(Convenience translation of the report and consolidated financial statements originally issued in Turkish)

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

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2020 TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Çimsa Çimento Sanayi ve Ticaret A.Ş.

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Çimsa Çimento Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

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3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the key audit matter was addressed in the audit
Impairment of Goodwills (Notes 2 and 15):	
Goodwills recognised under intangible assets amounting to TRY148,119,252 as of 31 December 2020. These indefinite-life intangible assets are required to be tested for impairment annually. The goodwills subject to the impairment assessment was determined as key audit matter due to material amount of its carrying value, and estimations and assumptions used in impairment tests by the Group management, like discount and growth rates, earnings before interest, tax and depreciation, which are highly sensitive to future market conditions.	The following audit procedures were addressed in our audit work for the impairment of goodwills: • Evaluating the future business plans and explanations by considering macroeconomic data and inquiry with the Group management for the assumptions and estimations, analysis and future plans prepared the Group management. • Significant changes between the Group's performance for the year ended 31 December 2020 and its budget for the following years, especially the main changes in revenue and costs, are understood and evaluated by considering past performances and changes in the sector. • As an independent auditor, we involved auditor expert in evaluating the assumptions and methods used by the Group management in each impairment test. The design and mathematical accuracy of the calculation model of discounted cash flows used in evaluation of the estimates and assumptions in the impairment test model used by the Group management were checked. The discount rate was also evaluated by our expert, and the calculation of the discount rate together with its components was assessed by considering market data. • In addition, disclosures for the goodwill impairment tests were evaluated in accodance with TFRS.

Key Audit Matters	How the key audit matter was addressed in the audit
Recoverability of trade receivables (Notes 2 and 6):	
Trade receivables amounting to TRY321,079,928 from non-related parties as of 31 December 2020 are material to the consolidated financial statements. The Group management considers the guarantees received from its customers, past collection performance, credibility of customers, maturity analysis and disputes or claims related to receivables when evaluating recoverability. The determination of doubtful receivables together with the respective provisions includes the Group management's estimations and assumptions. On the other hand, those estimates are very sensitive to market conditions. Therefore, the recoverability of trade receivables is a key audit matter.	The following audit procedures were addressed in our audit work on the recoverability of trade receivables: • The Group's credit risk management policy, including credit limit and collection management, were understood and assessed. • Trade receivables from non-related parties were tested on a sample basis by sending confirmation letters. • The agings of trade receivable balances from non-related parties were tested on a sample basis and turnover rates were compared to the prior periods. • The subsequent collections were tested on a sample basis. • The guarantee letters received from customers were tested on a sample basis. • It was assessed if there is a dispute or litigations regarding collectability of trade receivables from non-related parties, and obtained written assessments of legal counsels on outstanding litigations and disputes. • The compliance of the disclosures regarding recoverability of trade receivables from non-related parties in the consolidated financial statements with the relevant accounting standards was evaluated.

Key Audit Matters	How the key audit matter was addressed in the audit
Measurement of the fair value less cost to sell of the disposal groups classified held for sale (Notes 2 and 17):	
As explained in Note 17, in 2020 the Group decided to sell all of its shares in the subsidiaries undertaking white cement operations abroad, to its associate, namely Cimsa Sabancı Cement BV, in which the Group has 40% interest. This sale transaction is planned to be finalized in 2021. In this context, the Group applied TFRS 5 " Non-current Assets held for Sale and Discontinued Operations" ("TFRS 5"). Non-current assets classified as held for sale in accordance with TFRS 5 must be measured at the lower of its carrying value and its fair value less costs to sell. Accordingly, a valuation work was carried out to measure the fair values. The techniques used to measure the fair value of each of the disposal groups to be sold include estimates and assumptions such as discounts and growth rates, profit before interest tax depreciation. These estimates and assumptions used are very sensitive to market conditions. For this reason, the measurement of the fair value less cost to sell of the disposal groups classified held for sale in accordance with TFRS 5, was determined as a key audit matter.	The following audit procedures were addressed in our audit work on the application of TFRS 5: • Our expert was involved in our audit to evaluate the assumptions and methods used in the valuation model prepared to measure the fair values less cost to sell of the disposal groups classified for sale. The model and mathematical accuracy of the discounted cash flow calculation in the valuation model used was checked. • The discount rates used in the model were evaluated with our expert, and the appropriateness of the calculation of these discount rates and their components were checked by taking the market data into account. • The important estimations used in the cash flow models and budgets for the following years were evaluated with the Group management by considering macroeconomic and market data. • In the notes to the consolidated financial statements, the compliance and adequacy of the disclosures for the disposal groups classified held for sale and discontinued operations in accordance with TFRS were evaluated.

4. Other matter

The consolidated financial statements of the Group as of 31 December 2019 and for the year then ended were audited by another audit firm whose audit report dated 21 February 2020 expressed an qualified opinion.

5. Responsibilities of management and those charged with governance for the consolidated financial statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

6. Auditor's responsibilities for the audit of the consolidated financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 23 February 2021.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Serdar İnanç, SMMM
Partner

Istanbul, 23 February 2021

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

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

	Note	(Audited) Current Period 31 December 2020	(Audited) Prior Period 31 December 2019
ASSETS			
Cash and cash equivalents	5	903,961,752	267,350,543
Trade receivables	6	321,765,215	460,975,667
Trade receivables from related parties	*30*	685,287	2,032,726
Trade receivables from third parties		*321,079,928*	*458,942,941*
Other receivables		2,489,773	3,972,111
Other receivables from related parties	*30*	296,267	228,724
Other receivables from third parties	8	*2,193,506*	*3,743,387*
Derivative financial instruments	22	*42,587,851*	*17,099,686*
Inventories	9	228,653,262	205,947,421
Prepaid expenses	10	59,158,323	12,154,694
Assets related to the current period taxes	28	200,717	3,078,501
Other current assets	20	66,663,718	104,203,590
Non-current assets held for sale	12	8,522,648	11,865,457
Subtotal		**1,634,003,259**	**1,086,647,670**
Assets directly associated with assets classified as held for sale	17	922,898,311	-
Current assets		**2,556,901,570**	**1,086,647,670**
Other receivables	8	6,398,102	4,009,281
Other receivables from third parties		*6,398,102*	*4,009,281*
Financial investments		64,478	64,478
Investments accounted under equity method	3	708,350,343	310,993,227
Derivative financial instruments	22	10,907,697	24,287,721
Property, plant and equipment	11	1,579,599,880	2,078,408,819
Right of use assets	14	24,879,991	40,381,296
Intangible assets		164,773,022	166,153,834
Goodwill	*15*	*148,119,252*	*148,119,252*
Other intangible assets	13	*16,653,770*	*18,034,582*
Prepaid expenses	10	3,067,060	1,582,452
Deferred tax assets	28	55,463,788	59,162,445
Other non-current assets	20	18,776,482	24,239,065
Non-current assets		**2,572,280,843**	**2,709,282,618**
TOTAL ASSETS		**5,129,182,413**	**3,795,930,288**

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

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

	Note	(Audited) Current Period 31 December 2020	(Audited) Prior Period 31 December 2019
LIABILITIES			
Short-term borrowings	7	1,111,893,715	670,341,047
Current portion of long-term borrowings	7	181,271,407	205,671,050
Short-term lease liabilities	7	12,755,410	4,343,248
Trade payables	6	572,397,678	352,762,993
Trade payables to related parties	*30*	96,973,610	63,805,500
Trade payables to third parties		475,424,068	288,957,493
Employee benefit obligations	19	8,584,985	9,459,649
Other payables		337,850,942	26,554,732
Other payables to related parties	*30*	315,454,117	3,537,576
Other payables to third parties	8	22,396,825	23,017,156
Derivative financial liabilities	22	42,587,972	17,038,221
Deferred income	10	11,301,698	23,577,123
Current income tax liability	28	17,061,162	287,389
Short-term provisions	16	37,387,985	28,730,893
Short-term provisions for employee benefits		7,807,614	-
Other short-term provisions		29,580,371	28,730,893
Other current liabilities	20	61,052,734	27,949,916
Subtotal		**2,394,145,688**	**1,366,716,261**
Liabilities directly associated with assets classified as held for sale	17	544,197,063	-
Current liabilities		**2,938,342,751**	**1,366,716,261**
Long-term borrowings	7	229,509,051	776,184,260
Long-term lease liabilities	7	25,472,916	44,632,252
Long-term provisions		52,713,682	47,337,626
Long-term provisions for employee benefits	19	48,258,745	43,128,555
Other long-term provisions	16	4,454,937	4,209,071
Derivative financial liabilities	22	12,503,741	23,036,946
Deferred tax liability	28	31,795,935	52,259,704
Non-current liabilities		**351,995,325**	**943,450,788**
SHAREHOLDERS' EQUITY			
Share capital	21	135,084,442	135,084,442
Adjustments to share capital	21	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		25,479,834	14,924,054
Foreign currency translation reserve		*85,992,327*	*54,499,662*
Cash flow hedge fund		*(60,512,493)*	*(39,575,608)*
Other comprehensive income/expense not to be reclassified to profit or loss		9,753,120	3,453,307
Increase/(decrease) funds of financial investments value		*22,216,596*	*12,378,142*
Actuarial losses/gains on defined benefit plans		*(12,463,476)*	*(8,924,835)*
Restricted reserves		193,104,976	193,104,976
Retained earnings		998,526,403	985,356,923
Net profit for the year		175,746,242	13,169,480
Equity attributable to equity holders of the parent		**1,580,535,948**	**1,387,934,113**
Non-controlling interests		258,308,389	97,829,126
Total shareholders' equity		**1,838,844,337**	**1,485,763,239**
TOTAL LIABILITIES AND EQUITY		**5,129,182,413**	**3,795,930,288**

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

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 DECEMBER 2020

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

	Note	(Audited) Current Period 1 January- 31 December 2020	(Audited *) Prior Period 1 January- 31 December 2019
OPERATING INCOME			
Revenue	23	2,076,298,962	1,577,651,788
Cost of sales (-)	24	(1,608,546,273)	(1,303,900,929)
GROSS PROFIT		**467,752,689**	**273,750,859**
General and administrative expense (-)	24	(147,337,906)	(126,883,930)
Marketing, selling and distribution expense (-)	24	(15,955,724)	(13,601,062)
Research and development expense (-)	24	(5,096,142)	(6,445,651)
Other operating income	25	309,820,202	120,733,921
Other operating expenses (-)	25	(258,263,569)	(89,763,336)
OPERATING PROFIT		**350,919,550**	**157,790,801**
Income from investment activities	26	39,392,913	46,183,411
Profit/(loss) from investments accounted by equity method	3	67,945,650	28,408,313
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		**458,258,113**	**232,382,525**
Financial income	27	31,322,385	6,098,469
Financial expenses (-)	27	(253,079,904)	(267,228,450)
PROFIT BEFORE TAXATION		**236,500,594**	**(28,747,456)**
Tax income/(expense) from continuing operations		**(20,684,003)**	**21,438,269**
- Current period tax expense	28	(38,264,348)	(6,126,482)
- Deferred tax income/(expense)	28	17,580,345	27,564,751
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING		**215,816,591**	**(7,309,187)**
PERIOD (LOSS)/PROFIT OF DISCONTINUED OPERATIONS	17	**(31,385,662)**	**(7,880,487)**
NET PROFIT		**184,430,929**	**(15,189,674)**
Profit for the period attributable to			
- Non-controlling interests		8,684,687	(28,359,153)
- Equity holders of the parent		175,746,242	13,169,479
Earnings Per Share			
Earnings per share from continuing operations (Nominal amount of 1 Kr)	29	1.30	0.10
Earnings Per Share			
Earnings per share from discontinued operations (Nominal amount of 1 Kr)	29	(0.23)	(0.06)

* Note 2.7

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

	(Audited) Current Period 1 January- 31 December 2020	(Audited*) Prior Period 1 January- 31 December 2019
PERIOD (LOSS)/PROFIT OF CONTINUING OPERATIONS	**215,816,591**	**(7,309,187)**
Other comprehensive income/expense to be reclassified to profit or loss	**(30,466,209)**	**38,741,840**
Cash flow hedge fund	*(38,082,762)*	*49,669,026*
Tax income/(expense)	*7,616,553*	*(10,927,186)*
Other comprehensive income/expense not to be reclassified to profit or loss	**6,299,814**	**25,375,077**
Increase/(decrease funds)of financial investments value	12,298,068	36,567,481
Actuarial gains/(losses) on defined benefit plans	*(4,423,301)*	*(4,035,330)*
Tax (expense)/income	*(1,574,953)*	*(7,157,074)*
PERIOD (LOSS)/PROFIT OF DISCONTINUED OPERATIONS	**(31,385,662)**	**(7,880,487)**
Other comprehensive income/expense to be reclassified to profit or loss	**43,683,077**	**(14,643,386)**
Foreign currency translation reserve	*34,153,752*	*(11,713,203)*
Cash flow hedge fund	*11,911,656*	*(3,756,645)*
Tax (expense)/income	*(2,382,331)*	*826,462*
OTHER COMPREHENSIVE INCOME/(EXPENSE) (AFTER TAX)	**19,516,682**	**49,473,531**
TOTAL COMPREHENSIVE INCOME	**203,947,611**	**34,283,857**
Total comprehensive income attributable to		
- Non-controlling interests	11,345,776	(27,624,403)
- Equity holders of the parent	192,601,835	61,908,260

