(2.335.708)
	<u>125.836.780</u>	<u>119.641.155</u>
	1 January- 31 March 2015	1 January- 31 March 2014
<b>Inventory impairment provision movement:</b>		
Opening balance	2.335.708	2.072.420
Reversal of the provision (-) (Note 17)	(789)	(8.333)
Closing balance	<u>2.334.919</u>	<u>2.064.087</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.



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**10. PREPAID EXPENSES AND DEFERRED INCOME**

**a. Prepaid Expenses**

	31 March 2015	31 December 2014
<b>Short-term provision expenses</b>		
Advances given to suppliers	11.131.876	2.183.067
Prepaid expenses	368.782	734.527
	<u>11.500.658</u>	<u>2.917.594</u>
	31 March 2015	31 December 2014
<b>Long-term provision expenses</b>		
Advances given for the purchase of fixed assets	8.436.484	895.327
Prepaid expenses	111.732	127.017
	<u>8.548.216</u>	<u>1.022.344</u>

**b. Deferred Income**

	31 March 2015	31 December 2014
<b>Short-term deferred income</b>		
Advanced received	2.336.935	2.658.362
Deferred income	9.758.000	3.113.951
	<u>12.094.935</u>	<u>5.772.313</u>

**11. PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS**

As of 31 March 2015, the amount of TRY 17.768.266 has purchased property, plant and equipment and other intangible assets. (31 March 2014– TRY 10.227.512).

As of 31 March 2015, the amount of TRY 24.160 has sold property, plant and equipment and other intangible assets. (31 March 2014 – TRY 1.192.032).

As of 31 March 2015, depreciation and amortization expense of TRY 13.387.172 has been charged in cost of goods sold (31 March 2014: TRY: 13.665.149), TRY 407.677 has been charged in general administrative expenses (31 March 2014: TRY 343.672) and the remaining amount of TRY 11.326 was included in marketing, selling and distribution expenses (31 March 2014: 9.701 TRY).

As of 31 March 2015, total cost of the property, plant and equipment and intangible assets which are fully depreciated / amortized but are still in use is TRY 481.705.432 (31 December 2014 – TRY 479.437.937).

There is no pledge or mortgage on assets of the Group as of 31 March 2015 except for the property, plant and equipment amounting of TRY 68.901.419 (31 December 2014 – TRY 60.744.453).

As of 31 March 2015, the capitalized interest during the period is TRY 1.101.473 (31 December 2014- TRY4.686.644).

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**12. PROVISION, CONTINGENT ASSETS AND LIABILITIES**

**a. Short-Term Provisions**

Short-term provisions	31 March 2015	31 December 2014
Provision for litigations	10.044.466	10.700.000
Short-term provisions for employee benefits	3.427.484	3.836.152
	<u>13.471.950</u>	<u>14.536.152</u>

The movement of “Provision for the litigations” as of 31 March 2015 and 31 March 2014 is stated below:

Provision for the litigation movement	1 January- 31 March 2015	1 January- 31 March 2014
Opening balance	10.700.000	3.449.178
Additional provision	-	437.600
Provision paid during the period (-)	(655.534)	(6.049)
Closing balance	<u>10.044.466</u>	<u>3.880.729</u>

As of 31 March 2015, the amount of the legal cases which are opened against the Group and still on going is approximately TRY 10.044.466 (31 March 2014: TRY 3.880.729).

**b. Long-term provisions**

Long-term provisions	31 March 2015	31 December 2014
Long-term employee benefits	19.937.222	19.490.245
Other long term provisions	4.809.130	4.890.648
	<u>24.746.352</u>	<u>24.380.893</u>

**Other Long-Term Provisions**

Other long term provisions	31 March 2015	31 December 2014
Recultivation provision	4.703.130	4.814.648
Provision for the unlawful occupation	106.000	76.000
	<u>4.809.130</u>	<u>4.890.648</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 4.703.130 under “Other Long Term Provisions” as of 31 March 2015 (31 December 2014: TRY 4.814.648).

