(CONVENIENCE TRANSLATION INTO ENGLISH – ORIGINALLY ISSUED IN TURKISH ,THE TURKISH TEXT IS AUTHORITIVE)

ÇİMSA ÇİMENTO SANAYİ ve TİCARET A.Ş. AND ITS SUBSIDARIES

1 JANUARY - 30 SEPTEMBER 2020 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ÇİMSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020
(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

	Note	(Not Reviewed) Current Period 30 September 2020	(Audited) Prior Period 31 December 2019
ASSETS			
Cash and cash equivalents	5	417,035,297	267,350,543
Trade receivables	6	613,361,092	460,975,667
Trade receivables from related parties	*28*	2,307,242	2,032,726
Trade receivables from third parties		*611,053,850*	*458,942,941*
Other receivables		3,286,221	3,972,111
Other receivables from related parties	*28*	223,504	228,724
Other receivables from third parties	*8*	*3,062,717*	*3,743,387*
Derivative financial instruments	20	*57,129,040*	*17,099,686*
Inventories	9	237,788,753	184,773,904
Prepaid expenses	10	25,924,364	12,154,694
Assets related to the current period taxes	26	2,453,025	3,078,501
Other current assets	18	128,644,663	104,203,590
Non-current assets held for sale	13	11,334,818	11,865,457
Current assets		**1,496,957,273**	**1,065,474,153**
Other receivables	8	6,496,078	4,009,281
Other receivables from third parties		*6,496,078*	*4,009,281*
Financial investments		64,478	64,478
Investments accounted under equity method	3	374,212,837	310,993,227
Derivative financial instruments	20	21,649,749	24,287,721
Property, plant and equipment		2,145,647,322	2,078,408,819
Right of use assets	12	48,775,415	40,381,296
Intangible assets		164,731,871	166,153,834
Goodwill	*14*	*148,119,252*	*148,119,252*
Other intangible assets		*16,612,619*	*18,034,582*
Prepaid expenses	10	3,959,204	1,582,452
Deferred tax assets	26	90,867,607	59,162,445
Other non-current assets	18	16,837,642	24,239,065
Non-current assets		**2,873,242,203**	**2,709,282,618**
TOTAL ASSETS		**4,370,199,476**	**3,774,756,771**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020
(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

	Note	(Not Reviewed) Current Period 30 September 2020	(Audited) Prior Period 31 December 2019
LIABILITIES			
Short-term borrowings	7	1,180,737,460	670,341,047
Current portion of long-term borrowings	7	203,621,828	205,671,050
Short-term lease liabilities	7	16,221,956	4,343,248
Trade payables	6	432,285,356	353,739,900
Trade payables to related parties	*28*	*59,597,917*	*63,805,500*
Trade payables to third parties		*372,687,439*	*289,934,400*
Employee benefit obligations	17	10,789,430	9,459,649
Other payables	8	17,047,739	26,554,732
Other payables to related parties	*28*	*258,728*	*3,537,576*
Other payables to third parties		*16,789,011*	*23,017,156*
Derivative financial liabilities	20	56,387,798	17,038,221
Deferred income	10	36,722,019	23,577,123
Current income tax liability	26	17,413,791	287,389
Short-term provisions	15	59,425,728	28,730,893
Short-term provisions for employee benefits	*15*	*3,000,000*	-
Other short-term provisions		*56,425,728*	*28,730,893*
Other current liabilities	18	49,347,345	5,799,492
Current liabilities		**2,080,000,450**	**1,345,542,744**
Long-term borrowings	7	337,323,501	776,184,260
Long-term lease liabilities	7	56,211,295	44,632,252
Long-term provisions	15	53,552,473	47,337,626
Long-term provisions for employee benefits		*49,568,319*	*43,128,555*
Other long-term provisions		*3,984,154*	*4,209,071*
Derivative financial liabilities	20	21,183,397	23,036,946
Deferred tax liability	26	55,125,887	52,259,704
Non-current liabilities		**523,396,553**	**943,450,788**
SHAREHOLDERS' EQUITY			
Share capital	19	135,084,442	135,084,442
Adjustments to share capital	19	41,741,516	41,741,516
Share premiums		1,099,415	1,099,415
Other comprehensive income/expense to be reclassified to profit or loss		30,403,445	14,924,054
Foreign currency translation reserve		*99,656,887*	*54,499,662*
Cash flow hedge fund		*(69,253,442)*	*(39,575,608)*
Other comprehensive income/expense not to be reclassified to profit or loss		*(20,416,451)*	3,453,307
Increase/(decrease) funds of financial investments value		(7,190,091)	12,378,142
Actuarial losses/gains on defined benefit plans		*(13,226,360)*	*(8,924,835)*
Restricted reserves		193,104,976	193,104,976
Retained earnings		998,526,403	985,356,923
Net profit for the year		135,532,010	13,169,480
Equity attributable to equity holders of the parent		**1,515,075,756**	**1,387,934,113**
Non-controlling interests		251,726,717	97,829,126
Total shareholders' equity		**1,766,802,473**	**1,485,763,239**
TOTAL LIABILITIES AND EQUITY		**4,370,199,476**	**3,774,756,771**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

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

	Note	(Not Reviewed) Current Period 1 January- 30 September 2020	(Not Reviewed) Prior Period 1 January- 30 September 2019	(Not Reviewed) Current Period 1 July- 30 September 2020	(Not Reviewed) Prior Period 1 July- 30 September 2019
OPERATING INCOME					
Revenue	21	1,631,927,700	1,284,712,635	660,135,012	472,648,518
Cost of sales (-)	22	(1,293,086,494)	(1,051,599,792)	(494,360,810)	(389,263,389)
GROSS PROFIT		**338,841,206**	**233,112,843**	**165,774,202**	**83,385,129**
General and administrative expense (-)	22	(127,070,253)	(102,874,191)	(35,981,659)	(40,708,681)
Marketing, selling and distribution expense (-)	22	(12,635,434)	(11,822,824)	(3,052,468)	(3,472,254)
Research and development expense (-)	22	(3,674,709)	(3,861,851)	(1,008,355)	(1,394,211)
Other operating income	23	248,961,102	88,413,771	99,410,829	26,079,711
Other operating expenses (-)	23	(147,783,029)	(67,866,658)	(68,821,686)	(24,463,255)
OPERATING PROFIT		**296,638,883**	**135,101,090**	**156,320,863**	**39,426,439**
Income from investment activities	24	24,935,039	41,209,231	10,914,433	14,216,040
Expense from investment activities (-)	24	(1,067,410)	(305,896)	(964,753)	(121,810)
Profit/(loss) from investments accounted by equity method	3	66,709,951	19,162,219	36,061,246	(101,833)
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		**387,216,463**	**195,166,644**	**202,331,789**	**53,418,836**
Financial income	25	19,454,209	5,048,337	8,159,845	1,343,318
Financial expenses (-)	25	(255,496,194)	(201,172,485)	(90,455,452)	(49,948,851)
PROFIT BEFORE TAXATION		**151,174,478**	**(957,504)**	**120,036,182**	**4,813,303**
Tax income/(expense) from continuing operations		(12,467,540)	10,931,323	(15,563,798)	(4,487,105)
- Current period tax expense	26	(26,583,351)	(9,615,634)	(18,035,906)	(3,505,879)
- Deferred tax income/(expense)	26	14,115,811	20,546,957	2,472,108	(981,226)
NET PROFIT		**138,706,938**	**9,973,819**	**104,472,384**	**326,198**
Profit/(loss) for the period attributable to					
- Non-controlling interests		3,174,928	(21,481,716)	6,764,405	(7,927,873)
- Equity holders of the parent		135,532,010	31,455,535	97,707,979	8,254,071
Earnings per share					
Earnings per share from continuing operations	27	1.0033	0.2329	0.7233	0.0611
Nominal amount of 1 Kr)					

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2020
(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

	(Not Reviewed) Current Period 1 January- 30 September 2020	(Not Reviewed) Prior Period 1 January- 30 September 2019	(Not Reviewed) Current Period 1 July- 30 September 2020	(Not Reviewed) Prior Period 1 July- 30 September 2019
PROFIT FOR THE PERIOD	**138,706,938**	**9,973,819**	**104,472,384**	**326,198**
Other comprehensive income/expense to be reclassified to profit or loss	**14,676,907**	**14,253,116**	**(8,166,580)**	**11,469,000**
Foreign currency translation reserve	*44,354,741*	*(24,703,437)*	*12,767,322*	*(9,681,301)*
Cash flow hedge fund	*(38,048,505)*	*49,944,299*	*(26,838,336)*	*27,115,771*
Tax (income)/expense	*8,370,671*	*(10,987,746)*	*5,904,434*	*(5,965,470)*
Other comprehensive income/expense not to be reclassified to profit or loss	**(21,478,098)**	**30,000,344**	**(4,826,472)**	**11,655,596**
Increase/(decrease funds)of financial investments value	(25,087,478)	36,803,085	(7,227,443)	11,238,673
Actuarial gains/(losses) on defined benefit plans	*(2,448,545)*	*1,658,894*	*1,039,658*	*3,653,260*
Tax (income)/expense	*6,057,925*	*(8,461,635)*	*1,361,313*	*(3,236,337)*
OTHER COMPREHENSIVE INCOME (AFTER TAX)	**(6,801,191)**	**44,253,460**	**(12,993,052)**	**23,124,596**
TOTAL COMPREHENSIVE INCOME	**131,905,747**	**54,227,279**	**91,479,332**	**23,450,794**
Total comprehensive income attributable to				
-Non-controlling interests	4,764,104	(21,357,717)	7,727,394	(8,450,219)
-Equity holders of the parent	127,141,643	75,584,996	83,751,938	31,901,013

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2020

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

				Other comprehensive income/expenses to be reclassified to profit or loss		**Other comprehensive income/expenses not to be reclassified to profit or loss**			**Retained Earnings**				
	Share Capital	Adjustments to share capital	Share premiums	Foreign currency translation reserve	Cash flow hedge reserve	Increase/(decrease)funds of financial investments value	Available for sales financial assets revaluation reserve	Restricted reserves	Retained Earnings	Net profit for the period	**Equity attributable to equity holders of the parent**	**Non-controlling interests**	**Total equity**
1 January 2019	**135,084,442**	**41,741,516**	**1,099,415**	**66,947,614**	**(75,387,265)**	**(16,144,493)**	**(5,777,277)**	**193,104,976**	**830,431,391**	**154,925,532**	**1,326,025,851**	**125,453,529**	**1,451,479,380**
Transfer from retained earnings	-	-	-	-	-	-	-	-	154,925,532	(154,925,532)	-	-	**-**
Net profit for the period	-	-	-	-	-	-	-	-	-	31,455,535	**31,455,535**	(21,481,716)	**9,973,819**
Other comprehensive income/(expense)	-	-	-	(22,173,750)	38,956,553	28,706,406	(1,359,748)	-	-	-	**44,129,461**	123,999	**44,253,460**
Total comprehensive income/(expense)				**(22,173,750)**	**38,956,553**	**28,706,406**	**(1,359,748)**	**-**	**-**	**31,455,535**	**75,584,996**	**(21,357,717)**	**54,227,279**
30 September 2019	**135,084,442**	**41,741,516**	**1,099,415**	**44,773,864**	**(36,430,712)**	**12,561,913**	**(7,137,025)**	**193,104,976**	**985,356,923**	**31,455,535**	**1,401,610,847**	**104,095,812**	**1,505,706,659**
1 January 2020	**135,084,442**	**41,741,516**	**1,099,415**	**54,499,662**	**(39,575,608)**	**12,378,142**	**(8,924,835)**	**193,104,976**	**985,356,923**	**13,169,480**	**1,387,934,113**	**97,829,126**	**1,485,763,239**
Transfer from retained earnings	-	-	-	-	-	-	-	-	13,169,480	(13,169,480)	-	-	**-**
Net profit for the period	-	-	-	-	-	-	-	-	-	135,532,010	**135,532,010**	3,174,928	**138,706,938**
Other comprehensive income/(expense)	-	-	-	45,157,225	(29,677,834)	(19,568,233)	(4,301,525)	-	-	-	**(8,390,367)**	1,589,176	**(6,801,191)**
Total comprehensive income/(expense)				**45,157,225**	**(29,677,834)**	**(19,568,233)**	**(4,301,525)**			**135,532,010**	**127,141,643**	**4,764,104**	**131,905,747**
Increase/(Decrease) (**)	-	-	-	-	-	-	-	-	-	-	-	2,133,487	2,133,487
Capital increase (*)	-	-	-	-	-	-	-	-	-	-	-	147,000,000	147,000,000
30 September 2020	**135,084,442**	**41,741,516**	**1,099,415**	**99,656,887**	**(69,253,442)**	**(7,190,091)**	**(13,226,360)**	**193,104,976**	**998,526,403**	**135,532,010**	**1,515,075,756**	**251,726,717**	**1,766,802,473**

(*) Based on the decision of the Board of Directors dated 21 January 2020; Afyon Çimento T.A.Ş. it has been decided to increase the issued capital of the subsidiary, which was TRY100,000,000 within the registered capital ceiling of TRY450,000,000, by 300% by TRY300,000,000 to TRY400,000,000 by covering all in cash. In this context, an application was made to the Capital Markets Board on 27 February 2020 with the prospectus regarding the capital increase. The prospectus for the capital increase with payment was approved at the meeting of the Capital Markets Board dated April 2, 2020 and numbered 19/434. The capital increase ended with the capital registration on 29 May 2020. As a result of the paid capital increase, the amount of funds obtained from outside our Company as the parent company was realized as TRY149,133,487, including TRY147,000,000 capital payment and TRY2,133,487 share premium.