* Note 2.7

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2020

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

				Other Comprehensive Income/Expense to be Reclassified to Profit or Loss		**Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss**			**Retained Earnings**				
	Share capital	Adjustments to share capital	Share premiums	Foreign currency translation reserve	Cash flow hedge reserve	Increase/ (decrease) funds of financial investments	Actuarial gains/(losses) on defined benefit	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	**135,084,44**	**41,741,51**	**1,099,41**	**66,947,614**	**(75,387,265**	**(16,144,493)**	**(5,777,277)**	**193,104,97**	**830,431,39**	**154,925,532**	**1,326,025,85**	**125,453,52**	**1,451,479,380**
Transfer from retained earnings	-	-	-	-	-	-	-	-	154,925,53	(154,925,53	-	-	**-**
Net profit for the period	-	-	-	-	-	-	-	-	-	13,169,480	**13,169,480**	(28,359,153	**(15,189,673)**
Other comprehensive	-	-	-	(12,447,952)	35,811,657	28,522,635	(3,147,558)	-	-	-	**48,738,782**	734,750	**49,473,532**
Total comprehensive income/(expense)				**(12,447,952)**	**35,811,657**	**28,522,635**	**(3,147,558)**	**-**	**-**	**13,169,480**	**61,908,262**	**(27,624,403)**	**34,283,859**
31 December 2019	**135,084,44**	**41,741,51**	**1,099,41**	**54,499,662**	**(39,575,608**	**12,378,142**	**(8,924,835)**	**193,104,97**	**985,356,92**	**13,169,480**	**1,387,934,11**	**97,829,126**	**1,485,763,23**
1 January 2020	**135,084,44**	**41,741,51**	**1,099,41**	**54,499,662**	**(39,575,608**	**12,378,142**	**(8,924,835)**	**193,104,97**	**985,356,92**	**13,169,480**	**1,387,934,11**	**97,829,126**	**1,485,763,23**
Transfer from retained earnings	-	-	-	-	-	-	-	-	13,169,480	(13,169,480	-	-	**-**
Net profit for the period	-	-	-	-	-	-	-	-	-	175,746,242	**175,746,242**	8,684,687	**184,430,929**
Other comprehensive	-	-	-	31,492,665	(20,936,885	9,838,454	(3,538,641)	-	-	-	**16,855,593**	2,661,089	**19,516,682**
Total comprehensive income/(expense)				**31,492,665**	**(20,936,885)**	**9,838,454**	**(3,538,641)**			**175,746,242**	**192,601,835**	**11,345,776**	**203,947,611**
Increase (Decrease) (**)	-	-	-	-	-	-	-	-	-	-	-	2,133,487	2,133,487
Capital Increase (*)	-	-	-	-	-	-	-	-	-	-	-	147,000,00	147,000,000
31 December 2020	**135,084,44**	**41,741,51**	**1,099,41**	**85,992,327**	**(60,512,493**	**22,216,596**	**(12,463,476**	**193,104,97**	**998,526,40**	**175,746,242**	**1,580,535,94**	**258,308,38**	**1,838,844,33**

(*) 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 the unused pre-emptive rights of Afyon Çimento T.A.Ş.

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31 DECEMBER 2020

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

	Note	(Audited) Current Period 1 January- 31 December 2020	(Audited) Prior Period 1 January- 31 December 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES		**554,045,161**	**335,165,250**
Profit/(loss) from continuing operations before tax		236,500,594	(28,747,456)
Profit/(loss) from discontinued operations before tax	17	(26,046,560)	(3,253,733)
Adjustments to reconcile net profit/loss for the period		**281,546,616**	**361,554,511**
Adjustment related to depreciation and amortization expense		144,361,179	142,555,454
Adjustment related to gain on sale of fixed assets	26	(39,392,913)	(46,183,411)
Adjustments related to retained profits of subsidiaries	3	(67,945,650)	(28,408,313)
Adjustment related to allowance for doubtful receivable		6,353,869	(3,040,527)
Adjustment related to provision for inventory impairment		4,228,066	2,287,258
Adjustment related to provision for litigations, -net	16	5,641,693	3,199,423
Adjustment related to recultivation provision	16	245,866	(51,018)
Increase/(decrease) from fair value	6	1,408,755	1,024,789
Adjustment related to retirement pay provision		7,694,532	10,295,102
Adjustment related to seniority provision	19	814,943	697,345
Adjustment related unpaid vacation liability		280,485	1,371,295
Adjustments for impairment of goodwill		-	3,705,259
Adjustment for premium provision	16	7,807,614	-
Adjustment related to interest expense		145,788,038	205,455,154
Adjustment related to interest income		(33,813,504)	(8,887,903)
Unrealized foreign exchange (gains)/losses on financial borrowings		116,102,123	70,790,861
Adjustment related to fair value decrease/(increase) of derivative financial instruments		(18,028,480)	6,743,743
Changes in working capital		**91,502,654**	**27,330,852**
Short-term trade receivables		(54,219,187)	(23,328,643)
Inventories		(106,306,494)	3,193,961
Other receivables/current assets/prepaid expenses		(17,617,194)	(33,590,228)
Other long-term trade receivables/non-current/prepaid expenses		1,133,066	(7,410,495)
Short-term trade payables		240,336,307	57,671,473
Other short-term payables/liabilities/provisions		28,176,156	30,794,784
Cash flow from operations		**583,503,304**	**356,884,174**
Interest received		2,477,738	2,786,118
Premiums and bonuses paid		(3,307,036)	(3,428,000)
Retirement pay provision paid		(3,376,144)	(6,694,941)
Seniority provision paid	19	(573,349)	(365,930)
Unused vacation liability paid		(491,266)	(228,010)
Tax payments		(24,188,086)	(13,788,161)
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(24,555,779)**	**(120,258,258)**
Cash out flow related to purchases of tangible assets		(67,079,825)	(171,072,514)
Proceeds related to sales of tangible and intangible assets		43,134,337	52,932,650
Cash out flow related to purchases of intangible assets		(610,291)	(2,118,394)
C. CASH FLOWS FROM FINANCING ACTIVITIES		**137,076,842**	**(69,829,113)**
Proceeds from borrowings		2,378,208,068	1,278,243,332
Repayment of borrowings		(2,289,064,314)	(1,202,273,873)
Interest paid		(132,536,165)	(151,897,302)
Interest income		31,335,766	6,098,730
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)		**666,566,224**	**145,077,879**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	**267,240,480**	**201,636,639**
Curreny translation differences (net)		(29,936,525)	(79,474,038)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	**903,870,179**	**267,240,480**

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

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

1. ORGANIZATION AND NATURE OF OPERATIONS

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 31 December 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 31 December 2020	Effective shareholding of the company 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	Cement 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	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.
(**) Note 17.

The Company's associate, Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş. ('Exsa') (effective ownership: 32,875%) is consolidated by the equity method.

1. ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Cimsa Sabancı Cement BV ("CSC ") company established with 87.000.000 Euro capital in the Netherlands on 16 November 2020 with 40% participation of the Company and 60% participation of the Group's parent company Sabancı Holding A.Ş. Cimsa Sabancı Cement BV ("CSC") company is an affiliate of the Company and has been included in the consolidation by equity method with a share of 40% .

For the purpose of presentation of the consolidated financial statements, Çimsa, its subsidiaries and its associate will be together referred as ('the Group').

The consolidated financial statements were authorized for issue by the Board of Directors of Çimsa on 23 February 2021. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issuance.

The average number of blue collar employees (a union member) of the Group for the year ended 31 December 2020 is 629 (2019: 652) and white collar employees (not a union member) is 509 (2019: 500) and the number of employees working in subsidiaries located abroad is 54 (2019: 41).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Preparation principles of financial statements

The accompanying 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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Turkish Financial Reporting Standards as adopted by POA.

2.3 Going Concern

The Group has prepared its consolidated financial statements in accordance with going concern principle.

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 settlee the assets and liabilities on a net basis or realize the assets and settle the liabilities simultaneously.

2.5 Changes in Accounting Policies, Estimates and Errors

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 31 December 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.

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 S.r.l, Cimsa Americas, Afyon Çimento are fully consolidated in accordance with IFRS 10 'Consolidated Financial Statements'.

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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

The non-controlling share in the net assets and results of subsidiaries for the period are separately classified as "non-controlling interest" in the consolidated balance sheet and statement of income.

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

Subsidiaries

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.

Associates

The associate of the Group, Exsa and Cimsa Sabancı Cement BV, 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 and Cimsa Sabancı Cement BV'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. Sub-sequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amorti-zation and accumulated impairment losses.

Where no internally-generated intangible asset can be recognized, development expenditure is charged to 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.

(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)

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.

Foreign currency transactions

The Company and its subsidiaries translate the transactions in foreign currencies during the period at the ex-change rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at period-end 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	31 December 2020	31 December 2019
US Dollar ('USD')/TRY	7.3405	5.9402
Euro ('EUR')/TRY	9.0079	6.6506
Rub ('RUB')/TRY	0.0984	0.0995
Ron ('RON')/TRY	1.8373	1.3832
Sterlin ('GBP')/TRY	9.9438	7.7765

(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 (Continued)

Foreign currency average rates used in the consolidated financial statements are as follow:

Date	2020	2019
USD/TRY	6.9834	5.6316
EUR/TRY	8.0104	6.3274
RUB/TRY	0.0959	0.0861
RON/TRY	1.6449	1.3279
GBP/TRY	8.9876	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.

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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

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.

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, 'Employee Benefits' ('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. 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.

c. Vacation rights

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

Leasing

Leasing acitivites - as lessee

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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

The right to use assets (Continued)

Extension and early termination options

The lease obligation is determined by considering the extension and early termination options in the contracts. Most of the extension and early termination options included in the contracts consist of options that are jointly applicable by the Company and the lessor. The Company determines the rental period by including the extension and early termination options in the Company's initiative according to the relevant contract and if the options are reasonably accurate, it is included in the rental period. If the conditions change significantly, the assessment is reviewed by the Company. There is no extension or early termination option used by the Group as of 31 December 2020.

Exemptions and simplifications

Short term lease payments and payments for leases of low-value assets are not included in the measurement of the lease liabilities in the scope of TFRS 16. Lease payments of these contracts are continued to be recognised in the profit or loss in the related period.

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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

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.

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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

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.

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 33.

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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

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.

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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

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.

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

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.

Non-Current Assets Held for Sale and Discontinued Operations

The Group classifies the fixed asset (or the asset group to be disposed of) as for sale if the carrying amount of an asset or group of assets is to be recovered through the sale transaction rather than the continuing use. In order for this situation to be valid; the related asset should be in a condition that is frequently encountered in the sale of such assets and can be immediately sold under customary conditions and the sales probability should be high. The Group measures the non-current asset group classified as held for sale at the lower of its book value and fair value less costs to sell and presents the related asset under current assets since it predicts that the sale will occur within a highly probable year (Note 17). Depreciation process for tangible and intangible fixed assets within this asset group is stopped as of the relevant classification date. Discontinued operations related to the said asset group are presented in the period profit / loss, and the presented transactions and the corrections regarding these transactions are defined and classified as transactions that will not be in the financial statements after the sale transaction takes place.

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

The Group grossed the letter of credit debts amounting to TL 21,173,517 and the advances given for purchases made through the letter of credit transaction in order to ensure a consistent presentation with the current period on 31 December 2019.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 Comparative Information (Continued)

As stated in the Group's PDP statements dated 1 October 2020 and 14 October 2020:

The Company and its main shareholder Hacı Ömer Sabancı Holding A.Ş. (Sabancı Holding), in line with the 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 framework it was announced to the public that it was decided to establish a new company named Cimsa Sabanci Cement BV (CSC BV), located in the Netherlands with a capital of 87,000,000 EUR with 40% participation of the Group and 60% participation of the Group's parent company Sabancı Holding A.Ş.

The establishment procedures of CSC BV have been completed and its official registration has been made by the Dutch Chamber of Commerce as of 16 November 2020, and its shares with a nominal value of EUR 34,800,000 representing 40% of its capital have been created on behalf of the Company.