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**12. PROVISION, CONTINGENT ASSETS AND LIABILITIES (Continued)**

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

Recultivation provision movement	1 January- 31 March 2015	1 January- 31 March 2014
Opening balance	4.814.648	3.707.160
Additional provision	-	181.253
Provision paid (-)	(111.518)	-
Closing balance	<u>4.703.130</u>	<u>3.888.413</u>

The movement of "the provision for the unlawful occupation" as of 31 March 2015 and 31 March 2014 is as follows:

Unlawful occupation provision movement(*)	1 January- 31 March 2015	1 January- 31 March 2014
Opening balance	76.000	214.000
Additional provision	30.000	28.750
Closing balance	<u>106.000</u>	<u>242.750</u>

Afyon Çimento Sanayi Türk A.Ş. pays a usage fee to Afyonkarahisar Governors National Estate Department for the 17.281 m<sup>2</sup> portion of the land in the factory area which is owned by the National Estate Department. As of 31 March 2015, the amount of the unlawful occupation provision is TRY 106.000 (31 December 2014: TRY 76.000).

**c. Collaterals, pledges and mortgages**

The collaterals, pledges and mortgages (CPM) received by the Group as of 31 March 2015 and 31 December 2014 are as follows:

	Original Currency	31 March 2015		31 December 2014	
		Original Amount	TRY Amount	Original Amount	TRY Amount
Letters of guarantee received	TRY	200.789.745	200.789.745	197.347.472	197.347.472
Letters of guarantee received	USD	13.203.100	34.462.732	10.693.100	24.796.230
Letters of guarantee received	EUR	200.000	566.180	5.818.766	16.412.993
Mortgages	TRY	23.103.162	23.103.162	24.333.437	24.333.437
Mortgages	EUR	1.400.000	3.963.260	1.400.000	3.948.980
Mortgages	RUBLE	175.174.835	7.828.563	175.174.835	7.049.035
Cheques and notes received	TRY	21.307.960	21.307.960	21.307.960	21.307.960
Cheques and notes received	EUR	90.000	254.781	135.000	380.795
Cheques and notes received	USD	47.300	123.462	47.300	109.684
Pledges	TRY	16.886.108	16.886.108	14.801.577	14.801.577
Total			<u>309.285.953</u>	<u>14.801.577</u>	<u>310.488.163</u>

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**12. PROVISION, CONTINGENT ASSETS AND LIABILITIES (Continued)**

As of 31 March 2015 and 31 December 2014, the details of the CPM given are as follows:

	31 March 2015		31 December 2014		
	Original Currency	Original Amount	TRY Balance	Original Amount	TRY Balance
A. Total CPM given for the Company's own legal entity					
	TRY	51.382.238	51.382.238	70.517.260	70.517.260
	USD	27.196.988	70.989.578	26.772.396	62.082.509
	EUR	17.805.600	50.405.873	17.805.600	50.224.256
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>172.777.689</u>		<u>182.824.025</u>

The ratio of other CPMs to the Group's equity as of 31 March 2015 is 0% (31 December 2014: 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 31 March 2015 and 31 December 2014:

<b>31 March 2015</b>	<b>Average contract rate</b>	<b>Sales in original currency</b>	<b>Purchase in original currency</b>	<b>Original Currency (TRY equivalent)</b>	<b>Contract Value (TRY Equivalent)</b>	<b>Fair Value</b>
<b>Outstanding purchase/ sale contract</b>						
<b>Up to 3 months</b>						
USD sale	3,6710	21.145.056	5.760.000	15.034.752	13.892.249	<u>1.142.503</u>
Total						<u><u>1.142.503</u></u>

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**13. COMMITMENTS (Continued)**

<b>31 December 2014</b>	<b>Average contract rate</b>	<b>Sales in original currency</b>	<b>Purchase in original currency</b>	<b>Original Currency (TRY equivalent)</b>	<b>Contract Value (TRY Equivalent)</b>	<b>Fair Value</b>
<b>Outstanding purchase/ sale contract</b>						
<b>Up to 3 months</b>						
USD sale	3,6742	28.218.096	7.680.000	17.809.152	18.145.610	<b>(336.458)</b>
Total						<b>(336.458)</b>