(**) It is the emission premium obtained as a result of the sale of the unused pre-emptive rights of Afyon Çimento T.A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 SEPTEMBER 2020
(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

	Note	(Not Reviewed) Current Period 1 January- 30 September 2020	(Not Reviewed) Prior Period 1 January- 30 September 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES		**286,872,668**	**197,813,956**
Profit before taxation		151,174,478	(957,504)
Adjustments to reconcile net profit/loss for the period		**243,151,165**	**262,903,475**
Adjustment related to depreciation and amortization expense	11.12	117,943,108	109,074,695
Adjustment related to gain on sale of fixed assets	24	(23,867,629)	(40,903,335)
Adjustment related to retained profits of subsidiaries	3	(66,709,951)	(19,162,219)
Adjustment related to allowance for doubtful receivable	6	2,598,690	(3,112,801)
Adjustment related to inventory impairment	9	969,146	327,742
Adjustment related to recultivation provision	15	1,672,215	1,950,982
Adjustment related to minefield	15	(224,917)	1,778,034
Increase/(decrease) from fair value		1,375,000	-
Adjustment related to retirement pay provision	17	6,151,465	10,696,191
Adjustment related to seniority provision	17	692,627	686,099
Adjustment related unpaid vacation liability	17	194,806	1,137,963
Adjustment related to bonus accrual		3,000,000	-
Adjustment related to interest expense		118,882,988	130,307,222
Adjustment related to interest income	23/25	(19,821,625)	(8,262,573)
Unrealized foreign exchange (gains)/losses on financial borrowings	23/25	129,868,430	69,411,690
Adjustment related to fair value decrease/(increase) of derivative financial instruments		(29,573,188)	8,973,785
Changes in working capital		**(91,695,230)**	**(52,066,025)**
Short term trade receivables	6	(156,422,637)	(29,062,072)
Inventories	9	(53,983,995)	(42,481,517)
Other receivables/current assets/prepaid expenses		(36.910.085)	(43.485.683)
Other long-term trade receivables/non-current/prepaid expenses		2,537,874	(13,386,860)
Short-term trade payables	6	78,545,456	60,357,184
Other short term payables/liabilities/provisions		74,538,157	15,992,923
Cash flow from operations		**302,630,413**	**209,879,946**
Interest received	23	367,416	3,214,236
Premiums and bonuses paid		(3,307,036)	(3,428,000)
Retirement pay provision paid	17	(2,810,238)	(4,639,362)
Seniority provision paid	17	(364,104)	(365,930)
Unused vacation liability paid	17	(186,834)	(595,099)
Tax payments		(9,456,949)	(6,251,835)
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(2,984,118)**	**(123,662,457)**
Cash out flow related to purchases of tangible assets	11	(30,060,143)	(165,753,345)
Proceeds related to sales of tangible and intangible assets		27,325,619	42,200,777
Cash out flow related to purchases of intangible assets	11	(249,594)	(109,889)
C. CASH FLOWS FROM FINANCING ACTIVITIES		**(144,088,435)**	**27,929,786**
Proceeds from borrowings		2,082,568,544	991,601,869
Repayment of borrowings		(2,283,387,813)	(850,992,586)
Interest paid		(111,856,862)	(117,727,834)
Interest income	25	19,454,209	5,048,337
Cash inflows from capital increase		147,000,000	-
Other cash inflows/outflows		2,133,487	-
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)		**139,800,115**	**102,081,285**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	**267,240,480**	**201,636,639**
Curreny translation differences (net)		9,782,798	(66,066,847)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	**416,823,393**	**237,651,077**

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

(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 Allianz Tower Küçükbakkalköy Mah. Kayışdağı Cad. No:1 Kat:23-24 34750 Ataşehir/İstanbul.

A certain amount of the shares of the Company is traded on Borsa İstanbul A.Ş. (BIST). 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 TRY200,000,000 (31 December 2019: TRY200,000,000)

As of 30 September 2020 and 31 December 2019, the information related to the Company's subsidiaries and joint venture is as follows:

Company	Date of acquisition	Location of the operation	Principal Activities	Effective shareholding of the company	
				30 September 2020	31 December 2019
Çimsa Cement Free-Zone Limited (Çimsa Cement) (*)	12.10.2005	NCTR	Cement sales and marketing	99.99%	99.99%
CIMSAROM Marketing Distributie S.R.L. (Cimsarom) (*)	08.02.2006	Romania	Cement sales and marketing	100%	100%
Çimsa Cement Sales North GmbH (CSN) (*)	27.06.2006	Germany	White cement marketing	100%	100%
Çimsa Cementos Espana, S.A.U. (Cementos Espana) (*)	07.07.2006	Spain	Sales of bulk and bagged cement to white cement market	100%	100%
Çimsa Mersin Serbest Bölge Şubesi (Çimsa Mersin) (*)	12.12.2007	Mersin	Export	100%	100%
Regent Place Limited (Regent) (*)	21.05.2008	British Virgin Island	Financial investment and holding company	100%	100%
OOO Çimsa Rus CTK (OOO Rusya) (*)	16.07.2008	Russia	White cement packaging, sales and marketing	100%	100%
Çimsa Adriatico Srl (*)	09.02.2010	Italy	Cement sales and marketing	70%	70%
Afyon Çimento Sanayi Türk Anonim Şirketi (*)	31.05.2012	Turkey	Cement production and sales	51%	51%
Cimsa Americas Cement Manufacturing and Sales Corporation (Cimsa Americas) (*)	07.07.2017	USA	Cement production and sales	100%	100%

(*) Full consolidation method has been applied.

The Company's associate, Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş. ('Exsa') (effective ownership: 32.875%) is 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').

The interim consolidated financial statements were authorized for issue by the Board of Directors of Çimsa on 3 November 2020. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issuance.

The average number of Group's employee for 2020 by categories is as follows: 629 blue collar (a union member) (2019: 652), 509 white collar (not a union member) (2019: 500) and 54 (2019: 41) employees working for subsidiaries located abroad.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

Financial statements preparation principles

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').

The functional and presentation currency of the Company is Turkish Liras ('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 Distribute Srl is New Romanian Lei ('Ron'), functional currency of OOO Çimsa - Rus Ctk is Ruble and functional currency of Cimsa Americas Cement Manufacturing and Sales Corporation is Dollar ('USD'). Based on 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 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' ('TAS 19'), prorata depreciation of property and equipments and intangible assets with useful life assessed by the management, capitalization of financing expenses made in scope of TAS 23 'Borrowing Cost' ('TAS 23') over construction in progress, the assessment of financial assets and liabilities in accordance with IFRS 9 'Financial Instruments: Accounting and Measurement' ('IFRS 9'), the accounting of IFRS 3 'Business Combinations' ('IFRS 3') and the accounting of derivative financial instruments and cash flow hedge reserves in accordance with IFRS 9.

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. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.3 Going concern

The Group prepared condensed interim consolidated financial statements in accordance with the going concern assumption.

2.4 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.

2.5 Comparative information and classification of prior period financial statements

Any change in accounting policies resulting from the first time adoption of a new standard is made either retrospectively or prospectively in accordance with the transition requirements. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognised in the period when the changes are applied; if changes in estimates are related to future periods, they are recognised both in the period where the change is applied and in future periods prospectively.

2.6 Summary of significant accounting policies

Basis of consolidation

As at 30 September 2020, the consolidated financial statements include the financial statements of Çimsa and its subsidiaries. Control is normally evidenced when the Company controls an investee if and only if the company has all the following; a) power over the investee, b) exposure, or rights, to variable returns from its involvement with the investee and, c) the ability to use its power over the investee to affect the amount of company's returns. The results of subsidiaries are included in the consolidated statements of profit or loss from the effective date of acquisition.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group. The consolidated financial statements are prepared using common accounting policies for similar transactions and events and are prepared for the same accounting system with the Company.

All intra-group transactions and balances including intra-group unrealized profits and losses are eliminated.

Minority interest in the net assets of consolidated subsidiaries is identified separately from the Group's equity therein. Minority interest consists of the amount of those interests at the date of the original acquisition and the minority's share of changes in equity since the date of the acquisition.

Losses within a subsidiary are attributed to minority interest even if that result is in deficit balance.

Transactions with minority shareholders are assumed to be occurred between main shareholders and so, accounted under equity.

Share purchase/(sale) transactions with minority shareholders that does not result in loss of control in the subsidiary are assumed to be occurred between the shareholders and are accounted under 'differences arising from the change in shareholding rate in subsidiaries' account.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.6 Summary of significant accounting policies (continued)

Basis of consolidation (continued)

Subsidiaries

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

This control is normally evidenced when Çimsa owns, either directly or indirectly, more than 50% of the voting rights of a group's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. Accordingly, the financial statements of Çimsa Cement, Cementos Espana, Çimsarom, CSN, Regent, OOO Russia, Cimsa Adriatico, Cimsa Americas, Afyon Çimento and Çimsa Mersin are fully consolidated in accordance with IFRS 10 'Consolidated Financial Statements'.

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

Associates

The associate of the Group, Exsa, is accounted by equity method, which is classified under the Group's financial assets.

Investments accounted by equity method are presented in consolidated statement of financial position with additions or deductions of changes on share of the Group on net assets of the affiliate and with deduction of provisions for the decline in the value. The other comprehensive income statement presents shares of financial results of the Group's affiliates. The changes of the amount, not reflected on income or loss of the affiliate, on the equity of the affiliate can requisite an adjustment on the net book value of the affiliate in proportion of the Group's share. The share of the group from these changes is directly accounted under the Group's equity.

Exsa's financial statements are prepared for the same period and with respect to the same accounting policies.

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

Cash and cash equivalents

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

Trade receivables

Trade receivables that are created by the way of providing goods or services directly to a debtor are measured at amortized cost, using the effective interest rate method.

The provision for doubtful receivables is reflected in the records as an expense.If there is a concrete indication that the outstanding receivables can not be collected, provision for doubtful receivables is set for the company. The Company has preferred to apply 'simplified approach' defined in IFRS 9 for the expected credit losses. This method requires the recognition of expected life-time losses for all trade receivables.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.6 Summary of significant accounting policies (continued)

Inventories

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

Raw materials - purchase cost on a monthly average basis.

Finished goods and work-in-process - cost includes direct material and labor cost, the applicable allocation of fixed and variable overhead costs (considering normal operating capacity) on the basis of monthly average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Property, plant and equipment

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

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

	Useful Lives
Land and land improvements	8 - 50 years
Buildings	4 - 50 years
Machinery and equipment	2 - 50 years
Furniture and fixtures	2 - 50 years
Motor vehicles	4 - 14 years
Leasehold improvements	Lease period

Intangible assets

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

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.6 Summary of significant accounting policies (continued)

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

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

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

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

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

Derecognition of tangible and intangible assets

Tangible and intangible assets are derecognised on disposal, or when no future economic benefits are expected from use or disposal.

Gains or losses arising from derecognition of tangible and intangible assets, measured as the differences between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

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

Cırgalan ready-mix concrete facility is purchased with the amount of TRY4,640,259, the valuation of goodwill amounting to TRY3,705,259 after emerging held for property has been accounted in the Group's consolidated balance sheet. According to IFRS 3 Business Combinations Standard, the Group have accounted the provisional value due to the determination of the completion of the initial recognition process according to the combinations. As a result of these impairment tests, as of 31 December 2019, the recoverable value of goodwill is determined under the registered value and an impairment of TL 3,705,259 is found.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.6 Summary of significant accounting policies (continued)

Impairment on non-financial assets

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in previous years. Impairment loss on goodwill cannot be reversed in the consolidated statement of profit or loss in future periods.

Business combinations

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

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

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with 'TAS 12 Income Taxes' and 'TAS 19 Employee Benefits' respectively,
- Liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire are measured in accordance with IFRS 2 Share-based Payment at the acquisition date and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.6 Summary of significant accounting policies (continued)

Business combinations (continued)

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

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

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

The subsequent accounting for changes in the fair value of the contingent consideration that is not considered measurement period correction depends on the classification type of the contingent consideration. The contingent consideration, which is classified as equity may not be remeasured and related subsequent payment is accounted for under equity. If the contingent consideration that is classified as an asset or liability is in the nature of a financial instrument, and conforms to IFRS 9 Financial Instruments: Accounting and Measurement standard, such contingent consideration is measured at its fair value and gain or loss arising from the change is recognized as profit or loss. Those that do not conform to IFRS 9 standard are accounted for according to TAS 37 Provisions or other appropriate IFRS standards.

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

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

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

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.6 Summary of significant accounting policies (continued)

Foreign currency transactions

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

Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity. On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group is reclassified to profit or loss.