As stated in the KAP statement dated 1 October 2020, It has been decided to sell all of the assets of the Group's subsidiaries that undertake white cement operations abroad, Cimsa Americas Cement Manufacturing and Sales Corporation, Cimsa Cement Sales North Gmbh and Cimsa Cementos Espana SAU, and 70% of Cimsa Adriatico SRL's shares that Çimsa owned to CSC BV to be established in the Netherlands. Subsidiaries of the Group, Cimsa Americas Cement Manufacturing and Sales Corporation, Cimsa Cement Sales North Gmbh and Cimsa Cementos Espana SAU, Cimsa Adriatico SRL, are classified as "Assets Classified as Held for Sale and Discontinued Operations as assets held for sale in accordance with the TFRS 5 Standard. In this context, 1 January - 31 December 2019 consolidated statement of profit or loss was restated.

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 Comparative Information (Continued)

Reconciliation of profit or loss statement for the period 1 January - 31 December 2019:	**(Audited) Prior period 1 January- 31 December 2019**	**Adjustment effect***	**Revised financial statements 1 January- 31 December 2019**
Revenue	1,726,195,637	(148,543,849)	1,577,651,788
Cost of sales (-)	(1,422,037,589)	118,136,660	(1,303,900,929)
GROSS PROFIT	**304,158,048**	**(30,407,189)**	**273,750,859**
General and administrative expense (-)	(154,045,385)	27,161,455	(126,883,930)
Marketing, selling and distribution expense (-)	(15,275,456)	1,674,394	(13,601,062)
Research and development expense (-)	(6,445,651)	-	(6,445,651)
Other operating income	127,791,469	(7,057,548)	120,733,921
Other operating expenses (-)	(92,028,764)	2,265,428	(89,763,336)
OPERATING PROFIT	**164,154,261**	**(6,363,460)**	**157,790,801**
Income from investment activities	47,210,278	(1,026,867)	46,183,411
Expense from investment activities (-)	-	-	-
Profit/(loss) from investments accounted by equity method	28,408,313	-	28,408,313
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	**239,772,852**	**(7,390,327)**	**232,382,525**
Financial income	6,098,730	(261)	6,098,469
Financial expenses (-)	(277,872,771)	10,644,321	(267,228,450)
Profit/(loss) from continuing operations before tax	**(32,001,189)**	**3,253,733**	**(28,747,456)**
Continuing operations tax (expense)/income	**16,811,515**	**4,626,754**	**21,438,269**
Current period tax expense	(7,964,053)	1,837,571	(6,126,482)
Deferred tax income/(expense)	24,775,568	2,789,183	27,564,751
Profit/(loss) for the period from continuing operations	**(15,189,674)**	**7,880,487**	**(7,309,187)**
Discontinued Operations Period (loss)/profit	**-**	(7,880,487)	**(7,880,487)**
Profit/(loss) for the period attributable to --	**(15,189,674)**	**-**	**(15,189,674)**
- Non-controlling interests	(28,359,153)	-	(28,359,153)
- Equity holders of the parent	13,169,479	-	13,169,479
Earnings per share			
Earnings per share from continuing operations (Nominal amount of 1 Kr)	0,0975	-	0,0975
Earnings per share			
Earnings per share from discontinued operations (Nominal amount of 1 Kr)	-	(0,0583)	(0,0583)

(*) Includes the effect of subsidiaries classified for sale.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.8 Important Changes Regarding the Current Period

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.

While preparing the consolidated financial statement dated 31 December 2020, the possible effects of the COVID-19 outbreak were evaluated, and the estimates and assumptions used in the preparation of the consolidated financial statement were reviewed. In this context, the Group tested possible impairments in the financial assets in the consolidated financial statements dated 31 December 2020, and no impairment was found.

2.9 The New Standards, Amendments and Interpretations

The accounting policies adopted in preparation of the interim consolidated financial statements as at 31 December 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 1 January 2020. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

a. ***New standards effective as of 31 December 2020 and amendments and interpretations on existing previous standards:***

Explanations on the effects of the new TAS / IFRS on the financial statements:

a) the title of TAS / IFRS,
b) the change in accounting policy has been made in accordance with the relevant transitional provisions, if any,
c) an explanation of the change in accounting policy,
d) an explanation of the transitional provisions, if any,
e) the possible effects of the transitional provisions on future periods,
f) as far as possible, the amount of adjustments related to the current and each previous period presented,
i. be presented for each financial statement item affected; and
ii. if the "TAS 33, Earnings Per Share" standard is valid for the company, ordinary share and diluted earnings per share should be recalculated,
g) if possible, the amount of adjustment for periods before the periods not presented; and
h) if retrospective application is not possible for any period or periods, the events that led to this situation should be disclosed and the date and how the change in accounting policy was applied should be explained.

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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.9 The New Standards, Amendments and Interpretations (Continued)

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.

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.

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.

b. ***Standards, amendments and interpretations that are issued but not effective as at 31 December 2020:***

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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.9 The New Standards, Amendments and Interpretations (Continued)

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'.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2; effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one..

Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9; effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.

2.10 Significant accounting judgments and estimates

a) 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).

b) 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).

(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 31 December 2020 and 31 December 2019 and revenue, expense and net profit for the periods ending 31 December 2020 and 31 December 2019 are as follows:

Investments	Country	Main operating activity	Effective ownership (%)	31 December 2020 Carrying net book value	Effective ownership (%)	31 December 2019 Carrying net book value
Exsa	Turkey	Investment property and financial instruments	32,9	394,562,223	32,9	310,993,227
CSC	Netherland	Cement production and sale	40,0	313,788,120	-	-
				708,350,343		**310,993,227**

Exsa	**31 December 2020**	**31 December 2019**
Assets	1,422,043,269	1,062,136,001
Liabilities	(221,854,000)	(116,149,000)
Net assets	1,200,189,269	945,987,001
Group's share	**394,562,223**	**310,993,227**

CSC	**31 December 2020**	**31 December 2019**
Assets	784,470,301	-
Group's share	**313,788,120**	**-**

	1 January-31 December 2020	**1 January-31 December 2019**
Revenues	1,200,323,481	347,447,118
Expenses	(993,644,698)	(261,034,000)
Net profit for the period	206,678,783	86,413,118
Group's share in net profit	**67,945,650**	**28,408,313**

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

	31 December 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	8,361,392	24,015,911	-

	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	(29,891,459)	53,907,230	-

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

	31 December 2020	31 December 2019
Cash and cash equivalents	32,350,004	5,704,011
Other current assets	104,120,416	60,824,420
Non-current assets	569,124,217	581,790,711
Total assets	**705,594,637**	**648,319,142**
Short term borrowings	92,916,154	264,473,868
Other current liabilities	88,861,486	32,838,374
Long term borrowings	18,833,499	167,946,781
Other non-current liabilities	14,301,105	11,365,605
Total liabilities	**214,912,244**	**476,624,628**
Total equity	**490,682,393**	**171,694,514**

Condensed income statement information

	1 January- 31 December 2020	1 January- 31 December 2019
Revenue	270,305,864	163,332,069
Gross profit	19,926,828	(6,598,891)
Operating profit/(loss)	13,733,791	(16,069,295)
Net financial income/(expense)	(35,990,564)	(76,059,578)
Profit/(loss) before tax	2,396,124	(80,911,271)
Net profit for the period	**17,064,066**	**(61,002,977)**

Condensed cash flow information

	1 January- 31 December 2020	1 January- 31 December 2019
Cash flows from operating activities	62,059,342	23,695,439
Cash flows from investing activities	17,106,177	10,310,593
Cash flows from financing activities (excluding dividend)	(52,519,526)	(47,050,878)
Net increase/(decrease) in cash and cash equivalents	**26,645,993**	**(13,044,846)**

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. The transfer prices between segments are prepared on the same basis with third parties. For the years ended 31 December 2020 and 31 December 2019, the information about the Group's segments consists of sales and profits obtained from cement (including clinker and aggregate) and ready mix concrete; segment assets and liabilities as of 31 December 2020 and 31 December 2019.

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

4. SEGMENT REPORTING (Continued)

1 January - 31 December 2020	Cement	Ready-mix concrete	Total
Sales	1,799,154,518	277,144,444	2,076,298,962
Cost of sales (-)	(1,334,717,929)	(273,828,344)	(1,608,546,273)
Gross profit/(loss)	**464,436,589**	**3,316,100**	**467,752,689**
General administrative,marketing selling distribution expenses (-)	(148,626,142)	(14,667,488)	(163,293,630)
Other operating income/(expenses) (-), net	50,555,511	1,001,122	51,556,633
Research and development expenses (-)	(5,096,142)	-	(5,096,142)
Operating profit/(loss)	**361,269,816**	**(10,350,266)**	**350,919,550**
Income from investment activities, net	39,392,913	-	39,392,913
Profit/(loss) from investments accounted by equity method	67,945,650	-	67,945,650
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	**468,608,379**	**(10,350,266)**	**458,258,113**
Financial income/(expense), net	(221,757,519)	-	(221,757,519)
Profit/(loss) from continuing operations before tax	246,850,860	(10,350,266)	236,500,594
Continuing operations tax (expense)/income	(20,684,003)	-	(20,684,003)
Current period tax expense (-)	(38,264,348)	-	(38,264,348)
Deferred tax income/(expense)	17,580,345	-	17,580,345
Profit/(loss) for the period from continuing operations	226,166,857	(10,350,266)	215,816,591
Discontinued Operations Period (loss)/profit	(31,385,662)	-	(31,385,662)

1 January - 31 December 2019	Cement	Ready-mix concrete	Total
Sales	1,385,336,433	192,315,355	1,577,651,788
Cost of sales (-)	(1,117,119,213)	(186,781,716)	(1,303,900,929)
Gross profit/(loss)	**268,217,220**	**5,533,639**	**273,750,859**
General administrative,marketing selling distribution expenses (-)	(120,043,262)	(20,441,730)	(140,484,992)
Other operating income/(expenses) (-), net	29,990,702	979,883	30,970,585
Research and development expenses (-)	(6,445,651)	-	(6,445,651)
Operating profit/(loss)	**171,719,009**	**(13,928,208)**	**157,790,801**
Income from investment activities, net	46,183,411	-	46,183,411
Profit/(loss) from investments accounted by equity method	28,408,313	-	28,408,313
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	246,310,734	(13,928,209)	232,382,525
Financial income/(expense), net	(261,129,981)	-	(261,129,981)
Profit/(loss) from continuing operations before tax	(14,819,247)	(13,928,209)	(28,747,456)
Continuing operations tax (expense)/income	21,438,269	-	21,438,269
Current period tax expense (-)	(6,126,482)	-	(6,126,482)
Deferred tax income/(expense)	27,564,751	-	27,564,751
Profit/(loss) for the period from continuing operations	6,619,022	(13,928,209)	(7,309,187)
Discontinued Operations Period (loss)/profit	(7,880,487)	-	(7,880,487)

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

4. SEGMENT REPORTING (Continued)

31 December 2020	Cement	Ready-mix concrete	Undistributed	Total
Segment assets	3,204,915,469	155,752,832	-	3,360,668,301
Financial assets at fair value through other comprehensive income	-	-	64,478	64,478
Investments accounted under equity method	-	-	708,350,343	708,350,343
Undistributed assets	-	-	137,200,980	137,200,980
Assets directly associated with assets classifed as held for sale	922,898,311	-	-	922,898,311
Total assets	**4,127,813,780**	**155,752,832**	**845,615,801**	**5,129,182,413**
Segment assets	2,681,005,447	65,135,566	-	2,746,141,013
Undistributed liabilities	-	-	1,838,844,336	1,838,844,336
Liabilities directly associated with assets classified as held for sale	544,197,064	-	-	544,197,064
Total liabilites	**3,225,202,511**	**65,135,566**	**1,838,844,336**	**5,129,182,413**

31 December 2019	Cement	Ready-mix concrete	Undistributed	Total
Segment assets	3,221,663,297	132,828,636	-	3,354,491,933
Financial assets at fair value through other comprehensive income	-	-	64,478	64,478
Investments accounted under equity method	-	-	310,993,227	310,993,227
Undistributed assets	-	-	130,380,650	130,380,650
Total assets	**3,221,663,297**	**132,828,636**	**441,438,355**	**3,795,930,288**
Segment assets	2,271,259,594	38,907,455	-	2,310,167,049
Undistributed liabilities	-	-	1,485,763,239	1,485,763,239
Total liabilites	**2,271,259,594**	**38,907,455**	**1,485,763,239**	**3,795,930,288**

1 January - 31 December 2020

Other section information	Cement	Ready-mix concrete	Total
Property, plant and equipment	61,444,654	195,318	61,639,972
Intangible assets	933,942	-	933,942
Total investment expenditures	**62,378,596**	**195,318**	**62,573,914**
Amortization expense	(128,165,446)	(5,804)	(128,171,250)
Impairment	-	-	-
Depreciation	(3,275,684)	-	(3,275,684)

1 January - 31 December 2019

Other section information	Çimento	Hazır Beton	Toplam
Property, plant and equipment	170,646,716	425,798	171,072,514
Intangible assets	2,118,394	-	2,118,394
Total investment expenditures	**172,765,110**	**425,798**	**173,190,908**
Amortization expense	(126,867,595)	(31,349)	(126,898,944)
Impairment	-	-	-
Depreciation	(3,296,937)	-	(3,296,937)

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

5. CASH AND CASH EQUIVALENTS

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

	31 December 2020	**31 December 2019**
Cash	2,408	18,286
Cash at banks	903,959,344	267,332,257
Demand deposits	*4,985,091*	*31,975,327*
Time deposits with maturity of less than 3 months	*898,974,253*	*235,356,930*
	903,961,752	**267,350,543**
Blocked deposits (-)	(91,573)	(110,063)
Cash and cash equivalents in consolidated cash flow statement	**903,870,179**	**267,240,480**

The detail of bank deposits is stated below:

	31 December 2020	**31 December 2019**
Turkish Lira	402,513,602	101,509,303
Euro	395,631,908	111,313,872
US Dollar	104,551,319	48,345,221
British Pound	359,751	5,110,390
Other	902,764	1,053,471
	903,959,344	**267,332,257**

Time deposits as of 31 December 2020 and 31 December 2019 are denominated in TRY, EUR, and USD with the maturity of less than three months. As of 31 December 2020, effective weighted average interest rate on time deposits is 17.57% for TRY, 0.08% for USD, and 0.07% for EUR (31 December 2019 TRY: 17.13%, USD 1.10% and EUR 0.05%). The blocked deposit amount is TRY91,573 as of 31 December 2020 (The blocked deposit amount is TRY110,063 as of 31 December 2019).