**14. OTHER ASSETS AND LIABILITIES**

**a. Other assets**

	<b>31 March 2015</b>	<b>31 December 2014</b>
<b>Other current assets</b>		
Job and personnel advances	2.482.564	1.881.831
Deferred VAT	1.689.011	1.195.155
Other current assets	573.077	386.539
	<b>4.744.652</b>	<b>3.463.525</b>
<b>Other non-current assets</b>		
Export VAT (*)	4.733.057	4.204.459
Other non-current assets	2.568	4.729
	<b>4.735.625</b>	<b>4.209.188</b>

(\*) 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 liabilities**

	<b>31 March 2015</b>	<b>31 December 2014</b>
<b>Other short term liabilities</b>		
Other short term liabilities	288.157	406.298
	<b>288.157</b>	<b>406.298</b>

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**15. EQUITY, RESERVES AND OTHER EQUITY ITEMS**

As of 31 March 2015 and 31 December 2014, the composition of shareholders is as follows:

Shareholders (*)	31 March 2015		31 December 2014	
	(%)	Tutar	(%)	Tutar
Hacı Ömer Sabancı Holding A.Ş.	49,42	66.765.208	49,42	66.765.208
Aberdeen Asset Managers Limited (**)	10,84	14.640.768	11,39	15.386.524
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
Diğer ortaklar	25,53	34.488.913	24,98	33.743.157
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 31 March 2015 (31 December 2014: 41,47%). As of 30 September 2014, actual free float rate is 39,30 % (31 December 2014: 29,75%)

(\*\*) Aberdeen Asset Management Limited holds 10,84 % of the total capital as being the discretionary portfolio manager of the managed multiple portfolios.

The share capital of the Group as of 31 March 2015 consists of 13.508.444.200 shares. (31 December 2014: 13.508.444.200 shares). The nominal value per share is 1 Kr (31 December 2014: 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 2014 has been held on 26 March 2015, the decisions to pay TRY 174.529.099 of dividend (2014: TRY 155.887.446) and to allocate TRY 16.777.488 of “Legal reserves” (2014: TRY 14.913.322) and TRY 1.674.072 “Extraordinary reserves” were unanimously approved (2014: TRY 131.510.049) and the payment was completed by distributing the first part of TRY 110.821.507 on 31.03.2015, and the remaining on 01.04.2015 (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:

- a) Whether dividends will be distributed, and if distributed, the dividend distribution rate for shareholders and for others participating in the distribution.
- b) Payment type of dividend distribution.
- c) 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.
- d) 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 31 March 2015 and 31 December 2014, 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:

	31 March 2015	31 December 2014
Legal reserves	153.288.088	136.510.601
Other capital reserves (*)	238.622.403	238.197.945
Extraordinary reserves	52.812.384	52.635.185
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>529.142.763</u>	<u>511.763.620</u>

(\*)In accordance with the dividend payment policy that has been approved in the Ordinary General Assembly of the year 2014 held on 26 March 2015, the net profit for the period available for distribution, amounting to TRY 91.908.243,37 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 177.199,53 as “Extraordinary reserves” and TRY 424.457,08 as “Special reserves” recorded as a liability in the statement of financial position under the investment and real estate sales income accounts.

**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.



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**16. SALES**

<u>Sales</u>	<u>1 January- 31 March 2015</u>	<u>1 January- 31 March 2014</u>
Domestic sales	150.549.809	181.605.363
Export sales	106.933.000	59.702.541
Sales discounts (-)	(3.721.900)	(4.014.689)
Other deductions (-)	(18.792.598)	(11.828.736)
	<u>234.968.311</u>	<u>225.464.479</u>
<u>Cost of sales (-) (Note: 20)</u>	<u>(176.561.428)</u>	<u>(167.358.758)</u>
Gross profit	<u>58.406.883</u>	<u>58.105.721</u>

**17. OPERATING EXPENSES BY NATURE**

The detail of costs of sales for the periods between 1 January – 31 March 2015 and 2014 is as follows:

<u>Cost of sales (-)</u>	<u>1 January- 31 March 2015</u>	<u>1 January- 31 March 2014</u>
Direct material and supplies expenses	(43.455.942)	(38.356.818)
Direct labor expenses	(2.447.461)	(1.667.633)
Energy costs	(76.350.093)	(78.037.936)
Depreciation and amortization expenses	(13.387.172)	(13.665.149)
Other production expenses	(46.728.055)	(46.325.631)
Total production cost	<u>(182.368.723)</u>	<u>(178.053.167)</u>
Change in work-in-process	7.245.220	14.046.985
Change in finished and trade goods	838.555	(2.427.635)
Released inventory impairment provision (Note: 9)	(789)	(8.333)
Cost of trade goods sold and other	(2.275.691)	(916.608)
	<u>(176.561.428)</u>	<u>(167.358.758)</u>

The detail of general administration expenses for the periods between 1 January – 31 March 2015 and 2014 is as follows:

<u>General administration expenses (-)</u>	<u>1 January- 31 March 2015</u>	<u>1 January- 31 March 2014</u>
Personnel expenses	(5.618.895)	(4.812.664)
Consultancy expenses	(1.387.591)	(1.516.598)
Tax, duty and charges	(1.008.627)	(973.538)
Retirement pay provisions	(526.813)	(1.069.320)
IT expenses	(477.233)	(479.399)
Communication and advertising expenses	(429.655)	(304.867)
Depreciation and amortization expenses	(407.677)	(343.672)
Travel expenses	(389.558)	(452.210)
Insurance expenses	(352.286)	(275.775)
Rent expenses	(306.388)	(250.678)
Representation expenses	(65.432)	(70.177)
Maintenance expenses	(44.832)	(78.101)
Other miscellaneous expenses	(957.976)	(700.958)
	<u>(11.972.962)</u>	<u>(11.327.957)</u>

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

**17. OPERATING EXPENSES BY NATURE (Continued)**

The detail of marketing, selling and distribution expense for the periods between 1 January – 31 March 2015 and 2014 is as follows:

	1 January- 31 March 2015	1 January- 31 March 2014
<b>Marketing, selling and distribution expenses (-)</b>		
Personnel expenses	(1.024.569)	(971.420)
Travel expenses	(191.433)	(150.626)
Insurance expenses	(56.647)	(28.480)
Rent expenses	(47.782)	(55.498)
Communication and advertising expenses	(28.290)	(16.996)
Representation expenses	(22.307)	(12.605)
Depreciation and amortization expenses	(11.326)	(9.701)
Consultancy expenses	(5.677)	(80.881)
Other miscellaneous expenses	(329.890)	(219.604)
	<b>(1.717.921)</b>	<b>(1.545.811)</b>

**18. OTHER OPERATING INCOME AND EXPENSES**

	1 January- 31 March 2015	1 January- 31 March 2014
<b>Other operating income</b>		
Foreign exchange gain from operating activities	11.645.944	6.655.084
Released provisions (Note 6/12)	898.430	62.849
Sales of scrap and miscellaneous material	808.437	926.128
Time deposit interest income (less than three months)	451.715	1.491.757
Overdue and interest income from operating activities	331.034	303.939
Other income	477.808	593.273
	<b>14.613.368</b>	<b>10.033.030</b>
<b>Other operating expense</b>		
Foreign exchange loss from operating activities	(5.699.088)	(6.860.510)
Interest expense of retirement pay provision	(152.037)	(144.469)
Provision expenses (6/12)	(91.232)	(714.527)
Donations and grants	(90.081)	(39.123)
Compensation and penalty expenses	(77.687)	(781.926)
Other expenses	(1.573.885)	(1.135.234)
	<b>(7.684.009)</b>	<b>(9.675.789)</b>

**19. INCOME AND EXPENSE FROM INVESTMENT ACTIVITIES**

	1 January- 31 March 2015	1 January- 31 March 2014
<b>Income from investment activities</b>		
Rent income	476.045	1.403.309
Fixed assets sales income	109.202	159.561
	<b>585.247</b>	<b>1.562.870</b>
<b>Expense from investment activities (-)</b>		
Fixed asset sales expense	(23.194)	(364.806)
	<b>(23.194)</b>	<b>(364.806)</b>

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**20. FINANCIAL INCOME / EXPENSE**

	1 January- 31 March 2015	1 January- 31 March 2014
<u>Financial expenses</u>		
Foreign exchange loss on bank borrowings	(2.151.085)	(1.160.769)
Interest expenses	(611.205)	(3.003.186)
Other financial expenses	(326.512)	(384.862)
Total financial expenses	<u>(3.088.802)</u>	<u>(4.548.817)</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 twenty fifth 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 31 March 2015 and 31 December 2014, corporate tax payables are summarized as follows:

	31 March 2015	31 December 2014
<u>Corporate tax payable</u>		
Current period corporate tax provision	(10.338.412)	(50.130.296)
Prepaid taxes and funds (-)	19.262	39.117.651
	<u>(10.319.150)</u>	<u>(11.012.645)</u>

The detail of the tax expenses is as follows:

	1 January- 31 March 2015	1 January- 31 March 2014
<u>Current period corporate tax expense</u>		
Current period corporate tax expense	(10.150.049)	(9.275.338)
Deferred tax income / (expense)	(187.242)	121.266
	<u>(10.337.291)</u>	<u>(9.154.072)</u>

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**21. INCOME TAXES (Continued)**

The details of the deferred tax assets and liabilities of the Group as of 31 March 2015 and 31 December 2014 are as follows:

	31 March 2015	31 December 2014
<b>Deferred tax assets:</b>		
Tax losses carried forward (*)	3.440.027	3.093.085
Provision for employee benefits	4.672.941	4.665.279
Recultivation provision	940.626	962.930
Provision for other receivables	107.361	365.133
Provision for litigations	2.008.893	2.140.000
Fair value of derivative instruments	-	84.115
Inventory impairment provision	466.984	467.142
Rediscount of receivables	518.181	298.717
Other	1.113.174	2.053.377
	<u>13.268.187</u>	<u>14.129.778</u>
<b>Deferred tax liabilities:</b>		
Goodwill	(24.589.322)	(24.589.322)
Property, plant and equipment and intangible assets	(10.460.613)	(10.120.351)
Fair value of derivative instruments	(228.501)	-
Rediscount of payables and borrowings	(62.224)	(73.846)
	<u>(35.340.659)</u>	<u>(34.783.519)</u>
Net deferred tax asset / (liability)	<u>(22.072.472)</u>	<u>(20.653.741)</u>
	31 March 2015	31 December 2014
<b>The balance sheet presentation of the deferred tax (assets) / liabilities :</b>		
Deferred tax (assets)	6.522.744	6.727.412
Deferred tax liabilities	(28.595.216)	(27.381.153)
	<u>(22.072.472)</u>	<u>(20.653.741)</u>

(\*) The subsidiaries of the Group located in foreign countries have total TRY 10.214.816 carried forward tax losses (31 December 2014: TRY 10.178.011).

Net ertelenmiş vergi yükümlülükleri hareket tablosu aşağıdaki gibidir:

	1 January- 31 March 2015	1 January- 31 March 2014
<b>Deferred tax assets/ liabilities movement</b>		
Opening balance	20.653.741	21.738.786
Deferred tax (income)/expense	187.242	(121.266)
Other accounted under equity	(56.318)	(9.720)
Currency translation difference	1.287.807	(112.358)
Closing balance	<u>22.072.472</u>	<u>21.495.442</u>

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**21. INCOME TAXES (Continued)**

	31 March 2015	31 December 2014
Assets related to the current period taxes		
Prepaid taxes and funds	453.418	1.568.144
	<u>453.418</u>	<u>1.568.144</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- 31 March 2015	1 January- 31 March 2014
Number of shares	13.508.444.200	13.508.444.200
Profit attributable to equity holders of the parent – TL	42.724.394	35.593.541
Dividend per share with nominal value of 1 Kr – TL	0,0032	0,0026

**Dividends distributed per share:**

The dividend per share distributed in 2015 from 2014 profit is stated below:

Dividend amount distributed	174.529.099
Number of shares with nominal value of 1 Kr	13.508.444.200
Dividend per share (Kr)	<u>0,0129</u>

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>

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.