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

Date	**30 September 2020**	**31 December 2019**
US Dollar ('USD')/TRY	7.8080	5.9402
Euro ('EUR')/TRY	9.1281	6.6506
Rub ('RUBLE')/TRY	0.0979	0.0995
Ron ('RON')/TRY	1.8628	1.3832
Sterlin ('GBP')/TRY	10.0309	7.7765

Averager foreign currency translation rates used as follows:

Date	**2020**	**2019**
USD/TRY	6,7339	5,6316
EUR/TRY	7,6131	6,3274
RUBLE/TRY	0,0941	0,0861
RON/TRY	1,5670	1,3279
GBP/TRY	8,5767	7,1226

Borrowing costs

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

General borrowings of the Group are capitalized to the applicable qualifying assets based on a capitalization rate. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other all borrowing costs are booked in the consolidated statement of profit or loss, when incurred.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.6 Summary of significant accounting policies (continued)

Provisions, contingent assets and liabilities

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

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

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

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

Income tax

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

Tax expense/(income) is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax. Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

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

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

Provisions for employee benefits/retirement pay provision

a. Defined benefit plan

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

As indicated in Note 16 in detail, in the accompanying financial statements, the Group has reflected a liability using the 'Projected Unit Credit Method' based on the actuarial valuation performed by independent actuaries. The employee termination benefits are discounted to the present value of the estimated future cash outflows using the interest rate estimate of qualified actuaries.

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per TAS 19.

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.6 Summary of significant accounting policies (continued)

b. Defined contribution plans

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

c. Seniority provision

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

d. Vacation rights

Liabilities arising from unused vacation rights are accrued in the periods when they are deserved.

Leasings

The Group as a leasee

The Group evaluate a contract whether the contract is a lease or whether it is a lease. In the case that the contract assigns the right to control the use of the identified asset for a period of time for a certain amount of time, this contract is a lease or includes a lease. The Group considers the following conditions when assessing whether a contract transfers the right to control the use of a defined asset for a specified period:

a) The contract contains the defined asset; an asset is generally defined by specifying it explicitly or implicitly in the contract.
b) A functional part of the entity is physically separate or represents almost all of the entity's capacity. An asset is not identified if the supplier has a principal right to replace the asset and provides economic benefit therefrom.
c) Having the right to obtain almost all of the economic benefits to be obtained from the use of the defined asset.
d) Have the right to manage the use of the identified asset. The Group considers that the asset has the right to use if the decisions about how and for what purpose the asset is used are determined in advance. The Group has the right to manage the use of the asset when:

    i. The Group has the right to operate the asset during its useful life (or to direct others to operate the asset in its designated manner) and the supplier does not have the right to change these operating instructions or
    ii. The Group has designed the asset (or certain characteristics of the asset) in advance to determine how and for what purpose the asset will be used during its useful life.

The Group recognizes a right of use and a lease obligation on the financial statements at the date of the lease.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.6 Summary of significant accounting policies (continued)

The right to use assets

The right of use assets is initially accounted for at cost and includes:

a) Initial measurement of lease obligation,
b) Includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received,
c) All initial direct costs incurred by the group and
d) Estimated costs to be incurred by the Group shall be added to the initial measurement amount in relation to the dismantling and transporting of the defined asset constituting the subject of the lease, the restoration of the area in which it is placed, or the restoration of the defined asset as required by the terms and conditions of the lease.

When applying the group cost method, the right of use asset;

a) Measured at cost, less any accumulated depreciation and impairment losses and
b) Adjusted for any remeasurement of lease liabilities.

The Group applies the depreciation provisions of TAS 16 Property, Plant and Equipment when depreciating the right of use assets. If the supplier transfers ownership of the underlying asset to the Group at the end of the lease term, or if the cost of use rights shows that the Group will use a purchase option, the Group depreciates the right of use asset from the effective date of the lease to the end of the useful life. In other cases, the Group depreciates the right of use on the basis of the shorter of the useful life or the lease term, starting from the effective date of the lease.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments are discounted using the imputed interest rate on the lease, if the rate can be easily determined. If this rate cannot be determined easily, the Company uses the Group's alternative borrowing interest rate. Lease payments included in the measurement of the lease labilities will be made for the right of use of the underlying asset during the lease and the following unpaid payments on the date that the lease actually commences:

a) The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable,
b) Variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees,
c) Payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the effective date of the lease, the Group measures the lease liabilities as follows:

a) Increases the book value to reflect the interest in the lease liabilities,
b) Decreases book value to reflect rental payments made and
c) Measures the book value to reflect reassessments and restructurings, or to reflect revised essence of fixed lease payments.

The Group reflects the remeasurement amount of the lease liability in the consolidated financial statements as an adjustment to the right-of-use asset.

The Group as a lessor

The activities of the Group as lessor do not include a significant amount.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.6 Summary of significant accounting policies (continued)

Related parties

A party is related to the Company if:

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

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

Revenue recognition

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

Sale of goods

Group recognises revenue based on the following five principles in accordance with the IFRS 15 - 'Revenue from Contracts with Customers' standard effective from 1 January 2018:

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of the transaction price in the contracts,
- Allocation of transaction price to the performance obligations,
- Recognition of revenue when the performance obligations are satisfied.

According to this model, the goods or services undertaken in each contract made primarily with the customers are evaluated and each commitment given to transfer the goods or services is determined as a separate act of obligation. Afterwards, it is determined that the fulfillment obligations will be fulfilled in time or in a certain way. Whether the control of a good or service is over time and the community fulfills its performance obligations in relation to the sale in time, the community measures the progress of the revenue and accounts in their consolidated financial statements.

- It is probable that the economic benefits associated with the transaction will flow to the entity and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.6 Summary of significant accounting policies (continued)

Interest

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

Dividends

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

Earnings per share

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

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

Events subsequent to the balance sheet date

Subsequent events occurring after the balance sheet date and which may affect the Group's position at the balance sheet date are reflected in the consolidated financial statements. The issues that occur after the balance sheet date are disclosed in the notes according to their importance.

Trade and settlement date accounting

All financial asset purchases and sales are recognized at the transaction date, in other words, on the date when the Group commits to purchase or sell. Ordinary purchases and sales are purchases and sales where the delivery period of the asset is generally determined in accordance with legislation or regulations in the markets.

Financial instruments

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

A financial asset is any asset that is:

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

A financial liability that is a contractual obligation:

- To deliver cash or another financial asset to another enterprise or
- To exchange financial instruments with another enterprise under conditions that are potentially unfavorable.

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.6 Summary of significant accounting policies (continued)

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

Fair value of financial instruments

The methods and assumptions in fair value estimation of the financial instruments of the Group are explained in Note 30.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Trade receivables included in the category of loans and receivables are recorded in the accounts with their invoiced amounts and are carried at net values discounted by the effective interest rate method in the following periods and if there is provision for doubtful receivables, it should be deducted.

Financial assets

Classification and measurement

The Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value though profit of loss, financial assets carried at fair value though other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

(a) Financial assets recognized at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non - current assets. The Group's financial assets carried at amortized cost comprise 'trade receivables' and 'cash and cash equivalents' in the statement of financial position.

(b) Financial assets at fair value through other comprehensive income

Assets in which the management adopts the business model of collecting contractual cash flows and/or selling, are classified as assets accounted for at fair value. If management does not intend to dispose of the related assets within 12 months from the balance sheet date, the said assets are classified as non-current assets. For the investments made in equity-based financial assets, the company makes an unchangeable choice as an equity investment reflected in other comprehensive income or in the statement of profit or loss of the fair value difference of the investment during the initial recognition.

Financial assets, whose fair value is reflected in other comprehensive income, include 'financial investments' items in the consolidated statement of financial position. In the event that assets of which fair value difference is recorded in other comprehensive income are sold, valuation difference classified into other comprehensive income is classified into previous years profits.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.6 Summary of significant accounting policies (continued)

The generally accepted valuation methods used in the calculation of fair value in cases where the assets of which the fair value difference is recorded in other comprehensive income do not have any market value, include some assumptions based on the best estimates of the management, and the values that may occur in the event of purchase/sale transactions may differ from these values.

Impairment on financial assets

The Group chooses the simplified application for the impairment calculations and uses the provision matrix, since the trade receivables accounted from the amortized cost in the consolidated financial statements do not contain a significant financing component. With this application, the Group measures the expected credit loss allowance at an amount equal to lifetime expected credit losses when trade receivables are not impaired for certain reasons. In the calculation of expected credit losses, past experience of credit losses are taken into consideration, as well as the Group's forecast for the future.

Financial liabilities

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

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

Bank borrowings

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

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

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

Trade payables

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

Derivative financial instruments and hedge accounting

The operations of the Group expose the entity to financial risks mainly due to the change in foreign currency exhange rates and interest rates. The Group mainly utilizes derivative instruments mainly foreign currency forward contracts to hedge its foreign currency risk associated with certain binding commitments and forecasted future transactions. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is directly recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of profit or loss. The Group's policy to hedge foreign currency risk associated with a binding commitment classifies the related risk as cash flow hedge. When the hedge transaction does not result in the recognition of an asset or a liability, the amounts in equity are recognized in the consolidated statement of profit or loss when the hedged item affects the statement of profit or loss. The changes in the fair value of derivatives that do not qualify as cash flow hedge are recognized in the statement of profit or loss.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.6 Summary of significant accounting policies (continued)

Hedge accounting is discontinued when the hedging instrument expires or is sold, or when it no longer qualifies for hedge accounting. The cumulative gain or loss related with hedge instrument accounted under equity as of such date is continued to be recognized under equity until the expected realization date of the transaction.

When the hedge transaction is no longer expected to occur, the net accumulated gain or loss in equity is recognized in profit or loss of the period.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are accounted directly in equity as 'Hedges funds'. Furthermore, the Group is protected from foreign net investment risk arising from changes in foreign currency financial liabilities and foreign exchange rates. The effective portion of changes in the foreign exchange rates of the foreign currency financial liabilities is accounted under equity as 'Hedge funds'.

Recognition and derecognition of financial instruments

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

Research expenses and development costs

When research expenses realized, they are recorded as an expense. Project costs which is related to research of the product or desing of the product are considered as an intangible asset if the the project succesfully applied from commercial and technological aspects. Other development expenses are recorded as an expense when realized. Development costs recorded in the prior period can not be capitalized in the following period.

2.7 Comparative information

The financial statements of the Group have been prepared comparatively with the previous period in order to enable information about financial position and performance trends. If the presentation or classification of the financial statements is changed, in order to be comparative, financial statements of the previous periods are also reclassified and significant changes are disclosed.

In the statement of financial position for the year ended 31 December 2019, the Group has reclassified the old land held for sale amounting to TRY11,733,605 which is accounted under property, plant and equipment to non-current assets classified as held for sale.

In the statement of financial position for the year ended 31 December 2019, the Group has reclassified short -term provisions amounting to TRY8,702,753 which is accounted under other current liabilities to other short -term provisions

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.8 Impact of Covid-19 outbreak on Group's activities

Necessary actions have been taken by the Group management to minimize the possible effects of COVID-19, which affects the whole world, on the Group's activities and financial status. Meanwhile, actions were taken by the Group to minimize the increase in investment expenditures, operational expenses and stocks, and the cash management strategy was revised to strengthen its liquidity position. With the reduction of the restrictions to prevent the spread of the epidemic, especially the recovery in demand has had a positive effect on the Group's activities.
According to the notification made to our Company by the Spanish Competition Committee (CNMC) on 30 September 2020, among other issues, the purchase of Buñol White Cement Plant has been approved on the condition that the Alicante terminal, which is under the assets of our subsidiary Cimsa Cementos Espana S.A.U, located in Spain, is disposed of. In accordance with the said conditional approval of CNMC, a non-binding offer was received from Cementos Molins Industrial S.A.U on 24 February 2020 for the sale of the Alicante terminal and a sales contract was signed between our subsidiary Cimsa Cementos S.A.U and Cementos Molins Industrial S.A.U on 31 July 2020. CNMC's conditional approval does not mean that the purchase will be finalized. The acquisition of Buñol White Cement Factory depends on the fulfillment of the conditions stipulated in the conditional approvals obtained from Spain and other competition authorities and other contractual conditions, and the related work continues. For this reason, Alicante Terminal is not classified as an asset held for sale.

2.9 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim consolidated financial statements as at 30 September 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2020. 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 2019

Explanations on the effects of the new TMS/TFRS on financial statements:

Amendments to IAS 1 and IAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, ''Presentation of financial statements'', and IAS 8, ''Accounting policies, changes in accounting estimates and errors'', and consequential amendments to other IFRSs:

i) Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting,
ii) Clarify the explanation of the definition of material and
iii) Incorporate some of the guidance in IAS 1 about immaterial information.

- **Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

  The standard is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

- **Amendments to IFRS 9, IAS 39 and IFRS 7;** Interest rate benchmark reform; effective from annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.9 The new standards, amendments and interpretations (continued)

- **Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions**; effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

Standards, amendments and interpretations that are issued but not effective as at 30 September 2020:

IFRS 17, ''Insurance contracts''; effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Amendments to IAS 1, Presentation of financial statements' on classification of liabilities; effective from 1 January 2022. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16; effective from Annual periods beginning on or after 1 January 2022.

