

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

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

**1 JANUARY - 30 JUNE 2021 CONDENSED  
INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS TOGETHER WITH  
INDEPENDENT AUDITOR'S REVIEW REPORT**



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

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION**

To the General Assembly of Çimsa Çimento Sanayi ve Ticaret Anonim Şirketi

*Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of Çimsa Çimento Sanayi ve Ticaret Anonim Şirketi (the “Company”) and its subsidiaries (collectively referred as the “Group”) as at 30 June 2021 and the related condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with Turkish Accounting Standard 34 (“TAS 34”) “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

*Scope of Review*

We conducted our review in accordance with the Standard on Review Engagements (“SRE”) 2410, “Review of interim financial information performed by the independent auditor of the entity”. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review on the interim condensed consolidated financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.



*Conclusion*

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with TAS 34.

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

**ORIGINALLY SIGNED IN TURKISH**

Serdar İnanç, SMMM  
Partner

İstanbul, 9 August 2021

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**ÇİMSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

**TABLE OF CONTENTS**

	<b>Page</b>
Interim consolidated statement of financial position	1 - 2
Interim consolidated statement of profit or loss	3
Interim consolidated statement of other comprehensive income	4
Interim consolidated statement of changes in equity	5
Interim consolidated statement of cash flows	6
Notes to the interim consolidated financial statements	7 – 58

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**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

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

		(Reviewed) Current Period 30 June 2021	(Audited) Prior Period 31 December 2020
	Notes		
<b>ASSETS</b>			
Cash and cash equivalents	5	565,692,401	903,961,752
Trade receivables	6	700,733,817	321,765,215
<i>Trade receivables from related parties</i>	30	179,646,273	685,287
<i>Trade receivables from third parties</i>		521,087,544	321,079,928
Other receivables		1,157,983	2,489,773
<i>Other receivables from related parties</i>	30	243,053	296,267
<i>Other receivables from third parties</i>	8	914,930	2,193,506
Derivative financial instruments	22	42,008,524	42,587,851
Inventories	9	299,088,112	228,653,262
Prepaid expenses	10	50,613,854	59,158,323
Assets related to the current period taxes	28	1,553,980	200,717
Other current assets	20	69,974,919	66,663,718
Non-current assets held for sale	12	344,295	8,522,648
<b>Subtotal</b>		<b>1,731,167,885</b>	<b>1,634,003,259</b>
Assets directly associated with assets classified as held for sale	17	-	922,898,311
<b>Current assets</b>		<b>1,731,167,885</b>	<b>2,556,901,570</b>
Other receivables	8	4,930,002	6,398,102
<i>Other receivables from third parties</i>		4,930,002	6,398,102
Financial investments		64,478	64,478
Investments accounted under equity method	3	785,234,244	708,350,343
Derivative financial instruments	22	-	10,907,697
Property, plant and equipment	11	1,578,970,959	1,579,599,880
Right of use assets	14	18,870,063	24,879,991
Intangible assets		167,095,705	164,773,022
<i>Goodwill</i>	15	148,119,252	148,119,252
<i>Other intangible assets</i>	13	18,976,453	16,653,770
Prepaid expenses	10	11,972,164	3,067,060
Deferred tax assets	28	53,361,196	55,463,788
Other non-current assets	20	13,180,789	18,776,482
<b>Non-current assets</b>		<b>2,633,679,600</b>	<b>2,572,280,843</b>
<b>TOTAL ASSETS</b>		<b>4,364,847,485</b>	<b>5,129,182,413</b>

The accompanying notes form an integral part of these condensed 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**  
**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