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	31 December 2020	31 December 2019
Trade receivables	265,603,026	405,698,813
Notes receivable	72,294,920	70,312,656
Due from related parties (Note 30)	685,287	2,032,726
Allowance for doubtful receivables (-)	(15,409,260)	(16,043,739)
Less: Provision for expected credit losses	(1,408,755)	(1,024,789)
	321,765,215	**460,975,667**

Collection terms of trade receivables', notes receivables' and checks' vary based on the type of the product and agreements made with the customers and the average term is 77 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 1.38% 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 31 December 2020 and 31 December 2019 is as follows:

Movements of allowance for doubtful receivables	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance	16,043,739	18,698,305
Provisions during the period (Note 25)	3,542,563	2,940,466
Reversal of the provision (-) (Note 25)	(547,112)	(5,980,993)
Transfer to assets classified as held for sale (*)	(3,629,930)	-
Currency translation difference	-	385,961
Closing balance	**15,409,260**	**16,043,739**

(*) Portion of TL 3,629,930 of the doubtful trade receivables amounting to TL16,043,739 reflected in the consolidated income statement in 2019 is related to subsidiaries classified as held for sale and this portion classified to profit/loss of discontinued operations from other operating expenses.

b. Trade Payables

Short-term trade payables	31 December 2020	31 December 2019
Trade payables	475,424,068	288,957,493
Trade payables to related parties (Note 30)	96,973,610	63,805,500
	572,397,678	**352,762,993**

The average payment period of trade payables is 91 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 1.38% 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	31 December 2020	31 December 2019
Short-term borrowings	960,596,381	642,788,986
Current portion of long-term borrowings	181,271,407	205,671,050
Short-term financial liabilities	12,755,410	4,343,248
Short-term issued bonds	151,297,334	27,552,061
	1,305,920,532	**880,355,345**
Long-term borrowings	229,509,051	653,925,961
Long-term financial liabilities	25,472,916	44,632,252
Long-term issued bonds	-	122,258,299
	254,981,967	**820,816,512**
Total borrowings	**1,560,902,499**	**1,701,171,857**
Financial borrowings except IFRS 16	**1,522,674,173**	**1,652,196,357**

* Financial borrowings of subsidiaries classified as held for sale amounting to TL 491,056,457, classified to liabilities directly associated with assets classified as held for sale. (Note 17)

The details of the borrowings as of 31 December 2020 are as follows:

Secured/ Unsecured	Interest Type	Currency Type	Weighted Average Interest Rate (%)	Original Balance	Short-Term	Long-Term	31 December 2020
Secured	Fixed	EUR	1.16%	54,800,000	493,632,920	-	493,632,920
Unsecured	Fixed(**)	EUR	1.80%	29,266,263	235,248,874	28,378,699	263,627,573
Unsecured	Fixed	USD	2.50%	6,102,918	44,798,471	-	44,798,471
Unsecured	Fixed	TRY	11.74%	720,615,209	519,484,857	201,130,352	720,615,209
					1,293,165,122	**229,509,051**	**1,522,674,173**

(**) Çimsa has made interest rate swap transaction in order to its cash flow risk for the long term loan of EUR16,176,472 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 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 31 December 2020 and 31 December 2019 is as follows

	31 December 2020	31 December 2019
To be paid within 1 year	1,293,165,121	876,012,097
To be paid between 1-2 years	122,418,452	613,879,297
To be paid between 2-3 years	107,090,600	162,304,963
	1,522,674,173	**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.
The movement of the financial borrowings for the period is as follows:

	31 December 2020	31 December 2019
Borrowings for the beginning of the period	1,652,196,357	1,480,471,752
Proceeds from borrowings	2,413,410,339	1,278,243,332
Repayment of borrowings	(2,279,635,815)	(1,202,273,873)
Changes in interest accrual	(45,714,484)	51,906,436
Unrealized foreign exchange (gains)/losses on financial borrowings	116,918,098	70,790,861
Transfer to assets classified as held for sale	(334,500,323)	-
Currency translation difference	-	(26,942,150)
Borrowings, total	**1,522,674,173**	**1,652,196,357**

8. OTHER RECEIVABLES AND OTHER PAYABLES

a. Other Receivables

Short-term other receivables from third parties	31 December 2020	31 December 2019
Other miscellaneous receivables	2,864,292	3,921,907
Due from personnel	93,568	575,126
Provision for doubtful other receivables (-)	(764,354)	(753,646)
	2,193,506	**3,743,387**

Short-term other receivables	31 December 2020	31 December 2019
Short-term other receivables from related parties (Note 30)	296,267	228,724
	296,267	**228,724**

Long-term other receivables	31 December 2020	31 December 2019
Deposits and guarantees given	6,398,102	4,009,281
	6,398,102	**4,009,281**

b. Other Payables

Short-term other payables	31 December 2020	31 December 2019
Other payables to related parties (Note 30)	315,454,117	3,537,576
Taxes and funds payable	13,007,641	14,481,816
Deposits and guarantees received	9,389,184	8,535,340
	337,850,942	**26,554,732**

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

9. INVENTORIES

Inventories	31 December 2020	31 December 2019
Raw Materials	127,645,075	95,967,096
Work-in progress	53,678,611	41,382,133
Finished goods	19,093,458	38,590,325
Other inventories	3,746,957	15,164,281
Goods in transit	34,988,039	21,173,517
Inventory impairment provision (-)	(10,498,878)	(6,329,931)
	228,653,262	**205,947,421**

Inventory impairment provision movement

Inventory impairment provision movement	31 December 2020	31 December 2019
Opening balance	6,329,931	4,042,673
Provisions during the period (Note 25)	4,228,066	2,211,564
Transfer to assets classified as held for sale (*)	(59,119)	-
Currency translation differences	-	75,694
Closing balance	**10,498,878**	**6,329,931**

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.

(*) Portion of TL 59,119 of the inventory impairment provision amounting to TL6,329,931 reflected in the consolidated income statement in 2019 is related to subsidiaries classified as held for sale and this portion classified to profit/loss of discontinued operations from cost of sales.

10. PREPAID EXPENSES AND DEFERRED INCOME

a. Prepaid Expenses

Short-term prepaid expenses	31 December 2020	31 December 2019
Prepaid expenses	2,031,644	8,566,304
Advances given to suppliers (*)	57,126,679	3,588,390
	59,158,323	**12,154,694**

(*) Advances given to suppliers mainly related with raw material purchases.

Long-term prepaid expenses	31 December 2020	31 December 2019
Advances given for the purchase of fixed assets	2,209,801	906,118
Prepaid expenses	857,259	676,334
	3,067,060	**1,582,452**

b. Defered Income

Short-term deferred income	31 December 2020	31 December 2019
Advanced received	11,301,698	23,577,123
	11,301,698	**23,577,123**

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

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixture	Other Tangible Assets	Leasehold Improvements	Construction in Progress	Total
Cost value										
Opening balance as of 1 January 2020	**84,815,330**	**213,506,751**	**710,509,647**	**2,210,164,861**	**78,794,223**	**26,540,614**	**1,438,659**	**8,991,213**	**14,353,907**	**3,349,115,205**
Currency translation difference	-	-	-	245,766	25,727	5,184	44,272	-	-	320,949
Additions	-	53,870	212,830	8,429,446	161,831	2,833,557	1,079	67,899	49,879,460	61,639,972
Disposals	(1,059,734)	(1,218,091)	-	(905,646)	(4,675,390)	(51,849)	-	-	-	(7,910,710)
Transfers from construction in progress	-	134,448	1,661,023	17,218,833	-	1,850,929	-	-	(23,631,397)	(2,766,164)
Transfer to assets classified as held for sale	(16,735,407)	(85,768,542)	(169,697,159)	(261,899,902)	(2,948,396)	(3,354,675)	(743,598)	-	(2,028,941)	(543,176,620)
Closing balance as of 31 December 2020	**67,020,189**	**126,708,436**	**542,686,341**	**1,973,253,358**	**71,357,995**	**27,823,760**	**740,412**	**9,059,112**	**38,573,029**	**2,857,222,632**
Accumulated depreciation (-)										
Opening balance as of 1 January 2020	**-**	**(59,766,056)**	**(169,844,947)**	**(962,931,847)**	**(60,541,054)**	**(13,804,055)**	**(1,017,466)**	**(2,800,961)**	**-**	**(1,270,706,386)**
Currency translation difference	-	-	-	(152,049)	(25,727)	(19,112)	(6,758)	-	-	(203,646)
Charge for the period	-	(7,413,270)	(12,131,327)	(87,358,221)	(4,232,127)	(2,684,530)	(23,555)	(1,374,601)	-	(115,217,631)
Disposals	-	1,027,576	-	123,102	4,420,614	29,162	-	-	-	5,600,454
Transfer to assets classified as held for sale		1,211,915	34,600,546	62,748,352	2,479,049	976,183	888,412	-	-	102,904,457
Closing balance as of 31 December 2020	**-**	**(64,939,835)**	**(147,375,728)**	**(987,570,663)**	**(57,899,245)**	**(15,502,352)**	**(159,367)**	**(4,175,562)**	**-**	**(1,277,622,752)**
Net book value as of 31 December 2020	**67,020,189**	**61,768,601**	**395,310,613**	**985,682,695**	**13,458,750**	**12,321,408**	**581,045**	**4,883,550**	**38,573,029**	**1,579,599,880**

There is a mortgage or pledge over assets of the Group's subsidiary, which is classified for asset held for sale amounting to TRY 16,329,521 as of 31 December 2020.

As of 31 December 2020, there is no capitalized financial expenses.

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

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixture	Other Tangible Assets	Leasehold Improvements	Construction in Progress	Total
Cost value										
Opening balance as of 1 January 2019	**98,929,263**	**120,894,858**	**600,172,935**	**1,952,727,914**	**86,828,572**	**19,932,715**	**1,332,404**	**2,270,359**	**239,237,752**	**3,122,326,772**
Currency translation difference	8,234,245	348,171	10,647,414	29,246,141	607,412	452,449	100,804	-	45,263,723	94,900,359
Classifications*	(11,733,605)	-	-	-	-	-	-	-	-	(11,733,605)
Additions	6,251	1,236,150	104,474	10,709,636	774,840	3,548,293	5,451	6,729,852	147,957,567	171,072,514
Disposals	(10,620,824)	(2,167,300)	(86,231)	(3,267,716)	(9,416,601)	(440,187)	-	(8,998)	-	(26,007,857)
Transfers from construction in progress	-	93,194,872	99,671,055	220,748,886	-	3,047,344	-	-	(418,105,135)	(1,442,978)
Closing balance as of 31 December 2019	**84,815,330**	**213,506,751**	**710,509,647**	**2,210,164,861**	**78,794,223**	**26,540,614**	**1,438,659**	**8,991,213**	**14,353,907**	**3,349,115,205**
Accumulated depreciation (-)										
Opening balance as of 1 January 2019	**-**	**(53,485,924)**	**(149,263,659)**	**(857,915,245)**	**(64,798,998)**	**(11,495,559)**	**(895,913)**	**(2,232,806)**	**-**	**(1,140,088,104)**
Currency translation difference	-	(110,808)	(5,465,237)	(11,105,223)	390,224	(308,397)	(118,898)	-	-	(16,718,339)
Charge for the period	-	(7,727,046)	(15,177,100)	(96,642,114)	(4,444,313)	(2,350,337)	(2,655)	(577,155)	-	(126,920,720)
Disposals	-	1,557,722	61,049	2,730,735	8,312,033	350,238	-	9,000	-	13,020,777
Closing balance as of 31 December 2019	**-**	**(59,766,056)**	**(169,844,947)**	**(962,931,847)**	**(60,541,054)**	**(13,804,055)**	**(1,017,466)**	**(2,800,961)**	**-**	**(1,270,706,386)**
Net book value as of 31 December 2019	**84,815,330**	**153,740,695**	**540,664,700**	**1,247,233,014**	**18,253,169**	**12,736,559**	**421,193**	**6,190,252**	**14,353,907**	**2,078,408,819**

There is mortgage or pledge over assets of the Group amounting to TRY12,056,208 as of 31 December 2019

As of 31 December 2019, The Group has capitalized financing expense amounting to TRY9,892,655.