Amendments to IFRS 3, 'Business combinations'; update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16, 'Property, plant and equipment'; prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets'; specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.10 Significant accounting judgments and estimates

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

b) Provision for doubtful receivables is an estimated amount that management believes to reflect possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than the key accounts and related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements; and also the renegotiation conditions with these debtors are considered. The Group also uses the simplified approach in IFRS 9 to calculate expected credit losses of trade receivables. This method requires the recognition of expected credit losses for all trade receivables (Note 6).

c) The Group has made certain important assumptions based on experiences of technical personnel in determining useful economic life of mainly related to tangible and intangible assets (Note 11).

d) In determining of provision for litigations, the Group considers the probability of legal cases to be resulted against the Group and in case it is resulted against the Group considers its consequences based on the assessments of legal advisor (Note 15).

e) During the assessment of the reserve for obsolete inventories, inventories are physically and historically analyzed, usefulness of the inventories are determined based on the view of the technical personnel and if it is necessary, allowance is booked (Note 9).

f) The Group performs its impairment analysis on assets by using discounted cash flows. In these analyses, there are certain an assumption about discount rates used and Group's future operations (Note 14).

g) The Group has made certain important assumptions based on experiences of technical personnel in determining useful economic life of mainly related to tangible and intangible assets (Note 15).

2.11 Convenience translation into English of consolidated financial statements originally issued in Turkish

As of September 30, 2020, the accounting principles described in Note 2.1 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the POA/CMB. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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

3. SHARES IN AFFILIATED UNDERTAKINGS

The assets and liabilities of Exsa, which is consolidated by the equity method, calculated by using the effective percentage of ownership as of 30 September 2020 and 31 December 2019 and revenue, expense and net profit for the periods ending 30 September 2020 and 30 September 2019 are as follows:

				30 September 2020		**31 December 2019**
Investments	Country	Main operating activity	Effective ownership (%)	Carrying net book value	Effective ownership (%)	Carrying net book value
Exsa	Turkey	Investment property and financial instruments	32.9	374,212,837	32.9	310,993,227
				374,212,837		**310,993,227**

	30 September 2020	**31 December 2019**
Assets	1,358,559,998	1,062,136,001
Liabilities	(220,270,000)	(116,149,000)
Net assets	1,138,289,998	945,987,001
Group's share	**374,212,837**	**310,993,227**

	1 January- 30 September 2020	**1 January- 30 September 2019**	**1 July- 30 September 2020**	**1 July- 30 September 2019**
Revenue	1,026,370,938	171,227,972	649,774,938	49,420,367
Expenses	(823,450,935)	(112,939,852)	(540,082,935)	(49,730,125)
Net profit for the year	202,920,003	58,288,120	109,692,003	(309,758)
Group's share in net profit	**66,709,951**	**19,162,219**	**36,061,246**	**(101,833)**

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

	30 September 2020			
Subsidiary	**Non-controlling interest %**	**Gain/losses attributable to non-controlling interests**	**Accumulated non-controlling interests**	**Dividend paid to non-controlling interests**
Afyon Çimento Sanayi T.A.Ş.	49	581,756	236,290,049	-

	31 December 2019			
Subsidiary	**Non-controlling interest %**	**Gain/losses attributable to non-controlling interests**	**Accumulated non-controlling interests**	**Dividend paid to non-controlling interests**
Afyon Çimento Sanayi T.A.Ş.	49	(29,988,151)	89,113,188	-

Condensed financial information of subsidiary Afyon Çimento T.A.Ş. is as follows:

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

3. SHARES IN AFFILIATED UNDERTAKINGS (continued)

Condensed balance sheet information (after the consolidation):

	30 September 2020	31 December 2019
Cash and cash equivalents	14,850,683	5,704,011
Other current assets	92,255,093	53,726,073
Non-current assets	574,007,942	602,798,545
Total assets	**681,113,718**	**662,228,629**
Short term borrowings	93,399,857	264,473,868
Other current liabilities	57,297,270	32,916,240
Long term borrowings	29,682,822	167,946,781
Other non-current liabilities	15,306,409	13,958,807
Total liabilities	**195,686,358**	**479,295,696**
Total equity	**485,427,360**	**182,932,933**

Condensed income statement information:

	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July- 30 September 2019
Revenue	197,786,283	122,333,856	75,576,821	55,221,163
Gross profit	18,184,303	(6,943,632)	10,246,203	1,646,917
Operating profit/(loss)	15,220,863	(14,367,484)	10,932,166	(466,232)
Net financial income/(expense)	(33,094,494)	(58,158,369)	(4,809,273)	(21,132,822)
Profit/(loss) before tax	(7,247,429)	(61,875,142)	6,713,636	(19,788,625)
Net profit for the period	**1,720,827**	**(46,263,498)**	**9,797,601**	**(16,717,581)**

Condensed cash flow information:

	1 January - 30 September 2020	1 January - 30 September 2019
Cash flows from operating activities	35,974,705	21,710,116
Cash flows from investing activities	9,606,583	10,955,303
Cash flows from financing activities (excluding dividend)	(36,434,616)	(51,195,700)
Net increase/(decrease) in cash and cash equivalents	**9,146,672**	**(18,530,281)**

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.

The Group manages and organizes its operations depending on the content of the services and goods provided. The Group prepares its segment reporting in accordance with IFRS 8 'Operating Segments' ('IFRS 8'). The transfer prices between segments are prepared on the same basis with third parties. For the interim periods ended 30 September 2020 and 30 September 2019, the information about the Group's segments consists of sales and profits obtained from cement (including clinker and aggregate) and ready mix concrete and assets and liabilities as of 30 September 2020 and 31 December 2019.

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

4. SEGMENT REPORTING (continued)

1 January - 30 September 2020	**Cement**	**Ready-mix concrete**	**Total**
Sales	1,440,842,258	191,085,442	1,631,927,700
Cost of sales (-)	(1,102,401,435	(190,685,059)	(1,293,086,494)
Gross profit/(loss)	338,440,823	400,383	338,841,206
General administrative,marketing selling distribution expenses (-)	(131,071,159)	(8,634,528)	(139,705,687)
Other operating income/(expenses) (-), net	100,317,345	860,728	101,178,073
Research and development expenses (-)	(3,674,709)	-	(3,674,709)
Operating profit/(loss)	304,012,300	(7,373,417)	296,638,883

1 January - 30 September 2019	**Cement**	**Ready-mix concrete**	**Total**
Sales	1,151,915,625	132,797,010	1,284,712,635
Cost of sales (-)	(924,382,441)	(127,217,351)	(1,051,599,792)
Gross profit/(loss)	227,533,184	5,579,659	233,112,843
General administrative,marketing selling distribution expenses (-)	(99,434,049)	(15,262,966)	(114,697,015)
Other operating income/(expenses) (-), net	15,884,637	4,662,476	20,547,113
Research and development expenses (-)	(3,861,851)	-	(3,861,851)
Operating profit/(loss)	140,121,921	(5,020,831)	135,101,090

1 July - 30 September 2020	**Cement**	**Ready-mix concrete**	**Total**
Sales	585,497,680	74,637,332	660,135,012
Cost of sales (-)	(419,337,718)	(75,023,092)	(494,360,810)
Gross profit/(loss)	166,159,962	(385,760)	165,774,202
General administrative,marketing selling distribution expenses (-)	(36,211,856)	(2,822,271)	(39,034,127)
Other operating income/(expenses) (-), net	30,250,121	339,022	30,589,143
Research and development expenses (-)	(1,008,355)	-	(1,008,355)
Operating profit/(loss)	159,189,872	(2,869,009)	156,320,863

1 July - 30 September 2019	**Cement**	**Ready-mix concrete**	**Total**
Sales	419,527,361	53,121,157	472,648,518
Cost of sales (-)	(338,620,461)	(50,642,928)	(389,263,389)
Gross profit/(loss)	80,906,900	2,478,229	83,385,129
General administrative,marketing selling distribution expenses (-)	(38,768,015)	(5,412,920)	(44,180,935)
Other operating income/(expenses) (-), net	(2,069,993)	3,686,449	1,616,456
Research and development expenses (-)	(1,394,211)	-	(1,394,211)
Operating profit/(loss)	38,674,681	751,758	39,426,439

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

4. SEGMENT REPORTING (continued)

30 September 2020	Cement	Ready-mix concrete	Undistributed	Total
Assets and liabilities				
Segment assets	3,714,198,315	141,913,566	-	3,856,111,881
Financial investments	-	-	64,478	64,478
Investments accounted under equity method	-	-	374,212,837	374,212,837
Undistributed assets	-	-	139,810,280	139,810,280
Total assets	**3,714,198,315**	**141,913,566**	**514,087,595**	**4,370,199,476**
Segment liabilities	2,557,373,493	46,023,510	-	2,603,397,003
Undistributed liabilities	-	-	1,766,802,473	1,766,802,473
Total liabilites	**2,557,373,493**	**46,023,510**	**1,766,802,473**	**4,370,199,476**

31 December 2019	Cement	Ready-mix concrete	Undistributed	Total
Assets and liabilities				
Segment assets	3,187,004,892	163,413,209	-	3,350,418,101
Financial investments	-	-	64,478	64,478
Investments accounted under equity method	-	-	310,993,227	310,993,227
Undistributed assets	-	-	113,280,965	113,280,965
Total assets	**3,187,004,892**	**163,413,209**	**424,338,670**	**3,774,756,771**
Segment liabilities	2,250,086,077	38,907,455	-	2,288,993,532
Undistributed liabilities	-	-	1,485,763,239	1,485,763,239
Total liabilites	**2,250,086,077**	**38,907,455**	**1,485,763,239**	**3,774,756,771**

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

5. CASH AND CASH EQUIVALENTS

The detail of cash and cash equivalents as of 30 September 2020 and 31 December 2019 is as follows:

	30 September 2020	**31 December 2019**
Cash	40,956	18,286
Cash and banks	416,994,341	267,332,257
Demand deposits	*51,272,625*	*31,975,327*
Time deposits with maturity of less than 3 months	*365,721,716*	*235,356,930*
	417,035,297	**267,350,543**
Blocked deposits (-)	(211,904)	(110,063)
Cash and cash equivalents in consolidated cash flow statement	**416,823,393**	**267,240,480**

The detail of demand deposits is stated below:

	30 September 2020	**31 December 2019**
Turkish Lira	291,997,425	101,509,303
Euro	55,339,542	111,313,872
US Dollar	64,182,373	48,345,221
British Pound	4,405,931	5,110,390
Other	1,069,070	1,053,471
	416,994,341	**267,332,257**

Time deposits as of 30 September 2020 is denominated in TRY, EUR and USD with the maturity of less than three months and effective weighted average interest rate on time deposits is 10.73% for TRY, 0.08% for USD and 0.008% for EUR (31 December 2019 TRY:17.13%, USD: 1.10% and EUR: 0.05%). Time deposits amounting to 200 MTL will be matured within 32 days. As of 30 September 2020, the blocked deposit amount is TRY211,904 (As of 31 December 2019, the amount of blocked deposits is TRY110,063).

Credit risks of banks with group deposits are evaluated by taking into account independent data. The market values of cash and cash equivalents approximate to their carrying values, including the interest income accrued at the balance sheet date.

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

6. TRADE RECEIVABLES AND PAYABLES

a. Trade Receivables

Short-term trade receivables	30 September 2020	31 December 2019
Trade receivables	540,284,158	405,698,813
Notes receivable	90,850,646	70,312,656
Due from related parties (Note 28)	2,307,242	2,032,726
Allowance for doubtful receivables (-)	(18,705,954)	(16,043,739)
Less: Provision for expected credit losses	(1,375,000)	(1,024,789)
	613,361,092	**460,975,667**

Trade receivables' collection terms vary based on the type of the product and agreements made with the customers and the average term is 81 days (31 December 2019: 82 days). Effective interest rates used when determining the amortized cost are 12.43% for TRY, 2,5% for USD and 1.58% for EUR (31 December 2019: TRY: 16.86%, USD: 4.53%, EUR: 2.14%).

The movement of the provision for doubtful receivables for the periods ended 30 September 2020 and 30 September 2019 is as follows:

Allowance for doubtful receivables (-)	1 January-30 September 2020	1 January-30 September 2019
Opening balance	16,043,739	18,698,305
Provisions during the period (Note 23)	2,587,982	1,341,388
Provisions no longer required	-	(4,454,189)
Currency translation difference	74,233	134,724
Closing balance	**18,705,954**	**15,720,228**

b. Trade Payables

Short-term trade payables	30 September 2020	31 December 2019
Trade payables	372,687,439	289,934,400
Trade payables to related parties (Note 28)	59,597,917	63,805,500
	432,285,356	**353,739,900**

The average payment period of trade payables is 87 days (31 December 2019: 82 days). Effective interest rates used when determining the amortized cost are 12.43% for TRY, 2,5% for USD and 1.58% for EUR (31 December 2019 - TRY: 16.86%, USD: 4.53%, EUR 2.14%).