**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 31 March 2015 and 31 December 2014 and the related party transactions for the interim periods ended 31 March 2015 and 31 March 2014 are mainly as follows:

**Trade receivables from related parties (short term)**

	31 March 2015	31 December 2014
Akçansa Çimento Sanayi ve Ticaret A.Ş. <sup>(3)</sup>	55.961	782.614
Enerjisa Enerji Üretim A.Ş. <sup>(2)</sup>	11.294	-
	<u>67.255</u>	<u>782.614</u>

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**Other receivables from related parties (short term)**

	31 March 2015	31 December 2014
Aksigorta A.Ş. <sup>(2)</sup>	-	113.967
	-	113.967

**Trade payables to related parties (short term)**

	31 March 2015	31 December 2014
Enerjisa Enerji A.Ş. <sup>(3)(*)</sup>	1.485.764	7.747.683
	1.485.764	7.747.683

(\*)This trade payable amount covers TL 1.256.735 to Enerjisa Elk. Enrj.Toptan Satış A.Ş., TL 229.028 to Enerjisa Elektrik Perakende Satış A.Ş. and TL 6.075 to Enerjisa Enerji Üretim A.Ş. (31 December 2014: 7.564.803 TL, 176.805 TL, 6.075 TL)

**Other payables to related parties (short term)**

	31 March 2015	31 December 2014
Ortaklara temettü borcu (*)	63.707.522	-
Bimsa Uluslararası İş Bilgi ve Yön. Sistemleri A.Ş. <sup>(2)</sup>	121.529	1.650.015
Avivasa Emeklilik ve Hayat A.Ş. <sup>(3)</sup>	109	31.550
Other	-	38.428
	63.829.159	1.719.993

(\*) The decision to distribute dividend of TRY 174.529.099 from the 2014 profit was unanimously approved by the Ordinary General Assembly held on 26 March 2015. Within the dividend distribution process, which has a payout ratio of gross; 129,20%, net; 108,82%, the first part of the dividend receivables; TRY 110.821.507 of the recorded shares traded on the stock exchange were transferred to the accounts in the Settlement and Custody Bank Inc. (Takasbank A.Ş) of the relevant members on 31 March 2015, and the remaining on 1 April 2015.

**Bank balances deposited in related parties**

	31 March 2015	31 December 2014
Akbank T.A.Ş. <sup>(2)</sup>	37.620.108	28.236.917
	37.620.108	28.236.917

**Borrowings from related parties**

	31 March 2015	31 December 2014
Akbank T.A.Ş. <sup>(2)</sup>	28.427.419	22.439.834
	28.427.419	22.439.834

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

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

**23. RELATED PARTY DISCLOSURES (Continued)**

**Sales to related parties**

	1 January- 31 March 2015	1 January- 31 March 2014
Akçansa Çimento Sanayi ve Ticaret A.Ş. <sup>(3)</sup>	66.143	31.325
Aksigorta A.Ş. <sup>(3)</sup>	-	98.430
Enerjisa Enerji A.Ş. <sup>(3)(*)</sup>	5.596	68.088
Other	-	19.554
	<u>71.739</u>	<u>217.397</u>

(\*) TRY 5.596 is the sale to Enerjisa Enerji Üretim A.Ş., (31 March 2014: - Enerjisa Enerji Üretim A.Ş.: TRY 34.747, Enerjisa Elk. Enrj.Toptan Satış A.Ş.: TRY 33.341, Enerjisa Elektrik Perakende Satış A.Ş.: TRY 19.847 TL )

**Purchases and services received from related parties**

	1 January- 31 March 2015	1 January- 31 March 2014
Enerjisa Enerji A.Ş. <sup>(3)(*)</sup>	12.447.708	24.048.882
Aksigorta A.Ş. <sup>(3)</sup>	3.744.095	4.762.456
Bimsa Uluslararası İş Bilgi ve Yön. Sistemleri A.Ş. <sup>(2)</sup>	946.490	761.723
Avivasa Emeklilik ve Hayat A.Ş. <sup>(3)</sup>	189.339	169.852
Akçansa Çimento Sanayi ve Ticaret A.Ş. <sup>(3)</sup>	185.278	217.915
Other	150.000	103.815
	<u>17.662.910</u>	<u>30.064.643</u>

(\*)TL 11.730.632 is the purchases from Enerjisa Elektrik Toptan Satış A.Ş., while TL 717.076 is from Enerjisa Elektrik Perakende Satış A.Ş.. (31 March 2014: TRY23.534.091, TRY 466.070, TRY 48.721).