(*) The Group has reclassified its old lands for the held purpose of sale amounting to TL 11,733,605, which is accounted under tangible fixed assets in the financial position table for the year ending on 31 December 2019, to held for sale non-current assets.

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

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	1 January - 31 December 2020	**1 January - 31 December 2019**
Cost of sales	110,367,413	111,031,764
General administrative expenses	4,546,042	5,139,930
Marketing, sales and distribution expenses	206,123	209,927
Research and development expenses	98,053	91,088
	115,217,631	**116,472,709**

(*) The Group classified the depreciation expense amounting to TL 10,448,011 in tangible fixed assets in the financial position statement for the year ended 31 December 2019 into period (loss) / profit from discontinued operations.

12. NON-CURRENT ASSETS HELD FOR SALE

Portion of TRY8,522,648 has been classified as non-current assets held for sale (31 December 2019: TRY11,865,457).

	31 December 2020	**31 December 2019**
Opening balance	11,865,457	280,706
Sales	(3,342,809)	(499,373)
Reclassified *	-	11,733,605
Classification from intangible fixed assets	-	350,519
Total	**8,522,648**	**11,865,457**

(*) The Group reclassified its old lands for the held purpose of sale amounting to TL 11,733,605, which was accounted for under tangible fixed assets in the financial position table for the year ended 31 December 2019, to fixed assets classified held for sale non-current assets.

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

13. INTANGIBLE ASSETS

	Mining Rights	Other Intangible Assets	Total
Cost value			
Opening balance as of 1 January 2020	32,322,245	17,279,572	49,601,817
Additions	161,832	772,110	933,942
Disposals	-	(1,129,947)	(1,129,947)
Transfers from investments	-	2,442,503	2,442,503
Transfer to assets classified as held for sale	-	(672,389)	(672,389)
Closing balance as of 31 December 2020	**32,484,077**	**18,691,849**	**51,175,926**
Accumulated amortization (-)			
Opening balance as of 1 January 2020	(22,041,518)	(9,525,717)	(31,567,235)
Charge for period	(1,160,300)	(2,115,384)	(3,275,684)
Disposals	-	25,110	25,110
Transfer to assets classified as held for sale	-	295,653	295,653
Closing balance as of 31 December 2020	**(23,201,818)**	**(11,320,338)**	**(34,522,156)**
Net book value as of 31 December 2020	**9,282,259**	**7,371,511**	**16,653,770**

	Mining Rights	Other Intangible Assets	Total
Cost value			
Opening balance as of 1 January 2019	31,792,544	14,641,174	46,433,718
Currency translation difference	30,220	103,136	133,354
Additions	850,000	1,268,394	2,118,394
Disposals	(350,519)	(176,110)	(526,627)
Transfers from investments	-	1,442,978	1,442,978
Closing balance as of 31 December 2019	**32,322,245**	**17,279,572**	**49,601,817**
Accumulated amortization (-)			
Opening balance as of 1 January 2019	(20,865,454)	(7,358,007)	(28,223,461)
Currency translation difference	(584,000)	(76,437)	(660,437)
Charge for period	(592,064)	(2,267,383)	(2,859,447)
Disposals	-	176,110	176,110
Closing balance as of 31 December 2019	**(22,041,518)**	**(9,525,717)**	**(31,567,235)**
Net book value as of 31 December 2019	**10,280,727**	**7,753,855**	**18,034,582**

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

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

	1 January – 31 December 2020	1 January – 31 December 2019
Cost of sales	3,137,790	3,142,922
General administrative expenses	129,246	145,494
Marketing, sales and distribution expenses	5,860	5,942
Research and development expenses	2,788	2,579
	3,275,684	**3,296,937**

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

14. RIGHT OF USE ASSETS

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

Right of use assets	1 January 2020	Additions	Classification	Depreciation for the period	Transfer to assets classified as held for sale	31 December 2020
Buildings	36,908,514	12,343,742	-	(5,198,320)	(30,267,304)	13,786,632
Vehicles	839,775	17,743,302	342,713	(7,709,855)	(267,024)	10,948,911
Other	2,633,007	-	(342,713)	(45,444)	(2,100,402)	144,448
	40,381,296	**30,087,044**	-	**(12,953,619)**	**(32,634,730)**	**24,879,991**

The depreciation expense of TRY5,323,592 for the period ending on 31 December 2020 of the right of use assets has been included in the cost of the goods sold and the part of TRY7,630,027 has been included in the general administrative expense .

Right of use assets	1 January 2019	Additions	Classification	Depreciation for the period	31 December 2019
Buildings	43,160,749	-	-	(6,252,235)	36,908,514
Vehicles	7,008,935	-	-	(6,169,160)	839,775
Other	2,986,898	-	-	(353,891)	2,633,007
	53,156,582	-	-	**(12,775,286)**	**40,381,296**

The depreciation expense of TRY7,787,726 for the period ending on 31 December 2020 of the right of use assets has been included in the cost of the goods sold and the part of TRY4,987,560 has been included in the general administrative expense.

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

15. GOODWILL

The goodwill amount presented in the Group's financial statements as of 31 December 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 31 December 2020 and 31 December 2019 is stated below:

31 December 2020	**Opening**	**Impairment**	**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**

31 December 2019	**Opening**	**Impairment**	**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	**(3,705,259)**	**148,119,252**

Cırgalan ready-mixed 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.
Goodwill amounts associated with cash generating units are subjected to an impairment determination study once a year or more frequently in December when the 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 TL basis and are based on ten-year plans between 1 January 2021 and 31 December 2030. For the cash flow estimation, 17.20% 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 31 December 2020, and no impairment was found.

In the valuation technique applied, the test for impairment of goodwill is based on the following assumptions:

These generally accepted valuation techniques are based on the changing EBITDA / net sales ratio on the basis of cash generating unit with a growth rate of 6% - 8% on the basis of each cash-generating unit and it is extremely sensitive to changes in the Weighted Average Cost of Capital values accepted as 17% (2019:16%). While the EBITDA / Net Sales ratio is in line with the budgets prepared by the Group management on a cash-generating unit basis for 2021 and beyond, the Weighted Average Cost of Capital ratio depends on some macroeconomic and cement sector-specific variables. When calculating the estimated recoverable amount, when the discount rate is increased by 1 point from the values used in the assumptions by keeping the other variables constant, or in the same way, when the growth rate is reduced by 1 point from the values used in the assumptions by keeping the other variables constant, the recoverable amount of the cash generating unit does not fall below the book value.

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

16. PROVISION, CONTINGENT ASSETS AND LIABILITIES

a. Short-Term Provisions

Short-term provisions	31 December 2020	31 December 2019
Provision for litigations	25,669,833	20,028,140
Other provisions	11,718,152	8,702,753
	37,387,985	**28,730,893**

The movement of "Provision for the litigations" as of 31 December 2020 and 31 December 2019 is stated below:

Provision for the litigation movement	31 December 2020	31 December 2019
Opening balance	20,028,140	16,828,717
Additional provision (Note 25)	5,999,840	3,385,186
Provision no longer required (-) (Note 25)	(358,147)	(185,763)
Closing balance	**25,669,833**	**20,028,140**

As of 31 December 2020, the Group has provided provision amounting to TRY25,669,833 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	31 December 2020	31 December 2019
Long-term employee benefits	48,258,745	43,128,555
Other long term provisions	4,454,937	4,209,071
	52,713,682	**47,337,626**

Other long term provisions	31 December 2020	31 December 2019
Recultivation provision	4,454,937	4,209,071
	4,454,937	**4,209,071**

The operations of the Group such as mining, cement production are subject to the Environment Law, and to the Land Protection and Utilization Law. All liabilities such as taxes, duties and emission fees resulting from this legislation have been fulfilled by the Group. This legislation addresses the costs that could arise from recovering the damage, pollution in the land while vacating the mines. Accordingly, the management calculated the estimated cost of plans that is deemed to meet the requirements of legislation related with the mining areas in which the Group operates. The Group has accounted and disclosed the recultivation provision amounting to TRY4,454,937 under "Other Long Term Provisions" as of 31 December 2020 (31 December 2019: TRY4,209,071).

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

16. PROVISION, CONTINGENT ASSETS AND LIABILITIES (Continued)

Movement of recultivation provision as of 31 December 2020 and 31 December 2019 is as follows:

Recultivation provision movement	31 December 2020	31 December 2019
Opening balance	4,209,071	4,260,089
Additional provision (Note 25)	311,350	3,632,811
Provision no longer required (-) (Note 25)	(65,484)	(3,683,829)
Closing balance	**4,454,937**	**4,209,071**

17. ASSETS AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED FOR AS HELD FOR SALE AND PROFIT /(LOSS) OF DISCONTINUED OPERATIONS

As stated in the KAP statement dated 1 October 2020, It has been announced to sell all of the assets of the Group's subsidiaries, Cimsa Americas Cement Manufacturing and Sales Corporation, Cimsa Cement Sales North Gmbh and Cimsa Cementos Espana SAU, and 70% of Cimsa Adriatico SRL's shares that Çimsa owned to CSC BV to be established in the Netherlands in the scope of TFRS 5 standard "Non-current Assets Held for Sale and Discontinued Operations". Following the fulfillment of the conditions required by TFRS 5, the assets and liabilities related to these subsidiaries are classified as "Assets related to asset groups classified for sale" and "Liabilities regarding asset groups classified for sale", if the profit or loss related to the asset groups is "Discontinued operations period (loss) is classified as "profit".

Assets directly associated with assets classified as held for sale	**31 December 2020**
Cash and cash equivalents	37,279,072
Trade receivables	183,829,218
Inventories	93,187,110
Other current assets	12,502,851
Current Assets	**326,798,251**
Tangible and intangible assets	545,534,443
Right of use assets	40,422,324
Other non-current assets	10,143,293
Non-current assets	**596,100,060**
Total assets	**922,898,311**

Liabilities directly associated with assets classified as held for sale	**31 December 2020**
Financial borrowings	406,185,531
Trade payables	34,516,144
Other short-term liabilities	15,751,125
Short-term liabilities	**456,452,800**
Financial borrowings	85,870,926
Other long-term liabilities	1,873,337
Long-term liabilities	**87,744,263**
Total liabilities	**544,197,063**

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

17. FIXED ASSETS AND LIABILITIES AND DISCONTINUED OPERATIONS (LOSS) / PROFIT CLASSIFIED FOR HELD FOR SALE (Continued)

Discontinued Operations Period Summary (Loss) / Profit	1 January- 31 December 2020	1 January- 31 December 2019
Net sales income	220,395,863	300,225,937
Gross profit	44,517,929	27,241,860
Operating profit/loss	(8,763,989)	7,390,589
Net financial income/expense	(17,282,571)	(10,644,322)
Profit/loss before tax	**(26,046,560)**	**(3,253,733)**
Tax income/expense	(5,339,102)	(4,626,754)
Discontinued Operations Period (Loss) / Profit	**(31,385,662)**	**(7,880,487)**

Cash Flow Statement Regarding Discontinued Operations	1 January- 31 December 2020	1 January- 31 December 2019
Cash flow from operating activities	(4,761,890)	14,969,700
Cash flow from investing activities	(5,113,533)	(154,966,837)
Cash flows from financing activities (excluding dividends)	1,069,532	207,100,432
Net increase/decrease in cash and cash equivalents	**(8,805,891)**	**67,103,295**

Assets meeting the criteria to be classified as held for sale in accordance with the measurement provisions of the Group's TFRS 5; book values and costs to be incurred for sale are measured with the lower of their fair value and depreciation process is stopped on the said assets. The Group has evaluated each foreign subsidiary established for this purpose as a single cash generating unit ("CGU") and used discounted cash flow method on a CGU basis. The said assets and liabilities are moved from their book value. The valuation technique applied depends on the following assumptions:

- These generally accepted valuation techniques are extremely sensitive to the growth rate and changes in the Weighted Average Cost of Capital values, although they vary on the basis of countries.

- While the growth rate is both dependent on macroeconomic variables and in line with the budgets prepared by the Group for 2021 and beyond on each cash-generating unit basis, the Weighted Average Cost of Capital ratio depends on some macroeconomic and cement sector-specific variables.

- The growth rates used in the applied valuation technique vary by country, but are between 1.0% and 2.0%, and the discount rates used for these terminals are between 5.5% and 8.3%.