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

7. FINANCIAL BORROWINGS

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

Borrowings	30 September 2020	31 December 2019
Short-term borrowings	1,029,846,222	642,788,986
Current portion of long-term borrowings	203,621,828	205,671,050
Short-term financial liabilities	16,221,956	4,343,248
Short-term issued bonds	150,891,238	27,552,061
	1,400,581,244	**880,355,345**
Long-term borrowings	337,323,501	653,925,961
Long-term financial liabilities	56,211,295	44,632,252
Long-term issued bonds	-	122,258,299
	393,534,796	**820,816,512**
Financial borrowings except IFRS 16	**1,721,682,789**	**1,652,196,357**
Total borrowings	**1,794,116,040**	**1,701,171,857**

The details of the borrowings as of 30 September 2020 are as follows:

Secured/ Unsecured	Interest Type	Currency Type	Weighted Average Interest Rate (%)	Original Balance	Short-Term	Long-Term	30 September 2020
Secured	Fixed	EUR	0.91%	26,069,231	192,322,050	45,640,500	237,962,550
Unsecured	Fixed (*)	EUR	1.95%	35,636,520	247,656,270	77,637,445	325,293,715
Secured	Floating	USD	3.12%	47,950,000	374,393,600	-	374,393,600
Unsecured	Fixed	USD	2.50%	6,000,000	46,848,000	-	46,848,000
Unsecured	Fixed	TRY	11.70%	737,184,919	523,139,368	214,045,556	737,184,924
					1,384,359,288	**337,323,501**	**1,721,682,789**

(*) Çimsa has made interest rate swap transaction in order to its cash flow risk for the long term loan of EUR19,411,766 with floating interest rate. Maturity date of this transaction is 29 March 2022, financial risk hedge accounting applied and accounted under equity.

The details of the borrowings and financial lease liabilities as of 31 December 2019 are as follows:

Secured/ Unsecured	Interest Type	Currency Type	Weighted Average Interest Rate (%)	Original Balance	Short-Term	Long-Term	31 December 2019
Secured	Fixed	EUR	1.06%	20,019,792	99,890,626	33,253,000	133,143,626
Unsecured	Fixed (**)	EUR	2.52%	48,982,309	200,758,275	125,003,472	325,761,747
Secured	Floating	USD	4.80%	46,450,000	38,314,290	237,608,000	275,922,290
Unsecured	Fixed	USD	4.53%	21,493,798	127,677,459	-	127,677,459
Unsecured	Fixed	TRY	14.08%	789,691,234	409,371,447	380,319,788	789,691,235
					876,012,097	**776,184,260**	**1,652,196,357**

(**) Çimsa has made interest rate swap transaction in order to its cash flow risk for the long term loan of EUR29,117,648 with floating interest rate. Maturity date of this transaction is 29 March 2022, financial risk hedge accounting applied and accounted under equity.

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

7. FINANCIAL BORROWINGS (continued)

The repayment schedule of the borrowings as of 30 September 2020 and 31 December 2019 is as follows:

	30 September 2020	31 December 2019
To be paid within 1 year	1,384,359,284	876,012,097
To be paid between 1-2 years	184,134,389	613,879,297
To be paid between 2-3 years	153,189,116	162,304,963
	1,721,682,789	**1,652,196,357**

The Company issued bonds with a nominal value of TRY150,000,000 and a 728 day maturity, floating interest rate and 3 month maturity, indexed to the Turkish Lira Reference Interest Sales Rate. The value date of the issue is 21 March 2019 and the redemption date is 18 March 2021.

8. OTHER RECEIVABLES AND OTHER PAYABLES

a. Other Receivables

Short-term other receivables from third parties	30 September 2020	31 December 2019
Other miscellaneous receivables	3,504,158	3,921,907
Due from personnel	322,913	575,126
Provision for doubtful other receivables (-)	(764,354)	(753,646)
	3,062,717	**3,743,387**

Short-term other receivables	30 September 2020	31 December 2019
Short-term other receivables from related parties (Note 28)	223,504	228,724
	223,504	**228,724**

Long-term other receivables	30 September 2020	31 December 2019
Deposits and guarantees given	6,496,078	4,009,281
	6,496,078	**4,009,281**

b. Other Payables

Short-term other payables	30 September 2020	31 December 2019
Deposits and guarantees received	8,894,267	8,535,340
Taxes and funds payable	7,894,744	14,481,816
Other payables to related parties (Note 28)	258,728	3,537,576
	17,047,739	**26,554,732**

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

9. INVENTORIES

Inventories	30 September 2020	31 December 2019
Raw Materials	154,885,199	95,967,096
Work-in progress	33,889,680	41,382,133
Finished goods	43,071,154	38,590,325
Other inventories	13,263,819	15,164,281
Inventory impairment provision (-)	(7,321,099)	(6,329,931)
	237,788,753	**184,773,904**

Inventory impairment provision movement

Inventory impairment provision movement	30 September 2020	30 September 2019
Opening balance	6,329,931	4,046,811
Provisions during the period (Note 22)	969,146	327,742
Currency translation differences	22,022	(27,026)
Closing balance	**7,321,099**	**4,347,527**

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.

10. PREPAID EXPENSES AND DEFERRED INCOME

a. Prepaid Expenses

Short-term provision expenses	30 September 2020	31 December 2019
Prepaid expenses	7,978,927	8,566,304
Advances given to suppliers	17,945,437	3,588,390
	25,924,364	**12,154,694**

Long-term provision expenses	30 September 2020	31 December 2019
Advances given for the purchase of fixed assets	3,321,194	906,118
Prepaid expenses	638,010	676,334
	3,959,204	**1,582,452**

b. Deferred Income

Short-term deferred income	30 September 2020	31 December 2019
Advanced received	23,886,419	16,271,831
Prepaid expenses	12,835,600	7,305,292
	36,722,019	**23,577,123**

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

11. PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

The amount of tangible and intangible assets purchased for the period ending as of 30 September 2020 is TRY30,309,737 (30 September 2019: TRY165,863,234).

The net book value of tangible and intangible assets sold for the period ending as of 30 September 2020 is TRY3,457,990 (30 September 2019: TRY1,297,442).

For the period ending as of 30 September 2020 cost of goods sold contain depreciation and amortisation expenses of TRY102,242,677 (30 September 2019: TRY97,348,149), general and administrative expenses contain depreciation and amortisation expenses of TRY3,886,709 (30 September 2019: TRY2,139,687) and sales and distribution expenses contain depreciation and amortisation expenses of TRY170,134 (30 September 2019: TRY179,780) and research and development expenses contain depreciation and amortisation expenses of TRY75,678 (30 September 2019: TRY76,369)

As of 30 September 2020, the Group has pledges or/and mortgages on its assets amounting to TRY16,547,420 (31 December 2019: TRY12,056,208).

As of 30 September 2020, there is no capitalized financing expenses (30 September 2019: The Group has capitalized financing expenses amounting to TRY9,066,150).

12. RIGHT OF USE ASSETS

Details regarding the right to use assets recognized on asset basis are as follows:

Right of use assets	**1 January 2020**	**Additions**	**Reclasses**	**Depreciation for the period**	**30 September 2020**
Builds	36,908,514	-	-	(5,484,982)	31,423,532
Vehicles	839,775	19,962,029	342,713	(5,923,203)	15,221,314
Other	2,633,007	-	(342,713)	(159,725)	2,130,569
	40,381,296	**19,962,029**	-	**(11,567,910)**	**48,775,415**

The depreciation expense of TRY4,450,821 for the interim period ending on 30 September 2020 of the right of use assets has been included in the cost of the goods sold and the part of TRY7,117,089 has been included in the general administrative expenses.

Right of use asset	**1 January 2019**	**Additions**	**Reclasses**	**Depreciation for the period**	**30 September 2019**
Builds	43,160,749	-	-	(4,560,627)	38,600,122
Vehicles	7,008,935	-	-	(4,469,355)	2,539,580
Other	2,986,898	-	-	(300,728)	2,686,170
	53,156,582	-	-	**(9,330,710)**	**43,825,872**

The depreciation expense of TRY5,672,517 of the right-of-use assets for the interim period ended on 30 September 2019 was included in the cost of the goods sold, and the part of TRY3,658,193 was included in the general administrative expenses.

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

13. NON-CURRENT ASSETS HELD FOR SALE

The sale of the Company's old factory and other unused lands continues and the remaining portion of TRY11,334,818 has been classified as non-current assets held for sale (31 December 2019: TRY11,865,457).

	30 September 2020	30 September 2019
Opening balance	11,865,457	12,407,878
Reclasses	-	350,517
Sales	(530,639)	(498,346)
Total	**11,334,818**	**12,260,049**

14. GOODWILL

The goodwill amount presented in the Group's financial statements as of 30 September 2020 is related to Eskişehir and Ankara Cement Factories ('Standart Çimento') acquired in 2005, Çimsa Cement located in TRNC, Bilecik Ready Mix Cement Facilities acquired in 2008, Afyon Çimento Sanayi Türk Anonim Şirketi acquired in 2012 and Cırgalan Ready-Mixed Concrete Facility acquired in 2018. The movement of goodwill for the periods ending 30 September 2020 and 30 September 2019 is stated below.

30 September 2020	Opening	Effect of the acquired subsidiary	Currency Translation Differences	Total
Eskişehir	132,140,806	-	-	132,140,806
Afyon Çimento Sanayi T.A.Ş.	11,358,393	-	-	11,358,393
Bilecik Hazır Beton	4,293,971	-	-	4,293,971
Çimsa Cement Free Zone Ltd.	326,082	-	-	326,082
	148,119,252	**-**	**-**	**148,119,252**

30 September 2019	Opening	Effect of the acquired subsidiary	Currency Translation	Total
Eskişehir	132,140,806	-	-	132,140,806
Afyon Çimento Sanayi T.A.Ş.	11,358,393	-	-	11,358,393
Bilecik Hazır Beton	4,293,971	-	-	4,293,971
Çimsa Cement Free Zone Ltd.	326,082	-	-	326,082
Cırgalan Hazır Beton Tesisi	3,705,259	-	-	3,705,259
	151,824,511	**-**	**-**	**151,824,511**

Goodwill amounts associated with cash generating units are subjected to an impairment determination once a year or more frequently when circumstances indicate impairment. The recoverable value of the cash-generating units has been determined on the basis of value in use or fair value less cost to sell. The recoverable value was determined according to the fair value calculations made according to the discounted cash flow analysis. These calculations include cash flow projections on a TRY basis and are based on ten-year plans between 1 January 2020 and 31 December 2029. For the cash flow estimation, 13.30% weighted average cost of capital and cost and sales price increases in line with macroeconomic and market assumptions were taken into account. As a result of these impairment tests, the recoverable value of the goodwill was determined on the registered value as a result of the examination as of 30 June 2020 and no impairment was found. There is no impairment when the weighted average cost of capital increases/decreases by 1 point.

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

15. PROVISION, CONTINGENT ASSETS AND LIABILITIES

a. Short-Term Provisions

Short-term provisions	30 September 2020	31 December 2019
Provision for litigations	21,700,355	20,028,140
Other provisions	34,725,373	8,702,753
Short-term provisions for employee benefits	3,000,000	-
	59,425,728	**28,730,893**

The movement of 'Provision for the litigations' as of 30 September 2020 and 30 September 2019 is stated below:

Provision for the litigation movement	30 September 2020	30 September 2019
Opening balance	20,028,140	16,828,717
Additional provision (Note 23)	1,822,427	2,132,850
Provision no longer required (-)(Note 23)	(150,212)	(181,868)
Closing balance	**21,700,355**	**18,779,699**

As of 30 September 2020, the Group has provided provision amounting to TRY21,700,355 for the risky cases against the Company with the opinion obtained from the Company's legal counsels (31 December 2019: TRY20,028,140).

b. Long-Term Provisions

Long-term provisions	30 September 2020	31 December 2019
Long-term employee benefits	49,568,319	43,128,555
Other long term provisions	3,984,154	4,209,071
	53,552,473	**47,337,626**

Other long term provisions	30 September 2020	31 December 2019
Recultivation provision	3,984,154	4,209,071
	3,984,154	**4,209,071**

The operations of the Group such as mining, cement productions 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 TRY3,984,154 under 'Other Long-Term Provisions' as of 30 September 2020 (31 December 2019: TRY4,209,071).