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- 31 March 2015	1 January- 31 March 2014
Akbank T.A.Ş. <sup>(2)</sup>	211.713	556.124
	<u>211.713</u>	<u>556.124</u>

**Interest expense from related parties**

	1 January- 31 March 2015	1 January- 31 March 2014
Akbank T.A.Ş. <sup>(2)</sup>	(615.895)	(1.058.770)
	<u>(615.895)</u>	<u>(1.058.770)</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 3.084.772 (31 December 2014 – TRY 7.091.675). The salaries paid are TRY 2.998.199 (31 December 2014 – TRY 6.802.040 TRY and contributions paid to Social Security Institution are TRY 86.573 (31 December 2014 – TRY 289.635).

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

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#### 24. FOREIGN CURRENCY RISK

As of 31 March 2015 and 31 December 2014, the Group’s foreign currency position in terms of the original currency is as follows:

	31 March 2015				31 December 2014			
	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)
Trade receivables	113.935.495	21.489.014	20.431.203	1.600	86.421.181	15.819.507	17.630.933	1.600
Monetary financial assets	21.375.706	4.835.774	3.091.935	106	15.916.418	1.271.689	4.574.295	18.015
<b>Current Assets</b>	<b>135.311.201</b>	<b>26.324.788</b>	<b>23.523.138</b>	<b>1.706</b>	<b>102.337.599</b>	<b>17.091.196</b>	<b>22.205.228</b>	<b>19.615</b>
<b>TOTAL ASSET</b>	<b>135.311.201</b>	<b>26.324.788</b>	<b>23.523.138</b>	<b>1.706</b>	<b>102.337.599</b>	<b>17.091.196</b>	<b>22.205.228</b>	<b>19.615</b>
Trade payables	13.315.625	3.357.921	1.607.538	-	20.874.014	7.080.034	1.579.793	-
Financial liabilities	76.837.500	11.000.000	17.000.000	-	61.865.300	6.000.000	17.000.000	-
<b>SHORT TERM LIABILITIES</b>	<b>90.153.125</b>	<b>14.357.921</b>	<b>18.607.538</b>	<b>-</b>	<b>82.739.314</b>	<b>13.080.034</b>	<b>18.579.793</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>90.153.125</b>	<b>14.357.921</b>	<b>18.607.538</b>	<b>-</b>	<b>82.739.314</b>	<b>13.080.034</b>	<b>18.579.793</b>	<b>-</b>
<b>Off balance sheet derivative financial instruments net asset/liability position</b>	<b>15.034.752</b>	<b>5.760.000</b>	<b>-</b>	<b>-</b>	<b>(17.809.152)</b>	<b>(7.680.000)</b>	<b>-</b>	<b>-</b>
Off-balance Sheet derivative assets denominated in foreign currencies	15.034.752	5.760.000	-	-	-	-	-	-
Off-balance Sheet derivative liabilities denominated in foreign currencies	-	-	-	-	17.809.152	7.680.000	-	-
<b>Net foreign currency asset / liability position</b>	<b>60.192.828</b>	<b>(3.668.838)</b>	<b>3.625.435</b>	<b>19.615</b>	<b>(40.406.349)</b>	<b>(7.568.394)</b>	<b>3.733.853</b>	<b>5.814</b>
<b>Net foreign currency asset / liability position for monetary items</b>	<b>45.158.076</b>	<b>4.011.162</b>	<b>3.625.435</b>	<b>19.615</b>	<b>4.436.001</b>	<b>(3.068.394)</b>	<b>3.733.853</b>	<b>5.814</b>
Hedged foreign currency assets	(15.034.752)	(5.760.000)	-	-	17.809.152	7.680.000	-	-
Export	28.736.933	5.066.145	3.373.486	1.544.451	226.141.609	52.078.743	35.389.163	1.544.451
Import	29.936.725	9.858.960	1.484.640	-	121.259.699	49.015.300	2.693.700	-

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

**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**

	31 March 2015	31 December 2014
Derivative financial instruments at fair value designated through income/expense	(1.142.503)	336.458
Total	(1.142.503)	336.458
Derivative financial instruments at fair value designated through other comprehensive income/expense (*)	-	-
Total	-	-
Total financial instruments	(1.142.503)	336.458

**27. SUBSEQUENT EVENTS**

None.