- The fair value of the relevant terminals, when the discount rate is changed by + 0.5% by keeping other variables constant and the costs to be incurred for the sale of cash-generating units are deducted, does not fall below the carried total values of the related subsidiaries.

- When the final Growth Rate of the relevant terminals is changed by -0.5% by keeping the other variables constant, and the fair value of the cash-generating units deducted the costs to be incurred for the sale of the cash-generating units, does not fall below the total carried values of the said subsidiaries.

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

18. COMMITMENTS

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

		31 December 2020		31 December 2019	
	Currency	**Original**	**TRY Amount**	**Original**	**TRY Amount**
Guarantee letter received	TRY	550,405,108	550,405,108	355,036,404	355,036,404
Guarantee letter received	USD	34,069,985	250,090,728	30,918,531	183,662,258
Guarantee letter received	EUR	14,631,689	131,800,794	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	3,620,526
Mortgages received	RUB	42,232,560	4,157,373	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	465,542
Checks and notes received	USD	47,300	347,206	47,300	280,971
Pledge	TRY	18,431,248	18,431,248	17,189,320	17,189,320
Total CPM received			**1,005,632,142**		**694,558,777**

The Group's collaterals, pledges and mortgages amounting to TL 6,750,438 regarding the asset groups classified as held for sale are not included as of 31 December 2020.

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

		31 December 2020		31 December 2019	
	Currency	**Original**	**TRY Amount**	**Original**	**TRY Amount**
A. Total CPM given for the Cornpany's own legal cntity	TRY	83,383,642	83,383,642	49,999,666	49,999,666
	USD	23,757,219	174,389,868	24,526,027	145,689,507
	EUR	1,385,468	12,480,155	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 operations		-	-	-	-
D. Other CPM given		-	-	-	-
i. Total CPM given in favour of parent entity		-	-	-	-
ii. Total CPM given in favour of other Group cornpanies not of scope of clause B and C		-	-	-	-
iii. Total CPM given in favour of other 3rd parties out of scope of clause C		-	-	-	-
			270,253,665		**221,329,719**

The Group's guarantees, pledges and mortgages amounting to TL 16,329,521 regarding the asset groups classified as held for sale are not included in the guarantees given as of 31 December 2020.

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

19. EMPLOYEE BENEFITS

a. Employee Benefit Obligations

	31 December 2020	31 December 2019
Social security payables	4,645,486	4,775,519
Wage accrual and income tax withholding payable to personnel	3,939,499	4,684,130
	8,584,985	**9,459,649**

b. Long-Term Employee Benefits

	31 December 2020	31 December 2019
Retirement pay provision	42,295,557	36,917,551
Provision for unpaid vacation liability	4,308,223	4,797,633
Seniority provision	1,654,965	1,413,371
	48,258,745	**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 31 December 2020 (31 December 2019: full TRY6,379.86).

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

	31 December 2020	31 December 2019
Discount rate, net	%4.34	%4.50

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

	1 January-31 December 2020	1 January-31 December 2019
Opening balance	36,917,551	29,122,963
Service cost	3,789,488	8,984,569
Interest cost (Note 27)	4,356,795	1,310,533
Actuarial loss/(gain)	1,184,736	4,035,330
Payments	(3,342,085)	(6,694,941)
Transfer to assets classified as held for sale (*)	(610,928)	-
Foreign currency translation difference	-	159,097
Closing balance	**42,295,557**	**36,917,551**

(*) Portion of TL 610,928 of the doubtful trade receivables amounting to TL36,917,551 reflected in the consolidated income statement in 2019 is related to subsidiaries classified as held for sale and this portion classified to profit/loss of discontinued operations from general administrative expenses.

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

19. EMPLOYEE BENEFITS (Continued)

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

	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance	4,797,633	3,637,726
Additional provision	774,770	1,371,295
Provision paid during the period	(1,025,231)	(228,010)
Transfer to assets classified as held for sale (*)	(238,949)	-
Currency translation difference	-	16,622
Closing balance	**4,308,223**	**4,797,633**

(*) Portion of TL 238,949 of the doubtful trade receivables amounting to TL3 4,797,633 reflected in the consolidated income statement in 2019 is related to subsidiaries classified as held for sale and this portion classified to profit/loss of discontinued operations from general administrative expenses.

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

	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance	1,413,371	1,081,956
Additional provision	814,943	697,345
Provision paid during the period	(573,349)	(365,930)
Closing balance	**1,654,965**	**1,413,371**

20. OTHER ASSETS AND LIABILITIES

a. Other Assets

Other current assets	31 December 2020	31 December 2019
Deferred VAT (1)	57,141,042	102,002,655
Job and personnel advances	571,666	872,010
Other current assets	8,951,010	1,328,925
	66,663,718	**104,203,590**

Other non-current assets	31 December 2020	31 December 2019
Deferred VAT (2)	17,724,782	22,306,923
Other non-current assets	2,115	348,790
Export VAT (3)	1,049,585	1,583,352
	18,776,482	**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.

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

20. OTHER ASSETS AND LIABILITIES (Continued)

b. Other Liabilities

	31 December 2020	31 December 2019
Other short term liabilities (*)	61,052,734	27,949,916
	61,052,734	**27,949,916**

(*) Other short term liabilities mainly related with petrocoke purchases.

21. EQUITY, RESERVES AND OTHER EQUITY ITEMS

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

	31 December 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 31 December 2020 (31 December 2019: 35.65%).

As of 31 December 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 TRY1 per share (31 December 2019: TRY1 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.

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

21. 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.

Available for sales financial assets revaluation reserve movement table	**31 December 2020**	**31 December 2019**
Opening balance	310,993,226	270,206,771
Profit/loss effect	67,945,649	28,408,312
Currency translation difference	(769,771)	-
Hedge fund	3,793,775	-
Net fair value change of financial investments	12,599,343	12,378,143
	394,562,222	**310,993,226**

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

22. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 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	116,572,837	-	42,587,972	157,348,985	-	17,038,221
Marketable securities						
Forward foreign exchange transactions	116,572,837	42,587,851	-	86,066,585	17,099,686	-
Total short-term derivative instruments		**42,587,851**	**42,587,972**		**17,099,686**	**17,038,221**
Long term derivative financial instruments						
Hedging against impaired risk						
Interest rate swap	145,716,060	(333,099)	1,262,945	193,649,843	1,250,775	-
Hedging against cash flow risk						
Forward foreign exchange transactions	29,143,223	-	11,240,796	107,583,258	-	23,036,946
Marketable securities						
Forward foreign exchange transactions	29,143,223	11,240,796	-	107,583,258	23,036,946	-
Total long-term derivative instruments		**10,907,697**	**12,503,741**		**24,287,721**	**23,036,946**
Total derivative financial instruments		**53,495,548**	**55,091,713**		**41,387,407**	**40,075,167**

As of 31 December 2020, the Group has realized 16.1 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 31 December 2020, the Group has realized 16.1 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 31 December 2020, interest rate swap transactions consist of swap transactions in which Çimsa's long term borrowings of 16.1 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.)

23. REVENUE

Revenue	1 January – 31 December 2020	1 January – 31 December 2019
Domestic sales	1,203,520,602	843,788,085
Export sales	1,150,949,175	990,944,205
Sales discounts (-)	(13,709,815)	(11,281,314)
Other deductions (-)	(264,461,000)	(245,799,188)
	2,076,298,962	**1,577,651,788**
Cost of sales (-) (Note 23)	**(1,608,546,273)**	**(1,303,900,929)**
Gross profit	**467,752,689**	**273,750,859**

24. OPERATING EXPENSES BY NATURE

The detail of costs of sales for the periods between 1 January - 31 December 2020 and 2019 is as follows:

Cost of sales (-)

	1 January – 31 December 2020	1 January – 31 December 2019
Direct material and supplies expenses	(341,560,956)	(224,304,126)
Energy costs	(718,315,020)	(580,656,379)
Depreciation and amortization expenses	(118,828,795)	(124,113,866)
Labor expenses	(102,001,277)	(85,735,110)
Other production expenses	(258,492,522)	(211,553,123)
Total production cost	**(1,539,198,570)**	**(1,226,362,604)**
Change in finished goods	(19,496,867)	(150,421)
Change in work-in process	12,296,478	(27,271,338)
Inventory impairment provision (Note 9)	(4,228,066)	(2,211,564)
Cost of trade goods sold and other	(57,919,248)	(47,905,002)
	(1,608,546,273)	**(1,303,900,929)**

The detail of general administration expenses for the periods between 1 January - 31 December 2020 and 2019 is as follows:

General adm. expenses	1 January – 31 December 2020	1 January – 31 December 2019
Personnel expenses	(72,131,802)	(47,706,406)
Consultancy expense	(26,695,696)	(44,708,285)
Depreciation and amortization expenses	(12,305,315)	(5,745,532)
IT Expenses	(8,360,042)	(6,094,297)
Tax, duty and charges	(8,134,182)	(6,155,046)
Travel expenses	(2,501,888)	(4,872,953)
Insurance expenses	(2,025,926)	(1,525,076)
Rent expenses	(1,812,979)	(4,235,651)
Communication and publicity expenses	(1,413,083)	(2,361,231)
Representation expenses	(785,687)	(2,490,538)
Maintenance expenses	(567,170)	(412,506)
Other miscellaneous expenses	(10,604,136)	(576,409)
	(147,337,906)	**(126,883,930)**

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

24. OPERATING EXPENSES BY NATURE (Continued)

The detail of marketing, selling and distribution expense for the periods between 1 January - 31 December 2020 and 2019 is as follows:

Marketing, selling and distribution	1 January – 31 December 2020	1 January – 31 December 2019
Personnel expenses	(11,321,640)	(7,212,471)
Consultancy expenses	(1,183,190)	(710,965)
Rent expenses	(898,046)	(1,195,316)
Travel expenses	(773,247)	(1,421,796)
Representation expenses	(370,991)	(93,750)
Depreciation and amortization expenses	(211,983)	(234,661)
Insurance expenses	(200,223)	(102,537)
Communication and advertising expenses	(58,404)	(74,345)
Other miscellaneous expenses	(938,000)	(2,555,221)
	(15,955,724)	**(13,601,062)**

The detail of research and development expense for the periods between 1 January - 31 December 2020 and 2019 is as follows:

Research and development expenses	1 January – 31 December 2020	1 January – 31 December 2019
Personnel expenses	(3,807,395)	(3,539,651)
Outsourced benefits and services	(360,048)	(1,709,499)
Depreciation and amortization	(100,841)	(101,821)
Travel expenses	(71,069)	(298,747)
Rent expenses	(18,974)	(43,833)
Transportation expenses	(17,637)	(5,861)
Other miscellaneous expenses	(720,178)	(746,239)
	(5,096,142)	**(6,445,651)**

25. OTHER OPERATING INCOME AND EXPENSES

Other operating income	1 January – 31 December 2020	1 January – 31 December 2019
Foreign exchange gain from operating activities	291,869,747	88,662,332
Sales of scrap and miscellaneous material	3,816,275	-
Overdue and interest income from operating activities	2,477,738	2,786,118
Provisions no longer required (Note 6/16)	970,743	9,850,585
Incentives received	245,548	271,605
Insurance damage compensation income	-	16,523,075
Other income	10,440,151	2,640,206
	309,820,202	**120,733,921**

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

25. OTHER OPERATING INCOME AND EXPENSES (Continued)

Other operating expense	**1 January – 31 December 2020**	**1 January – 31 December 2019**
Foreign exchange loss from operating activities	(233,260,880)	(65,226,681)
Provision expenses (Note 6/16)	(8,953,753)	(9,958,463)
Litigation, levy and court paid expenses	(1,005,086)	(479,177)
Compensation and penalty expenses	(5,199,689)	(1,786,649)
Interest expense of retirement pay provision	(4,688,650)	(1,310,533)
Donations and grants	(751,501)	(312,388)
Other expenses	(4,404,010)	(10,689,445)
	(258,263,569)	**(89,763,336)**

26. INCOME AND EXPENSE FROM INVESTMENT ACTIVITIES

Income from investment activities	**1 January – 31 December 2020**	**1 January – 31 December 2019**
Fixed assets sales income (*)	39,392,913	46,183,411
	39,392,913	**46,183,411**

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

27. FINANCIAL INCOME/EXPENSE

Financial income	**1 January – 31 December 2020**	**1 January – 31 December 2019**
Interest income	31,322,385	6,098,469
Total financial income	**31,322,385**	**6,098,469**

Financial expenses	**1 January – 31 December 2020**	**1 January – 31 December 2019**
Interest expenses of bank borrowings	(124,605,662)	(193,512,372)
Foreign exchange loss on bank borrowings	(116,102,123)	(70,790,861)
Other financial expenses	(12,372,119)	(2,925,217)
Total financial income	**(253,079,904)**	**(267,228,450)**

28. 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 31 December 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.)

28. 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 31 December 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.

The tax review initiated by the Ministry of Treasury and Finance Tax Inspection Board İstanbul Büyük Ölçekli Mükellefler Group Presidency in 2020 is still continuing.