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

15. PROVISION, CONTINGENT ASSETS AND LIABILITIES (continued)

The movement of 'the recultivation provision' as of 30 September 2020 and 30 September 2019 is as follows:

Recultivation provision movement	30 September 2020	30 September 2019
Opening balance	4,209,071	4,260,089
Additional provision (Note 23)	311,350	2,312,411
Provision no longer required (-) (Note 23)	(536,267)	(534,377)
Closing balance	**3,984,154**	**6,038,123**

16. COMMITMENTS

The collaterals, pledges and mortgages (CPM) received by the Group as of 30 September 2020 and 31 December 2019 are as follows:

		30 September 2020		31 December 2019	
	Currency	Original	TRY Amount	Original	TRY Amount
Guarantee letter received	TRY	473,974,900	473,974,900	355,036,404	355,036,404
Guarantee letter received	USD	14,719,985	114,933,646	30,918,531	183,662,258
Guarantee letter received	EUR	9,291,043	84,809,569	11,887,143	79,056,633
Guarantee letter received	Other	26,000	26,000	26,000	26,000
Mortgages received	TRY	29,121,423	29,121,423	31,753,423	31,753,423
Mortgages received	EUR	544,391	4,969,254	544,391	3,620,526
Mortgages received	RUB	42,232,560	4,134,568	42,232,560	4,034,054
Checks and notes received	TRY	21,252,262	21,252,262	19,433,646	19,433,646
Checks and notes received	EUR	70,000	638,967	70,000	465,542
Checks and notes received	USD	47,300	369,318	47,300	280,971
Pledge	TRY	9,582,000	9,582,000	17,189,320	17,189,320
Total CPM received			743,811,907		694,558,777

As of 30 September 2020 and 31 December 2019, the details of the collaterals, pledges and mortgages (CPM) given are as follows:

		30 September 2020		31 December 2019	
	Currency	Original	TRY Amount	Original	TRY Amount
A. Total CPM given for the Cornpany's own legal cntity	TRY	63,344,794	63,344,794	49,999,666	49,999,666
	USD	18,659,004	145,689,507	24,526,027	145,689,507
	EUR	3,198,268	29,194,108	3,855,373	25,640,546
B. Total CPM giyen in favoor of subsidiaries consolidated on line-by-line basis		-	-	-	-
C. Total CPM giyen in favour of other 3rd parties for ordinaı trading operaüons		-	-	-	-
D. Other CPM giyen		-	-	-	-
i. Tolal CPM giyen in favour of parent entity		-	-	-	-
ii. Toıal CPM giyen in favour of olber Group cornpanies not of scope ofclause B and C		-	-	-	-
iii. Total CPM giyen in favour of other 3rd parties out of scope of clause C		-	-	-	-
			238,228,409		**221,329,719**

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

17. EMPLOYEE BENEFITS

a. Employee Benefit Obligations

	30 September 2020	31 December 2019
Social security payables	5,287,392	4,775,519
Wage and salary payables to personnel	2,958,771	1,292,437
Personnel witholding tax	2,543,267	3,391,693
	10,789,430	**9,459,649**

b. Long-Term Employee Benefits

	30 September 2020	31 December 2019
Retirement pay provision	42,931,808	36,917,551
Provision for unpaid vacation liability	4,894,617	4,797,633
Seniority provision	1,741,894	1,413,371
	49,568,319	**43,128,555**

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

Such payments are calculated on the basis of one month's pay limited to a maximum of full TRY7,117.17 as of 30 September 2020 (31 December 2019: full TRY6,379.86).

In the consolidated financial statements dated 30 September 2020 and 31 December 2019, the actuarial assumptions used in calculating the severance pay liability are as follows:

	30 September 2020	31 December 2019
Discount rate	4.34%	4.50%
Employee turnover rate	4.06%	3.87%

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

17. EMPLOYEE BENEFITS (continued)

The movement of provision for unpaid vacation liabilty in the period is stated below:

	1 January - 30 September 2020	**1 January - 30 September 2019**
Opening balance	4,797,633	3,637,726
Additional provision	194,806	1,137,963
Provision paid during the period	(186,834)	(595,099)
Currency translation difference	89,012	1,932
Closing balance	**4,894,617**	**4,182,522**

The movement of 'seniority provision' in the period is stated below:

	1 January - 30 September 2020	**1 January - 30 September 2019**
Opening balance	1,413,371	1,081,956
Additional provision	692,627	686,099
Provision paid during the period	(364,104)	(365,930)
Closing balance	**1,741,894**	**1,402,125**

18. OTHER ASSETS AND LIABILITIES

a. Other Assets

Other current assets	**30 September 2020**	**31 December 2019**
Deferred VAT (1)	71,420,865	102,002,655
Job and personnel advances	655,007	872,010
Other current assets (*)	56,568,791	1,328,925
	128,644,663	**104,203,590**

Other non-current assets	**30 September 2020**	**31 December 2019**
Deferred VAT (2)	14,961,731	22,306,923
Other non-current assets	411,571	348,790
Export VAT (3)	1,464,340	1,583,352
	16,837,642	**24,239,065**

(1) According to the estimates of the Group, the portion to be deducted from the VAT payables to be paid within one year is reclassified to other current assets.
(2) According to the Group's estimations, the portion of the transferred VAT of Afyon Çimento T.A.Ş which will be deducted over a year is classified as long term. (31 December 2019: TRY22,306,923).
(3) 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.

(*) Petrocoke purchases of 45,5 mtl are followed in other current assets.

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

18. OTHER ASSETS AND LIABILITIES (continued)

b. Other Liabilities

	30 September 2020	31 December 2019
Other short term liabilities (*)	49,347,345	5,799,492
	49,347,345	**5,799,492**

(*) In other short-term liabilities, 29,6 mtl of petrocoke purchase and 1,1 mtl of state rights are followed.

19. EQUITY, RESERVES AND OTHER EQUITY ITEMS

As of 30 September 2020 and 31 December 2019, the composition of shareholders is as follows:

	30 September 2020		31 December 2019	
Shareholders (*)	(%)	Amount	(%)	Amount
Hacı Ömer Sabancı Holding A.Ş.	54.54	73,674,201	54.54	73,674,201
Akçansa Çimento San. ve Tic. A.Ş.	8.98	12,130,560	8.98	12,130,560
Hacı Ömer Sabancı Vakfı	0.11	150,000	0.11	150,000
Other shareholders	36.37	49,129,681	36.37	49,129,681
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 35.86% as of 30 September 2020 (31 December 2019: 35.65%).

As of 30 September 2020, the Company's capital is composed of 135,084,442 units (31 December 2019: 135,084,442). The nominal value of the shares is 1 TRY per share (31 December 2019: 1 TRY per share).

Retained earnings and accumulated profit/loss

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.

19. EQUITY, RESERVES AND OTHER EQUITY ITEMS (continued)

Profit Distribution

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

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.

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.

Non- controlling interests

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

Available for sales financial assets revaluation reserve

Exsa, which is the Group's investment accounted by equity method, purchased shares of Hacı Ömer Sabancı Holding A.Ş. Those shares are classified as available for sale financial assets in financial statements and accounted in available for sales financial assets revaluation reserve under shareholders' equity by taking into consideration its deferred tax effect.

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

20. DERIVATIVE FINANCIAL INSTRUMENTS

	30 September 2020			31 December 2019		
		Fair Value			Fair Value	
	Contract Amount	Assets	Liabilities	Contract Amount	Assets	Liabilities
Short term derivative financial instruments						
Hedging against impaired risk						
Forward foreign exchange transactions	120,049,456	-	56,387,798	157,348,985	-	17,038,221
Marketable securities						
Forward foreign exchange transactions	118,128,349	57,129,040	-	86,066,585	17,099,686	-
Total short term derivative financial instruments		**57,129,040**	**56,387,798**		**17,099,686**	**17,038,221**
Long term derivative financial instruments						
Hedging against impaired risk						
Interest rate swap	177,192,559	466,352	-	193,649,843	1,250,775	-
Hedging against cash flow risk						
Forward foreign exchange transactions	59,064,211	-	21,183,397	107,583,258	-	23,036,946
Marketable securities						
Forward foreign exchange transactions	59,064,211	21,183,397	-	107,583,258	23,036,946	-
Total long term derivative financial instruments		**21,649,749**	**21,183,397**		**24,287,721**	**23,036,946**
Total derivative financial instruments		**78,778,789**	**77,571,195**		**41,387,407**	**40,075,167**

As of 30 September 2020, the Group has realized 19,4 million sell Euro buy Turkish Lira forward transaction with maturity of 4 years expired on 29 March 2022 and with the same forward, the Group has protected a portion of its sales by foreign exchange forward contracts. Changes arising from forward transactions are recognized in the statement of change in shareholder's equity considering the deferred tax effect.

As of 30 September 2020, the Group has realized 19,4 million Euro nominal value sell Turkish lira buy Euro forward transaction with maturity of 4 years expired on 29 March 2022. Changes arising from forward transactions are recognized in the consolidated statement of profit and loss.

As of 30 September 2020, interest rate swap transactions consist of swap transactions in which Çimsa's long term borrowings of 19,4 million Euro of floating rates are replaced with fixed installment payments to hedge against cash flow risk. Changes arising from interest rate swap transactions are recognized in the statement of change in shareholder's equity considering the deferred tax effect.

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

21. REVENUE

Sales	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Domestic sales	865,204,025	617,353,192	364,921,767	241,424,605
Export sales	1,018,844,201	877,479,891	389,744,130	298,044,946
Sales discounts (-)	(41,646,136)	(30,012,343)	(18,514,969)	(9,170,672)
Other deductions (-)	(210,474,390)	(180,108,105)	(76,015,916)	(57,650,361)
	1,631,927,700	**1,284,712,635**	**660,135,012**	**472,648,518**
Cost of sales (-)(Note 22)	**(1,293,086,494)**	**(1,051,599,792)**	**(494,360,810)**	**(389,263,389)**
Gross profit	**338,841,206**	**233,112,843**	**165,774,202**	**83,385,129**

22. OPERATING EXPENSES BY NATURE

The detail of costs of sales for the periods between 1 January - 30 September 2020 and 2019 is as follows:

Cost of sales (-)

	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September2019
Direct material and supplies expenses	(269,053,356)	(265,529,563)	(106,219,608)	(84,402,426)
Energy costs	(539,383,664)	(458,824,140)	(213,647,481)	(168,537,733)
Depreciation and amortization expenses	(106,693,498)	(103,020,666)	(34,830,517)	(36,368,317)
Labor expenses	(82,304,282)	(62,516,225)	(27,867,121)	(15,486,859)
Other production expenses	(197,108,046)	(91,589,614)	(90,401,161)	(30,128,223)
Total production cost	**(1,194,542,846)**	**(981,480,208)**	**(472,965,888)**	**(334,923,558)**
Change in finished goods	4,480,829	877,077	1,831,608	(23,398,413)
Change in work-in process	(7,492,453)	(8,471,782)	(8,259,621)	(14,555,029)
Inventory impairment provision (Note 9)	(969,146)	(327,742)	(83,736)	(28,409)
Cost of trade goods sold and other	(94,562,878)	(62,197,137)	(14,883,173)	(16,357,980)
	(1.293.086.494)	**(1,051,599,792)**	**(494,360,810)**	**(389,263,389)**

The detail of general administration expenses for the periods between 1 January - 30 September 2020 and 2019 is as follows:

General adm. expenses	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Personnel expenses	(60,208,339)	(42,704,983)	(18,807,055)	(17,274,183)
Consultancy expense	(18,404,533)	(24,089,880)	(3,102,673)	(9,936,467)
Depreciation and amortization	(11,003,798)	(5,797,880)	(3,953,695)	(2,180,520)
IT Expenses	(5,084,927)	(5,265,783)	(1,713,459)	(2,023,801)
Tax, duty and charges	(9,634,398)	(4,416,521)	(3,478,731)	(1,072,105)
Travel expenses	(2,323,792)	(3,851,362)	(621,338)	(1,532,641)
Insurance expenses	(6,726,461)	(2,230,993)	(2,142,330)	(717,193)
Rent expenses	(919,201)	(2,145,070)	(61,166)	(1,368,720)
Representation expenses	(1,292,740)	(1,640,151)	(340,333)	(407,940)
Communication and publicity	(1,306,660)	(1,635,929)	(373,597)	(483,290)
Maintenance expenses	(825,177)	(417,353)	(410,945)	(9,438)
Other miscellaneous expenses	(9,340,227)	(8,678,286)	(976,337)	(3,702,383)
	(127,070,253)	**(102,874,191)**	**(35,981,659)**	**(40,708,681)**

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

22. OPERATING EXPENSES BY NATURE (continued)

The detail of marketing, selling and distribution expense for the periods between 1 January - 30 September 2020 and 2019 is as follows:

Marketing, selling and distribution	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Personnel expenses	(7,838,377)	(6,770,803)	(1,859,614)	(1,532,462)
Travel expenses	(589,398)	(1,092,338)	(148,990)	(547,362)
Rent expenses	(669,622)	(825,762)	(240,495)	(354,906)
Consultancy expenses	(1,227,822)	(472,583)	(472,860)	(134,290)
Representation expenses	(352,608)	(219,004)	(21,597)	(19,122)
Depreciation and amortization expenses	(170,134)	(179,780)	(57,844)	(57,996)
Insurance expenses	(132,732)	(188,388)	(45,690)	(28,710)
Communication and advertising	(58,192)	(63,979)	(15,462)	(19,770)
Other miscellaneous expenses	(1,596,549)	(2,010,187)	(189,916)	(777,636)
	(12,635,434)	**(11,822,824)**	**(3,052,468)**	**(3,472,254)**

The detail of research and development expense for the periods between 1 January - 30 September 2020 and 2019 is as follows:

Research and development expenses	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Personnel expenses	(2,618,628)	(2,638,445)	(829,055)	(867,373)
Outsourced benefits and services	(349,418)	(353,886)	(47,102)	(111,924)
Travel expenses	(53,560)	(224,906)	(11,053)	(82,064)
Raw material expenses	(302,210)	(212,568)	(41,402)	(116,585)
Depreciation and amortization	(75,678)	(76,369)	(25,221)	(25,454)
Rent expenses	(33,751)	(42,446)	(8,137)	(20,258)
Transportation expenses	(13,537)	(4,984)	(10,243)	(1,000)
Other miscellaneous expenses	(227,927)	(308,247)	(36,142)	(169,553)
	(3,674,709)	**(3,861,851)**	**(1,008,355)**	**(1,394,211)**

23. OTHER OPERATING INCOME AND EXPENSES

Other operating income	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Foreign exchange gain from operating activities	237,312,407	61,416,963	95,062,923	14,528,704
Insurance damage compensation income	649,310	12,172,016	8,248	4,282,812
Provisions no longer required (Note 6/15)	686,479	5,170,434	13,420	4,644,436
Overdue and interest income from operating activities	367,416	3,214,236	(440,899)	1,496,169
Sales of scrap and miscellaneous material	3,272,350	1,248,324	1,080,284	229,430
Incentives received	11,658	65,063	11,658	65,063
Other income	6,661,482	5,126,735	3,675,195	833,097
	248,961,102	**88,413,771**	**99,410,829**	**26,079,711**

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

23. OTHER OPERATING INCOME AND EXPENSES (continued)

Other operating expense	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Foreign exchange loss from operating activities	(134,718,499)	(50,897,384)	(62,618,776)	(13,701,677)
Provision expenses (Note 6/15)	(3,821,759)	(5,786,649)	(2,292,795)	(2,570,386)
Interest expense of retirement pay provision	(2,699,151)	(1,426,789)	(1,958,181)	(716,582)
Compensation and penalty expenses	(1,692,350)	(1,430,622)	(607,137)	(475,187)
Litigation, levy and court paid expenses	(152,475)	(350,315)	(27,288)	(134,512)
Donations and grants	(734,044)	(212,388)	(18,214)	(21,244)
Other expenses	(3,964,751)	(7,762,511)	(1,299,295)	(6,843,667)
	(147,783,029)	**(67,866,658)**	**(68,821,686)**	**(24,463,255)**

24. INCOME AND EXPENSE FROM INVESTMENT ACTIVITIES

Income from investment activities	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Fixed assets sales income (*)	24,935,039	41,209,231	10,914,433	14,216,040
	24,935,039	**41,209,231**	**10,914,433**	**14,216,040**

Expense from investment activities	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Fixed asset sales expense	(1,067,410)	(305,896)	(964,753)	(121,810)
	(1,067,410)	**(305,896)**	**(964,753)**	**(121,810)**

(*) Tangible fixed asset sales revenues are related to the Afyon old factory land, Niğde and Antalya land sales, which are still ongoing.

25. FINANCIAL INCOME/EXPENSE

Financial income	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Interest income	19,454,209	5,048,337	8,159,845	1,343,318
Total financial income	**19,454,209**	**5,048,337**	**8,159,845**	**1,343,318**

Financial expenses	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Interest expenses of bank borrowings	(116,183,837)	(128,880,433)	(30,764,426)	(21,476,106)
Foreign exchange loss on bank borrowings	(129,868,430)	(69,411,690)	(55,485,951)	(28,015,333)
Other financial expenses	(9,443,927)	(2,880,362)	(4,205,075)	(457,412)
Total financial income	**(255,496,194)**	**(201,172,485)**	**(90,455,452)**	**(49,948,851)**

26. 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.

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In such case, the tax is also recognised in shareholders' equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associates of the Group operate. Under the Turkish Tax Code, companies having head office or place of business in Turkey are subject to corporate tax.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for five years. Tax losses cannot retrospectively offset against the profits of previous years.

Furthermore, provisional corporate taxes are paid at 22% over profits declared for interim periods in order to be deducted from the final corporate tax.

As of 30 September 2020 and 2019, income tax provisions have been accrued in accordance with the prevailing tax legislation.

The exemption to be applied over the capital gains derived by corporate taxpayers from the sale of shares of investments, immovable property held, preferential rights, usufruct shares and founding shares from investment equity for at least two years is reduced from 75% to 50% by the law amendment published in the Official Gazette on 5 December 2017 in accordance with the Corporate Tax Law numbered 5520. To be entitled to the exemption, the relevant gain is required to be held in a fund account and it must not be withdrawn from the entity for a period of 5 years. The cost of the sale has to be collected up until the end of the second calendar year following the year the sale was realized. Therefore, the corporate and deferred tax calculations for the capital gains derived from the sale of immovable property in 2018, 2019 and 2020 shall be 22% of the remaining 50%, and for 2021 and there after 20% of the remaining 50%.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

Since the applicable tax rate has been changed to 22% for the 3 years beginning from 1 January 2018, 22% tax rate is used in the deferred tax calculation of 30 September 2020 for the temporary differences expected to be realized/closed within 3 years (for the years 2018, 2019 and 2020). However, since the corporate tax rate after 2020 is 20%, 20% tax rate is used for the temporary differences expected to be realized/closed after 2020.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Provided that deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and it is legally eligible, they may be offset against one another.

In Turkey, the corporate tax rate is 20%. However, in accordance with the addition of temporary 10th article to the Corporate Tax Law, 22% corporate tax rate will be applied to the profits of the entities related to their to 2018, 2019 and 2020 tax periods (for the entities with special accounting period, tax periods commenced in the related year) rather than 20%. This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax is required to be filed by the twenty-fifth day of the month following the balance sheet date and taxes must be paid by the end of the fourth month.

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

26. INCOME TAXES (continued)

The tax legislation provides for a temporary tax of 20% (will be applied as 22% for 2018, 2019 and 2020 tax periods) to be calculated based on earnings generated for each quarter. Temporary tax is declared by the 14th day of the second month following each quarter and corresponding tax is payable by the 17th day of the same month. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If there is excess temporary tax paid even if it is already offset, this amount may be refunded or offset.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

15% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax.

Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. As of 30 September 2020 and 31 December 2019 current income tax payables have been offset against the prepaid taxes in entity basis but such offset amounts have been classified in gross basis in the consolidated financial statement.

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.

Tax Inspection Board İstanbul Büyük Ölçekli Mükellefler Grup Başkanlığı conducts a limited and full tax review for the fiscal period of 2015, 2016, 2017 at the company. The tax review process is still ongoing.

As of 30 September 2020 and 31 December 2019, corporate tax payables are summarized as follows:

Distribution of tax expenses are as follows:

Assets related to the current period taxes	**30 September 2020**	**31 December 2019**
Assets related to the current period taxes	2,453,025	3,078,501
	2,453,025	**3,078,501**

Corporate tax payable	**30 September 2020**	**31 December 2019**
Current period corporate tax provision	(26,583,351)	(7,964,053)
Prepaid taxes and funds (-)	9,169,560	7,676,664
	(17,413,791)	**(287,389)**

Tax (expense)/income	**1 January - 30 September 2020**	**1 January - 30 September 2019**	**1 July - 30 September 2020**	**1 July - 30 September 2019**
Current period corporate tax (expense)/income	(26,583,351)	(9,615,634)	(18,035,906)	(3,505,879)
Deferred tax (expense)/income	14,115,811	20,546,957	2,472,108	(981,226)
	(12,467,540)	**10,931,323**	**(15,563,798)**	**(4,487,105)**

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

26. INCOME TAXES (continued)

The details of the deferred tax assets and liabilities of the Group as of 30 September 2020 and 31 December 2019 are as follows:

Deferred tax assets	**30 September 2020**	**31 December 2019**
Tax losses carried forward	38,114,945	27,225,613
Provision for employee benefits	1,898,883	2,127,913
Property, plant and equipment and intangible assets	7,737,132	7,566,318
Cultivation provision	845,174	887,808
Provision for other doubtful receivables	1,953,896	1,551,849
Cash capital increase tax incentive assets	16,497,926	10,127,770
Provision for litigations	4,957,278	4,406,163
Inventory impairment provision	2,153,404	1,184,258
Rediscount of receivables	1,534,226	799,164
Other	15,174,743	3,285,589
	90,867,607	59,162,445
Deferred tax liabilities		
Property, plant and equipment and intangible assets	(28,746,129)	(26,801,818)
Inventories	(340,200)	(340,200)
Goodwill	(24,737,532)	(24,737,532)
Other	(1,302,026)	(380,154)
	(55,125,887)	(52,259,704)
Net deferred tax asset/(liability)	**35,741,720**	**6,902,741**

Deferred tax assets/(liabilities) presentation at balance	**30 September 2020**	**31 December 2019**
Deferred tax assets	90,867,607	59,162,445
Deferred tax liabilities	(55,125,887)	(52,259,704)
	35,741,720	**6,902,741**

The movement of the net deferred tax liabilities is as folows:

Deferred tax assets/(liabilities) movement	**30 September 2020**	**30 September 2019**
Opening balance	6,902,741	9,960,498
Deferred tax (income)/expense	14,115,811	(20,546,957)
Accounted under other comprehensive income	14,428,596	19,449,380
Currency translation difference and other	294,572	(7,345,360)
Closing balance	**35,741,720**	**1,517,561**

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

26. INCOME TAXES (continued)

Tax reconciliation:	**30 September 2020**	**30 September 2019**
Profit before taxation	151,174,478	(957,504)
Effective statutory income tax rate	%22	%22
Tax expense at the effective statutory income tax rate	(33,258,385)	210,651
Reconciliation of tax provision calculated with deductible:		
- Non-deductible expenses	(360,695)	(532,470)
- Effect of cash capital increase on tax incentive assets	6,370,156	2,242,205
- Tax exemption from sale of land	2,295,225	4,512,936
- Effect of the profit from investments accounted by equity method	14,676,189	4,215,688
- Other	(2,190,030)	282,313
Tax expense in the income statement	**(12,467,540)**	**10,931,323**

'The Law on Amendment to Certain Laws and Decree Laws' (Law No: 6637) has been promulgated in the Official Gazette dated 7 April 2015 and the Article will enter into force as from 1 July 2015. Capital companies are allowed a deemed interest deduction that is equal to 50% of the interest calculated on the cash capital increase in the registered capital of the existing corporations or cash capital contributions of the newly incorporated corporations based on the average interest rate announced by the Central Bank of Turkey for TRY denominated commercial loans, from their Corporate tax base of the relevant year. Within the scope of the authorization provision in the legal regulation, the Council of Ministers amended this rate with the Decision no. 2015/7910 published in the Official Gazette dated 31 December 2016. Accordingly, the deduction will be applied as follows;

a) For publicly held capital companies whose shares are traded in the stock exchange, 25 points will be added to 50% rate where the ratio of the nominal value of shares followed up as tradable shares in the stock exchange by Merkezi Kayıt Kuruluşu A.Ş. to the registered paid-in or removed capital is 50% or less as of the last day of the year when the deduction is benefited from, 50 points will be added to 50% rate where the above-mentioned ratio is above 50%.

b) If the capital increased in cash is used in production and industry plants with investment incentive certificates and investments of machines and equipments pertaining to these plants and/or investments of lands and plots allocated to construction of these plants, the deduction in question will be applied by adding 25 points to the 50% rate stated above, as limited to the fixed investment amount in the investment incentive certificate.

27. EARNINGS PER SHARE

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

	1 January - 30 September 2020	**1 January - 30 September 2019**	**1 July - 30 September 2020**	**1 July - 30 September 2019**
Number of shares	135,084,442	135,084,442	135,084,442	135,084,442
Profit attributable to equity holders of the parent–TRY	135,532,010	31,455,535	97,707,979	8,254,071
Dividend per share with nominal value of 1 Kr - TRY	1.0033	0.2329	0.7233	0.0611

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

28. RELATED PARTY DISCLOSURES

Entities are defined as related if one of the entities has control over the other entity or has a significant influence over the other entity's financial and administrative decisions. The Group is controlled by Hacı Ömer Sabancı Holding A.Ş. For the consolidated financial statements, shareholder companies and financial assets of Hacı Ömer Sabancı Holding A.Ş. and their associates and subsidiaries and also other companies of Sabancı Group are presented separately and these companies and top management of the Group are referred to as related parties. The Group has various transactions with related parties. The related party balances as of 30 September 2020 and 31 December 2019 and the related party transactions for the interim periods ended 30 September 2020 and 30 September 2019 are mainly as follows:

Short term trade receivables from related parties

	30 September 2020	31 December 2019
Akçansa Çimento Sanayi ve Ticaret A.Ş.(3)	2,267,714	2,006,838
Karçimsa Çimento San. ve Tic. A.Ş. (3)	39,528	25,888
	2,307,242	**2,032,726**

Short term other receivables from related parties

	30 September 2020	31 December 2019
Ak Finansal Kiralama A.Ş.	223,504	223,504
Teknosa İç ve Dış Ticaret A.Ş.	-	5,220
	223,504	**228,724**

(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.