Expiration years of the tax losses carried forward are as follows::

	31 December 2020	31 December 2019
2023	27,008,824	27,008,824
2024	87,942,282	87,942,282
2025	35,768,987	-
Total	**150,720,093**	**114,951,106**

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

28. INCOME TAXES (Continued)

As of 31 December 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	**31 December 2020**	**31 December 2019**
Assets related to the current period taxes	200,717	3,078,501
	200,717	**3,078,501**

Corporate tax payable	**31 December 2020**	**31 December 2019**
Current period corporate tax provision	(38,264,348)	(7,964,053)
Prepaid taxes and funds (-)	21,203,186	7,676,664
	(17,061,162)	**(287,389)**

Tax (expense)/income	**1 January – 31 December 2020**	**1 January – 31 December**
Current period corporate tax (expense)/income	(38,264,348)	(6,126,482)
Deferred tax (expense)/income	17,580,345	27,564,751
	(20,684,003)	**21,438,269**

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

Deferred tax assets	**31 December 2020**	**31 December 2019**
Tax losses carried forward	30,708,039	27,225,613
Provision for employee benefits	1,940,711	2,127,913
Property, plant and equipment and intangible assets	569,453	7,566,318
Recultivation provision	942,184	887,808
Provision for other doubtful receivables	2,067,278	1,551,849
Cash capital increase tax incentive assets	22,733,620	10,127,770
Provision for litigations	5,716,173	4,406,163
Inventory impairment provision	5,412,324	1,184,258
Rediscount of receivables	1,680,891	799,164
Other	7,564,265	3,285,589
	79,334,938	59,162,445
Deferred tax liabilities		
Property, plant and equipment and intangible assets	(26,839,371)	(26,801,818)
Inventories	(340,200)	(340,200)
Goodwill	(24,737,532)	(24,737,532)
Internal rate of return adjustment of borrowings	(411,588)	-
Other	(3,338,394)	(380,154)
	(55,667,085)	(52,259,704)
Net deferred tax asset/(liability)	**23,667,853**	**6,902,741**

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

28. INCOME TAXES (Continued)

Deferred tax assets/(liabilities) presentation at balance sheet	31 December 2020	31 December 2019
Deferred tax assets	55,463,788	59,162,445
Deferred tax liabilities	(31,795,935)	(52,259,704)
	23,667,853	**6,902,741**

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

Deferred tax assets/(liabilities) movement	31 December 2020	31 December 2019
Opening balance	(6,902,741)	9,960,498
Deferred tax (income)/expense	(17,580,345)	(24,775,568)
Accounted under other comprehensive income	6,041,599	17,257,797
Transfer to assets classified as held for sale	(5,226,366)	-
Currency translation difference and other	-	(9,345,468)
Closing balance	**(23,667,853)**	**(6,902,741)**

Tax reconciliation:	31 December 2020	31 December 2019
Profit before taxation	236,500,594	(28,747,456)
Effective statutory income tax rate	20%	22%
Tax expense at the effective statutory income tax rate	(47,300,119)	6,324,440
Reconciliation of tax provision calculated with deductible:		
- Non-deductible expenses	(463,014)	(682,696)
- Effect of cash capital increase on tax incentive assets	12,605,850	2,479,855
- Tax exemption from sale of land	3,970,078	4,774,115
- Effect of the profit from investments accounted by equity	13,589,130	6,249,829
- Other	(3,085,928)	2,292,726
Tax expense in the income statement	**(20,684,003)**	**21,438,269**

'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

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

28. INCOME TAXES (Continued)

25 points to the 50% rate stated above, as limited to the fixed investment amount in the investment incentive certificate.

29. 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.

Earnings/loss per share from continuing operations:	1 January – 31 December 2020	1 January – 31 December 2019
Number of shares	135,084,442	135,084,442
Profit attributable to equity holders of the parent–TRY	175,746,242	13,169,479
Dividend per share with nominal value of 1 Kr - TRY	1.30	0.10

Earnings / (loss) per share from discontinued operations:	1 January – 31 December 2020	1 January – 31 December 2019
Number of shares	135,084,442	135,084,442
Profit attributable to equity holders of the parent - TRY	(31,385,662)	(7,880,487)
Dividend per share with nominal value of 1 Kr - TRY	(0.23)	(0.06)

30. RELATED PARTY DISCLOSURES

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

Short-term trade receivables from related parties

	31 December 2020	31 December 2019
Akçansa Çimento Sanayi ve Ticaret A.Ş.(3)	685,287	2,006,838
Karçimsa Çimento San. ve Tic. A.Ş. (3)	-	25,888
	685,287	**2,032,726**

Short-term other receivables from related parties

	31 December 2020	31 December 2019
Ak Finansal Kiralama A.Ş.	223,504	223,504
Hacı Ömer Sabancı Holding A.Ş.	72,763	5,220
	296,267	**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.)

30. RELATED PARTY DISCLOSURES (Continued)

Short-term trade payables to related parties

	31 December 2020	31 December 2019
Enerjisa Üretim Santralleri A.Ş. (2)	87,661,748	63,670,705
Akbank T.A.Ş.(*)	8,868,750	-
Akçansa Çimento Sanayi ve Ticaret A.Ş.(3)	27,270	-
Other	415,842	134,795
	96,973,610	**63,805,500**

Short-term other payables to related parties

	31 December 2020	31 December 2019
Cimsa Sabancı Cement BV	313,788,120	-
Sabancı Dx (2)	1,873,899	2,983,076
Kordsa	94,044	-
Aksigorta A.Ş. (3)	-	12,924
Other	11,254	541,576
	315,767,317	**3,537,576**

Bank balances deposited in related parties

	31 December 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

	31 December 2020	31 December 2019
Akbank T.A.Ş. (2)	151,297,334	500,875,973
	151,297,334	**500,875,973**

Sales to related parties

	1 January 31 December 2020	1 January 31 December 2019
Akçansa Çimento Sanayi ve Ticaret A.Ş. (3)	6,322,510	3,733,452
Ak Finansal Kiralama	1,325,870	-
Sabancı Dx	453,957	-
Enerjisa Enerji A.Ş. (2)	5,553	355,672
Other	3,212,581	650,432
	11,320,471	**4,739,556**

(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.

(*) The trade payable is related with supplier financing

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

(**) It refers to the amount of capital committed to Cimsa Sabancı Cement BV with a capital of EUR 87,000,000 established in the Netherlands on 16 November 2020 with the participation of 40% of the Group and 60% of the Group's parent company Sabancı Holding A.Ş. The related commitment was paid on February 16, 2021.

30. RELATED PARTY DISCLOSURES (continued)

Purchases and services received from related parties

	1 January – 31 December 2020	1 January – 31 December 2019
Enerjisa Üretim Santralleri. [3]	285,643,963	186,438,421
Sabancı Dx	10,086,308	11,746,755
Aksigorta A.Ş.	9,893,748	5,182,055
Ak Finansal Kiralama	1,325,870	2,651,739
Ak Yatırım	43,446	1,666,028
Avivasa Emeklilik ve Hayat A.Ş. [3]	412,464	344,317
Teknosa	116,839	218,626
Akçansa Çimento Sanayi ve Ticaret A.Ş. [3]	144,356	278,908
Other	503,120	1,398,470
	308,170,114	**209,925,319**

Interest income from related parties

	1 January – 31 December 2020	1 January – 31 December 2019
Akbank T.A.Ş. (2)	12,040,557	4,534,086
	12,040,557	**4,534,086**

Interest expense from related parties

	1 January – 31 December 2020	1 January – 31 December 2019
Akbank T.A.Ş. (2)	(17,472,557)	(50,846,056)
	(17,472,557)	**(50,846,056)**

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 TRY18,269,318 (31 December 2019: TRY10,948,084). The contributions paid to Social Security Institution are TRY925,578 (31 December 2019: TRY690,367).

(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.)

31. FOREIGN CURRENCY RISK

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

	31 December 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	242,908,920	27,290,899	4,671,117	50,597	198,844,035	26,853,698	5,553,867	307,484
Monetary financial assets	500,260,531	14,231,015	43,899,023	36,178	151,740,580	7,817,898	15,064,853	657,158
Other	69,293,674	1,819,395	6,209,928	-	60,363,340	2,727,396	6,637,472	2,429
Current Assets	**812,463,125**	**43,341,309**	**54,780,068**	**86,775**	**410,947,955**	**37,398,992**	**27,256,192**	**967,071**
TOTAL ASSET	**812,463,125**	**43,341,309**	**54,780,068**	**86,775**	**410,947,955**	**37,398,992**	**27,256,192**	**967,071**
Trade payables	(155,804,474)	(16,885,626)	(3,394,527)	(128,520)	(46,730,866)	(5,286,452)	(2,249,644)	(47,168)
Financial liabilities	(802,216,183)	(6,103,333)	(84,083,378)	-	(526,184,183)	(21,493,798)	(59,920,417)	-
Other	(19,059,683)	(374,187)	(1,808,021)	(2,664)	(16,629,791)	(271,656)	(2,254,741)	(2,664)
Short Term Liabilities	**(977,080,340)**	**(23,363,147)**	**(89,285,926)**	**(131,184)**	**(589,544,840)**	**(27,051,906)**	**(64,424,802)**	**(49,832)**
TOTAL LIABILITIES	**(977,080,340)**	**(23,363,147)**	**(89,285,926)**	**(131,184)**	**(589,544,840)**	**(27,051,906)**	**(64,424,802)**	**(49,832)**
Net foreign currency asset liability position	**(164,617,214)**	**19,978,162**	**(34,505,859)**	**(44,409)**	**(178,596,885)**	**10,347,086**	**(37,168,610)**	**917,239**
Off balance sheet derivative financial instruments asset/liability position	**189,759,042**	**6,000,000**	**16,176,472**	**-**	**229,291,030**	**6,000,000**	**29,117,648**	**-**
Net foreign currency asset / liability position for monetary items	**25,141,828**	**25,978,162**	**(18,329,387)**	**(44,409)**	**50,694,145**	**16,347,086**	**(8,050,962)**	**917,239**
Export	1,151,063,076	104,063,391	51,542,851	1,275,212	940,901,942	111,985,229	46,381,587	1,628,309
Import	186,349,605	25,606,678	939,617	-	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.

31. FOREIGN CURRENCY RISK (Continued)

The Group is mainly exposed to currency risk denominated in USD, EUR and GBP.

The table below shows the Group's sensitivity to a 10% increase in USD, Euro and GBP exchange rates. The 10% rate is the rate used in the reporting of the currency risk within the Group to the top management and represents the probable change that the management expects in foreign exchange rates. The sensitivity analysis only covers the monetary items denominated in foreign currency and presents the impact of the 10% change in foreign exchange rates of these monetary items at year-end. 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 value represents the increase in other equity items in profit/loss.

	Profit /Loss		Equity	
31 December 2020	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
1- USD net assets/liabilities	14,664,970	(14,664,970)	14,664,970	(14,664,970)
2- Hedged portion of USD risk (-)	4,404,300	(4,404,300)	4,404,300	(4,404,300)
3- USD net effect (1+2)	19,069,270	(19,069,270)	19,069,270	(19,069,270)
4- Net EUR assets/liabilities	(31,082,533)	31,082,533	(31,082,533)	31,082,533
5- Hedged portion of EUR risk (-)	14,571,604	(14,571,604)	14,571,604	(14,571,604)
6- EUR net effect (4+6)	(16,510,929)	16,510,929	(16,510,929)	16,510,929
7- Net GBP assets/liabilities	(44,159)	44,159	(44,159)	44,159
8- Hedged portion of GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	(44,159)	44,159	(44,159)	44,159
TOTAL (3+6+9)	**2,514,182**	**(2,514,182)**	**2,514,182**	**(2,514,182)**

	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)**

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a. 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.)

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The distribution of interest rate sensitive financial instruments of the Group is as follows:

Interest position table

	31 December 2020	31 December 2019
Fixed rate instruments		
Time Deposits	898,974,253	235,356,930
Loans	1,560,902,500	1,325,750,361
Variable rate financial instruments		
Loans (*)	-	326,445,996

(*) The Group has made interest rate swap transactions in order to hedge its cash flow risk for the long term loan with floating interest rate.

b. Capital management

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

The Group follows the debt to equity ratio in the capital management in parallel with other companies in the sector. Net debt is calculated by dividing net debt to total equity. Net debt/equity ratios at 31 December 2020 and 31 December 2019 are as follows:

	Note	31 December 2020	31 December 2019
Total financial borrowings	7	1,560,902,500	1,701,171,857
Less: Cash and cash equivalents	5	(903,961,752)	(267,350,543)
Net debt		656,940,748	1,433,821,314
Equity		1,838,844,336	1,485,763,239
Total liabilities		**2,495,785,084**	**2,919,584,553**
Net debt/Equity ratio (%)		36%	97%

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

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c. Financial risk factors

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

d. Credit risk management

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

The aging of the assets that are overdue but not subject to any impairment as of 31 December 2020 and 2019 is as follows:

	Receivables			Derivative		
31 December 2020	**Trade Receivables**	**Other Receivables**	**Demand deposit**	**Financial Instruments**	**Other**	**Total**
Overdue 1-30 days	14,726,824	-	-	-	-	14,726,824
Overdue 1-3 months	14,196	-	-	-	-	14,196
Overdue 3-12 months	7,438,752	-	-	-	-	7,438,752
Total overdue receivables	22,179,772	-	-	-	-	22,179,772
Secured part via collateral etc.	15,853,727	-	-	-	-	15,853,727

	Receivables			Derivative		
31 December 2019	**Trade Receivables**	**Other Receivables**	**Demand deposit**	**Financial Instruments**	**Other**	**Total**
Overdue 1-30 days	19,999,316	-	-	-	-	19,999,316
Overdue 1-3 months	918,848	-	-	-	-	918,848
Overdue 3-12 months	9,212,005	-	-	-	-	9,212,005
Total overdue receivables	30,130,169	-	-	-	-	30,130,169
Secured part via collateral etc.	23,950,511	-	-	-	-	23,950,511

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

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

d. Credit risk management (Continued)

The credit risk of the Group for each financial instrument type is as follows:

	Receivables						
	Trade Receivables		Other Receivables		Bank Deposits		
31 December 2020	Related Party	Third Party	Related Party	Third Party	Related Party	Third Party	Derivative Financial Instruments
Maximum credit exposures as of report date (1) (A+B+C+D+E)	685,287	321,079,925	296,267	8,591,608	387,462,987	516,496,357	53,495,548
Secured Part of maximum credit risk exposure via collateral etc.	-	85,001,302	-	-	-	-	-
A. Net book value for the financial assets that are neither overdue nor impaired (2)	685,287	298,900,153	296,267	8,591,608	387,462,987	516,496,357	53,495,548
B. Carrying amount of financial assests that are renegotiated , otherwise classifed as overdue or impaired (3)	-	-	-	-	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	22,179,772	-	-	-	-	-
- Secured part via collateral etc.	-	15,853,727	-	-	-	-	-
D. Net book value of impaired financial assets	-	-	-	-	-	-	-
- Overdue (gross carrying amount)	-	15,409,260	-	764,354	-	-	-
- Impairment (-)	-	(15,409,260)	-	(764,354)	-	-	-
- Secured part via collateral etc.	-	-	-	-	-	-	-
- Not Overdue (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured part via collateral etc.	-	-	-	-	-	-	-
E. Off-Balance sheet financial assets exposed to credit risk	-	-	-	-	-	-	-

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

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

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

d. Credit risk management (Continued)

The credit risk of the Group for each financial instrument type is as follows:

	Receivables						
	Trade Receivables		Other Receivables		Bank Deposits		
31 December 2019	Related Party	Third Party	Related Party	Third Party	Related Party	Third Party	Related Party
Maximum credit exposures as of report date (1) (A+B+C+D+E)	2,032,726	458,942,941	228,724	7,752,668	162,445,305	104,886,952	41,387,407
Secured Part of maximum credit risk exposure via collateral etc.	-	253,393,928	-	-	-	-	-
A. Net book value for the financial assets that are neither overdue nor impaired (2)	2,032,726	428,812,771	228,724	7,752,668	162,445,305	104,886,952	41,387,407
B. Carrying amount of financial assests that are renegotiated , otherwise classifed as overdue or impaired (3)	-	-	-	-	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	30,130,169	-	-	-	-	-
- Secured part via collateral etc.	-	23,950,511	-	-	-	-	-
D. Net book value of impaired financial assets	-	-	-	-	-	-	-
- Overdue (gross carrying amount)	-	16,043,739	-	753,646	-	-	-
- Impairment (-)	-	(16,043,739)	-	(753.646)	-	-	-
- Secured part via collateral etc.	-	-	-	-	-	-	-
- Not Overdue (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured part via collateral etc.	-	-	-	-	-	-	-
E. Off-Balance sheet financial assets exposed to credit risk	-	-	-	-	-	-	-

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

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

32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

e. Foreign currency risk management

When necessary, the Group enters into derivative transactions to manage its exchange rate exposures. In this context, the Group's main preference is foreign currency forward transactions. The Group manages foreign currency purchase / sale forward contracts with maturities less than one year. The details of unrealized foreign currency purchase/sale forward contracts as of the date of the report are disclosed in Note 22.

f. Interest rate risk management

The Group is exposed to the interest rate risk through the impact of interest rate changes on interest bearing assets and liabilities. The Group manages interest rate risk by using natural hedges that arise from offsetting interest rate of assets and liabilities The Group has fixed the interest rate of "2.15% + Eurlibor" variable interest rate in Euro terms with "2.15% + 0,30%". Çimsa swapped an interest rate swap for its long-term loan with a floating interest rate of EUR16,176,472. The maturity date of the transaction is 29 March 2022 and it is accounted under equity by applying hedge accounting. In order to avoid variable interest rate risk, the interest rate was fixed by making an IRS (Interest Rate Swap) with Akbank.

g. Liquidity risk

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

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

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

31 December 2020 Contractual maturities	Net Book Value	Contractual Total Cash Outflow (I+II+III+IV)	Less Than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More Than 5 Years (IV)
Bank Borrowings	1,560,902,499	1,577,177,599	161,479,775	1,148,330,136	257,862,738	9,504,949
Trade Payables	572,397,678	572,494,440	572,494,440	-	-	-
Other Payables, Liabilities and Deferred Income	410,205,374	410,205,374	410,205,374	-	-	-
Total liabilities	**2,543,505,551**	**2,559,877,413**	**1,144,179,589**	**1,148,330,136**	**257,862,738**	**9,504,949**
Derivative financial liabilities						
Unrealized purchase / sale commitments (net)	55,091,713	55,091,713	-	-	55,091,713	-
	55,091,713	**55,091,713**	**-**	**-**	**55,091,713**	**-**

31 December 2019 Contractual maturities	Net Book Value	Contractual Total Cash Outflow (I+II+III+IV)	Less Than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More Than 5 Years (IV)
Bank Borrowings	1,701,171,857	1,818,866,774	451,416,483	689,533,201	677,917,090	-
Trade Payables	352,762,993	356,777,843	356,777,843	-	-	-
Other Payables, Liabilities and Deferred Income	78,081,771	78,081,771	78,081,771	-	-	-
Total liabilities	**2,132,016,621**	**2,253,726,388**	**886,276,097**	**689,533,201**	**677,917,090**	**-**
Derivative financial liabilities						
Unrealized purchase / sale commitments (net)	40,075,167	40,075,167	-	-	40,075,167	-
	40,075,167	**40,075,167**	**-**	**-**	**40,075,167**	**-**

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

33. FINANCIAL INSTRUMENTS FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES

31 December 2020	Cash and cash equivalents	Loans and receivables	Financial assets at fair value through other comprehensive income	Financial liabilities at financial cost	Derivative financial instruments accounted under equity	Derivative financial instruments through income statement	Carrying value	Note
Financial assets								
Cash and cash equivalents	903,961,752	-	-	-	-	-	903,961,752	5
Trade receivables	-	321,765,212	-	-	-	-	321,765,212	6
Financial investments	-	-	64,478	-	-	-	64,478	30
Other financial assets	-	71,113,258	-	-	-	-	71,113,258	8/10
Derivative financial assets	-	-	-	-	53,495,548	-	53,495,548	22
Financial liabilities								
Financial liabilities	-	-	-	1,560,902,499	-	-	1,560,902,499	7
Trade payable	-	-	-	572,397,678	-	-	572,397,678	6
Other financial liabilities	-	-	-	410,205,374	-	-	410,205,374	8/10/20
Derivative financial liabilities	-	-	-	-	-	55,091,713	55,091,713	22
31 December 2019								
Financial assets								
Cash and cash equivalents	267,350,543	-	-	-	-	-	267,350,543	5
Trade receivables	-	460,975,667	-	-	-	-	460,975,667	6
Financial investments	-	-	64,478	-	-	-	64,478	33
Other financial assets	-	21,718,538	-	-	-	-	21,718,538	8/10
Derivative financial liabilities	-	-	-	-	41,387,407	-	41,387,407	22
	-							
Financial liabilities								
Financial liabilities	-	-	-	1,701,171,857	-	-	1,701,171,857	7
Trade payable	-	-	-	352,762,993	-	-	352,762,993	6
Other financial liabilities	-	-	-	78,081,771	-	-	78,081,771	8/10/20
Derivative financial liabilities	-	-	-	-	-	40,075,167	40,075,167	22

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

33. FINANCIAL INSTRUMENTS FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES (Continued)

The classification and fair value of the financial instruments

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

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

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

Fair value hierarchy table

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

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

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

Level 3: Valuation techniques does not contains observable market inputs.

As of 31 December 2020, the fair value hierarchy table of the Company's assets and liabilities at fair value are as follows:

Financial assets and liabilities at fair value		**The level of fair value at the reporting date**		
	31 December 2020	**Level 1**	**Level 2**	**Level 3**
Financial assets and liabilities at fair value through through income/loss				
Derivative financial assets	53,495,548	-	53,495,548	-
Derivative financial liabilities	(42,587,972)	-	(42,587,972)	-
Financial assets and liabilities at fair value through other comprehensive income/loss				
Financial assets at fair value through other comprehensive income	64,478	-	-	64,478
Derivative financial liabilities	(12,503,741)	-	(12,503,741)	-
Total	**(1,531,687)**	**-**	**(1,596,165)**	**64,478**

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

33. FINANCIAL INSTRUMENTS FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES (Continued)

Financial assets and liabilities at fair value		**The level of fair value at the reporting date**		
	31 December 2019	**Level 1**	**Level 2**	**Level 3**
Financial assets and liabilities at fair value through income/loss				
Derivative financial assets	41,387,407	-	41,387,407	-
Derivative financial liabilities	(17,038,221)	-	(17,038,221)	-
Financial assets and liabilities at fair value through other comprehensive income/loss				
Financial assets at fair value through other comprehensive income	64,478	-	-	64,478
Derivative financial liabilities	(23,036,946)	-	(23,036,946)	-
Total	**1,316,718**	**-**	**1,312,240**	**64,478**

Fair value of financial instruments

Fair value is defined as the price that collected from the sale of an asset or payable in the ordinary course of business at the measurement date between market participants.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, estimates are necessary to interpret market data to determine fair 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 cash and cash equivalent recording prices are equal to their fair value due to their short-term nature.

It is foreseen that trade receivables recording prices are equal to their fair value 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.

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

33. FINANCIAL INSTRUMENTS FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES (Continued)

	31 December 2020	31 December 2019
Fair value difference reflects other comprehensive income/loss derivative financial assets and liabilities (*)	(55,091,713)	(40,075,167)
Total	**(55,091,713)**	**(40,075,167)**

	31 December 2020	31 December 2019
Fair value difference reflects over income/loss financial	53,495,548	41,387,407
Total	**53,495,548**	**41,387,407**

(*) Derivative instruments detailed in Note 22 consist of forward purchase/sale contracts. Some of the group sales were protected by foreign exchange forward contracts. In addition, the interest rate swap transaction is applied against the risk of impairment arising from the interest rate changes of the loan. As of 31 December 2020, the revaluation amount of the Group's hedged transactions is EUR16,176,472 (2019: EUR29,117,648), which is presented in the consolidated statement of financial position as "Derivative financial assets" and "Equity".

Fair value measurement hierarchy table

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

- First level: Financial assets and liabilities are measured at quoted market prices on the active market for identical assets and liabilities.
- Second level: Financial assets and liabilities are valued using inputs that are used to determine directly or indirectly the marketable price of the related asset or liability other than the quoted price at the first level.
- Third level: Financial assets and liabilities are valued at inputs that are not based on an observable asset in the market for the fair value of the asset or liability.

34. SUBSEQUENT EVENTS

With the decision of the Board of Directors dated 27 January 2021, the registered capital ceiling validity period has been extended to cover the years 2021-2025, since the validity period of the registered capital ceiling has expired as of the end of 2020 and the amount currently determined as the registered capital ceiling has remained low under today's conditions. It was decided to increase the registered capital ceiling of 200,000,000.-TL to 350,000,000.-TL and to hold the Board of Directors meetings in the 6th and 9th articles of the Company's Articles of Association in order to enable them to be held electronically. The Company's application to the Capital Markets Board regarding the amendments to the articles of association was welcomed on 10 February 2021, and the application made to the Ministry of Commerce General Directorate of Domestic Trade on 18 February 2021. The draft amendment to the Articles of Association, which has been approved, will be submitted to the approval of the shareholders at the 2020 Ordinary General Assembly meeting.

The capital commitment debt of 34,800,000 EUR to Cimsa Sabanci Cement BV, located in the Netherlands, where the Company has a 40% share, was paid in cash and in full on 16 February 2021..