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

28. RELATED PARTY DISCLOSURES (continued)

Short-term trade payables to related parties

	30 September 2020	31 December 2019
Enerjisa Üretim Santralleri A.Ş. (2)	59,559,108	63,670,705
Akçansa Çimento Sanayi ve Ticaret A.Ş. (3)	38,809	-
Other	-	134,795
	59,597,917	**63,805,500**

Short-term other payables to related parties

	30 September 2020	31 December 2019
Sabancı Dx (2)	162,379	2,983,076
Aksigorta A.Ş. (3)	69,079	12,924
Teknosa (3)	-	59,083
Other	27,270	482,493
	258,728	**3,537,576**

Bank balances deposited in related parties

	30 September 2020	31 December 2019
Akbank T.A.Ş. (2)	387,462,987	162,445,305
	387,462,987	**162,445,305**

Borrowings from related parties

	30 September 2020	31 December 2019
Akbank T.A.Ş. bank borrowings (2)	150,891,238	500,875,973
	150,891,238	**500,875,973**

Sales to related parties

	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Akçansa Çimento Sanayi ve Ticaret A.Ş. (3)	5,742,973	2,189,775	2,735,289	330,937
Ak Finansal Kiralama	568,230	1,894,099	189,410	568,230
Sabancı Dx	304,870	854,437	8,075	100,437
Enerjisa Enerji A.Ş. (2)	5,553	447,187	-	-
Teknosa (3)	-	103,828	-	-
Other	2,450,741	35,340	2,437,590	22,196
	9,072,367	**5,524,666**	**5,370,364**	**1,021,800**

(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.

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

28. RELATED PARTY DISCLOSURES (continued)

Purchases and services received from related parties

	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Enerjisa Enerji A.Ş. (3)	210,608,180	146,004,585	79,841,554	50,222,902
Sabancı Dx	5,773,668	6,114,194	4,840,986	2,287,932
Aksigorta A.Ş.	9,888,565	5,176,008	382,164	43,551
Ak Finansal Kiralama	568,230	1,894,099	189,410	568,230
Ak Yatırım	43,446	1,666,028	43,446	-
Avivasa Emeklilik ve Hayat A.Ş. (3)	411,554	335,345	411,554	12,622
Teknosa	50,385	144,572	28,427	59,968
Akçansa Çimento Sanayi ve Ticaret A.Ş. (3)	71,089	-	14,824	-
Hacı Ömer Sabancı Holding. A.Ş. (3)	483,543	-	4,610	-
Other	248,845	651,986	102,910	175,353
	228,147,505	**161,986,817**	**85,859,885**	**53,370,558**

Interest income from related parties

	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Akbank T.A.Ş. (2)	11,356,033	2,168,030	2,246,185	1,096,974
	11,356,033	**2,168,030**	**2,246,185**	**1,096,974**

Interest expense from related parties

	1 January - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2020	1 July - 30 September 2019
Akbank T.A.Ş. (2)	(23,805,889)	(49,766,334)	-	(18,691,363)
	(23,805,889)	**(49,766,334)**	-	**(18,691,363)**

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 TRY12,621,815 (30 September 2019: TRY7,241,095). The contributions paid to Social Security Institution are TRY771,416 (30 September 2019: TRY520,953).

(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.

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

29. FOREIGN CURRENCY RISK

As of 30 September 2020 and 31 December 2019, the Group's foreign currency position in terms of the original currency is as follows:

	30 September 2020				31 December 2019			
	TRY Equivalent (Functional Currency)	USD (Original Currency)	EUR (Original Currency)	GBP (Original Currency)	TRY Equivalent (Functional Currency)	USD (Original Currency)	EUR (Original Currency)	GBP (Original Currency)
Trade receivables	281,192,978	26,724,239	7,883,425	56,767	198,844,035	26,853,698	5,553,867	307,484
Monetary financial assets	100,570,162	7,021,879	4,528,099	439,681	151,740,580	7,817,898	15,064,853	657,158
Other	72,826,323	1,983,511	6,281,599	-	60,363,340	2,727,396	6,637,472	2,429
Current Assets	**454,589,463**	**35,729,629**	**18,693,123**	**496,448**	**410,947,955**	**37,398,992**	**27,256,192**	**967,071**
TOTAL ASSETS	**454,589,463**	**35,729,629**	**18,693,123**	**496,448**	**410,947,955**	**37,398,992**	**27,256,192**	**967,071**
Trade payables	(145,085,773)	(17,546,863)	(827,489)	(52,485)	(46,730,866)	(5,286,452)	(2,249,644)	(47,168)
Financial liabilities	(526,437,909)	(6,065,000)	(52,484,349)	-	(526,184,183)	(21,493,798)	(59,920,417)	-
Other	(11,258,187)	-	(1,233,096)	(235)	(16,629,791)	(271,656)	(2,254,741)	(2,664)
Short Term Liabilities	**(682,781,869)**	**(23,611,863)**	**(54,544,934)**	**(52,720)**	**(589,544,840)**	**(27,051,906)**	**(64,424,802)**	**(49,832)**
TOTAL LIABILITIES	**(682,781,869)**	**(23,611,863)**	**(54,544,934)**	**(52,720)**	**(589,544,840)**	**(27,051,906)**	**(64,424,802)**	**(49,832)**
Net foreign currency asset liability position	**(228,192,406)**	**12,117,766**	**(35,851,811)**	**443,728**	**(178,596,885)**	**10,347,086**	**(37,168,610)**	**917,239**
Off balance sheet derivative financial instruments net asset/liability position items	224,040,541	6,000,000	19,411,766	-	**229,291,030**	**6,000,000**	**29,117,648**	**-**
Net foreign currency asset / liability position for monetary items	(4,151,865)	18,117,766	(16,440,045)	443,728	**50,694,145**	**16,347,086**	**(8,050,962)**	**917,239**
Export	852,094,415	78,727,469	41,280,188	896,215	940,901,942	111,985,229	46,381,587	1,628,309
Import	174,971,089	25,104,366	777,849	-	202,086,746	34,288,780	1,213,784	-

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.

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

29. FOREIGN CURRENCY RISK (continued)

Foreign currency risk occurs due to the Group's assets and liabilities which are denominated mostly in USD, EUR and GBP.

The information below shows the Group's sensitivity to a 10% (+/-) change in USD, EUR and GBP. 10% is the sensitivity rate which represents the top management's assessment of the possible change in foreign exchange rates. Sensitivity analyses contains only foreign currency denominated monetary items in period and shows the effect of 10% foreign exchange change on these items. This analysis covers, as well as external loans, the loans denominated in a currency other than the functional currency of the parties taking the loan. Positive balances show increase in profit/loss and other equity items.

	Profit/Loss		**Equity**	
30 September 2020	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
1- USD net assets/liabilities	9,461,552	(9,461,552)	9,461,552	(9,461,552)
2- Hedged portion of USD risk (-)	4,684,800	(4,684,800)	4,684,800	(4,684,800)
3- USD net effect (1+2)	14,146,352	(14,146,352)	14,146,352	(14,146,352)
4- Net EUR assets/liabilities	(32,725,892)	32,725,892	(32,725,892)	32,725,892
5- Hedged portion of EUR risk (-)	17,719,254	(17,719,254)	17,719,254	(17,719,254)
6- EUR net effect (4+6)	(15,006,638)	15,006,638	(15,006,638)	15,006,638
7- Net GBP assets/liabilities	445,099	(445,099)	445,099	(445,099)
8- Hedged portion of GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	445,099	(445,099)	445,099	(445,099)
TOTAL (3+6+9)	**(415,187)**	**415,187**	**(415,187)**	**415,187**

	Profit/Loss		**Equity**	
31 December 2019	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
1- USD net assets/liabilities	6,146,376	(6,146,376)	6,146,376	(6,146,376)
2- Hedged portion of USD risk (-)	3,564,120	(3,564,120)	3,564,120	(3,564,120)
3- USD net effect (1+2)	9,710,496	(9,710,496)	9,710,496	(9,710,496)
4- Net EUR assets/liabilities	(24,719,355)	24,719,355	(24,719,355)	24,719,355
5- Hedged portion of EUR risk (-)	19,364,983	(19,364,983)	19,364,983	(19,364,983)
6- EUR net effect (4+6)	(5,354,372)	5,354,372	(5,354,372)	5,354,372
7- Net GBP assets/liabilities	713,291	(713,291)	713,291	(713,291)
8- Hedged portion of GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	713,291	(713,291)	713,291	(713,291)
TOTAL (3+6+9)	**5,069,415**	**(5,069,415)**	**5,069,415**	**(5,069,415)**

Interest rate risk management

The Group is exposed to interest rate risk due to the effect of changes in interest rates on the Group's assets and liabilities having interest returns. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and interest rate forward contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

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

30. FINANCIAL INSTRUMENTS FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURE

Fair value of financial instruments

Fair value is defined as the price that will be received between market participants in the ordinary course of business at the date of measurement, at the time of sale or sale of an asset.
Estimates are necessary in interpreting market data to determine appropriate value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

Monetary assets

It is foreseen that the carrying values of cash and cash equivalents are equal to their fair values due to their short-term nature.

The registered values of the receivables are foreseen to reflect the fair value together with the corresponding impairment allowances due to their short term nature.

Monetary liabilities

The carrying values of trade payables are estimated to reflect their fair value due to their short-term nature.

	30 September 2020	**31 December 2019**
Fair value difference reflects other comprehensive income/loss derivate financial assets and liabilities (*)	(77,571,195)	(40,075,167)
Total	**(77,571,195)**	**(40,075,167)**

	30 September 2020	**31 December 2019**
Fair value difference reflects over income/loss financial assets and liabilities	78,778,789	41,387,407
Total	**78,778,789**	**41,387,407**

(*) The derivative instruments detailed in Note 20 consist of forward purchase/sale contracts. The Group has secured part of its sales with foreign exchange forward contracts. In addition, interest rate swap transactions were made against the risk of impairment arising from interest rate changes of the loan. As of 30 September 2020, the revaluation amount of the Group's hedged transactions amounting to net EUR19,411,766 (2019: EUR29,117,648) has been presented in the consolidated statement of financial position as 'Derivative Financial Assets and Equity'.

30. FINANCIAL INSTRUMENTS FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURE (continued)

Fair value of financial instruments (continued)

Fair value measurement hierarchy chart

The fair value of financial assets and liabilities is determined as follows:

- Level 1: The fair value of financial assets and financial liabilities are determined with reference to actively traded market prices.
- Level 2: Other than market prices specified at first level, the fair value of financial assets and financial liabilities are evaluated with reference to inputs that used to determine directly or indirectly observable price in market.
- Level 3: The fair value of financial assets and financial liabilities are evaluated with reference to inputs that used to determine fair value but not relying on observable data in the market.

31. SUBSEQUENT EVENTS

As stated in the Company's PDP statements dated 01.10.2020 and 14.10.2020;
The company and its main partner Hacı Ömer Sabancı Holding A.Ş. (Sabancı Holding), in line with its goal of becoming a leading player in the global white cement market and creating a more efficient and stronger platform for this by combining its operational and financial strengths, the transfer of the company's white cement operations abroad to a company to be established in partnership with Sabancı Holding and it was decided that the said purchase will be made through this newly established subsidiary

Within this context;

- As a part of Sabancı Group's long-term strategy to become the leading player in global white cement trade, a decision has been made to merge the financial power of our Company and the operational capability of our subsidiary Çimsa Çimento Sanayi ve Ticaret A.Ş. (Çimsa) under one roof abroad, to create a more efficient and financially strong platform,

- Within this context, to incorporate a company in the Netherlands under the trade name of Cimsa Sabanci Cement BV (CSC BV) with 87,000,000 EUR equity capital, in which our Company will be holding 60% of the total equity shares while the remaining 40% to be held by Çimsa,

- To participate in CSC BV as incorporator and to inject 34,800,000 EUR amount of capital in consideration for 34,800,000 shares of CSC BV,

- To sell the shares of Çimsa's subsidiaries that undertake white cement business abroad, whereas 100% equity shares of Cimsa Americas Cement Manufacturing and Sales Corporation, Cimsa Cement Sales North Gmbh and Cimsa Cementos Espana S.A.U., and corresponding to 70% of the total equity shares in Cimsa Adriatico S.R.L, all of which are being held by Çimsa, to the CSC BV, which is to be incorporated in the Netherlands,

- To have the said share transfers be completed over the value that is going to be determined as a result of independent valuation studies to be carried out in line with the capital markets regulation, to CSC BV,

31. SUBSEQUENT EVENTS (continued)

- Determining the capital of the CSC BV to be established in line with the cash requirement that will arise during the establishment phase, taking into account the values to be found as a result of the above-mentioned valuation studies and the financing conditions for the purchase of the Buñol White Cement Factory,

- To have the acquisition of Buñol Plant, be completed by Cimsa Cementos Espana S.A.U, which will finally become a wholly owned affiliate of CSC BV as a result of the above mentioned share transfers and to have the closing procedures be accomplished accordingly

issues have been decided.

It is considered that this new restructuring to be formed will make a significant contribution to strengthening the financial structure and increasing the dividend capacity by reducing the debt of the Company, and the export activities of the company will increasingly continue with the synergy that will occur after this restructuring.

The share valuation transactions of the terminal companies to be transferred within the scope of the establishment and structuring of CSC BV are still in progress as of this date.