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

	Notes	(Reviewed) Current Period 30 June 2021	(Audited) Prior Period 31 December 2020
<b>LIABILITIES</b>			
Short-term borrowings	7	777,808,650	1,111,893,715
Current portion of long-term borrowings	7	64,552,715	181,271,407
Short-term lease liabilities	7	21,938,279	12,755,410
Trade payables	6	499,396,196	572,397,678
<i>Trade payables to related parties</i>	30	91,271,433	96,973,610
<i>Trade payables to third parties</i>		408,124,763	475,424,068
Employee benefit obligations	19	9,966,532	8,584,985
Other payables		17,928,867	337,850,942
<i>Other payables to related parties</i>	30	1,822,094	315,454,117
<i>Other payables to third parties</i>	8	16,106,773	22,396,825
Derivative financial liabilities	22	42,261,795	42,587,972
Deferred income	10	24,071,290	11,301,698
Current income tax liability	28	57,600,783	17,061,162
Short-term provisions	16	63,451,067	37,387,985
<i>Short-term provisions for employee benefits</i>		7,000,000	7,807,614
<i>Other short-term provisions</i>		56,451,067	29,580,371
Other current liabilities	20	5,744,223	61,052,734
<b>Subtotal</b>		<b>1,584,720,397</b>	<b>2,394,145,688</b>
Liabilities directly associated with assets classified as held for sale	17	-	544,197,063
<b>Current liabilities</b>		<b>1,584,720,397</b>	<b>2,938,342,751</b>
Long-term borrowings	7	388,783,050	229,509,051
Long-term lease liabilities	7	13,691,274	25,472,916
Long-term provisions		60,849,131	52,713,682
<i>Long-term provisions for employee benefits</i>	19	55,570,624	48,258,745
<i>Other long-term provisions</i>	16	5,278,507	4,454,937
Derivative financial liabilities	22	128,535	12,503,741
Deferred tax liability	28	28,364,121	31,795,935
<b>Non-current liabilities</b>		<b>491,816,111</b>	<b>351,995,325</b>
<b>SHAREHOLDERS' EQUITY</b>			
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		(45,416,805)	25,479,834
<i>Foreign currency translation reserve</i>		(10,414,450)	85,992,327
<i>Cash flow hedge fund</i>		(85,034,933)	(60,512,493)
<i>Share of other comprehensive income of investments in associates accounted for using equity method that will be reclassified to profit/(loss)</i>		50,032,578	-
Other comprehensive income/expense not to be reclassified to profit or loss		(66,279,283)	9,753,120
<i>Share of other comprehensive income of investments in associates accounted for using equity method that will not be reclassified to profit/(loss)</i>		10,244,754	22,216,596
<i>Actuarial losses/gains on defined benefit plans</i>		(13,210,021)	(12,463,476)
<i>Effects of combinations of entities or businesses under common control on investments in associates accounted for using equity method</i>		(63,314,016)	-
Restricted reserves		193,104,976	193,104,976
Retained earnings		1,174,272,645	998,526,403
Net profit for the year		580,463,810	175,746,242
<b>Equity attributable to equity holders of the parent</b>		<b>2,014,070,716</b>	<b>1,580,535,948</b>
Non-controlling interests		274,240,261	258,308,389
<b>Total shareholders' equity</b>		<b>2,288,310,977</b>	<b>1,838,844,337</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,364,847,485</b>	<b>5,129,182,413</b>

The accompanying notes form an integral part of these condensed 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**  
**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED 30 JUNE 2021**

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

		(Reviewed)	(Reviewed*)	(Not Reviewed)	(Not Reviewed*)
		Current Period	Prior Period	Current Period	Prior Period
		1 January -	1 January -	1 April -	1 April -
	Notes	30 June 2021	30 June 2020	30 June 2021	30 June 2020
<b>OPERATING INCOME</b>					
Revenue	23	1,641,708,428	854,030,804	1,002,439,671	526,890,687
Cost of sales (-)	24	(1,265,035,903)	(694,605,056)	(764,227,921)	(429,577,097)
<b>GROSS PROFIT</b>		<b>376,672,525</b>	<b>159,425,748</b>	<b>238,211,750</b>	<b>97,313,590</b>
General and administrative expense (-)	24	(74,966,999)	(68,382,008)	(44,463,036)	(29,172,157)
Marketing, selling and distribution expense (-)	24	(6,589,442)	(8,663,182)	(3,328,363)	(3,787,624)
Research and development expense (-)	24	(2,939,360)	(2,666,354)	(1,608,666)	(1,229,731)
Other operating income	25	157,716,495	141,664,021	60,187,918	71,314,185
Other operating expenses (-)	25	(87,773,900)	(74,012,215)	(41,313,480)	(30,999,475)
<b>OPERATING PROFIT</b>		<b>362,119,319</b>	<b>147,366,010</b>	<b>207,686,123</b>	<b>103,438,788</b>
Income from investment activities	26	34,383,109	13,917,949	10,452,410	10,028,815
Profit/(loss) from investments accounted by equity method	3	103,945,636	30,648,705	59,845,641	15,077,130
<b>OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)</b>		<b>500,448,064</b>	<b>191,932,664</b>	<b>277,984,174</b>	<b>128,544,733</b>
Financial income	27	17,824,992	11,288,380	4,458,550	6,600,490
Financial expenses (-)	27	(124,437,094)	(156,650,722)	(87,707,839)	(79,452,119)
<b>PROFIT BEFORE TAXATION</b>		<b>393,835,962</b>	<b>46,570,322</b>	<b>194,734,885</b>	<b>55,693,104</b>
<b>Tax income/(expense) from continuing operations</b>		<b>(74,540,172)</b>	<b>1,355,764</b>	<b>(49,885,675)</b>	<b>(3,855,502)</b>
- Current period tax expense (-)	28	(62,620,056)	(7,092,525)	(48,898,695)	(6,095,826)
- Deferred tax income/(expense)	28	(11,920,116)	8,448,289	(986,980)	2,240,324
<b>PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>319,295,790</b>	<b>47,926,086</b>	<b>144,849,210</b>	<b>51,837,602</b>
<b>PERIOD (LOSS)/PROFIT OF DISCONTINUED OPERATIONS</b>	17	<b>289,639,030</b>	<b>(13,691,531)</b>	<b>289,864,738</b>	<b>(3,845,000)</b>
<b>NET PROFIT</b>		<b>608,934,820</b>	<b>34,234,555</b>	<b>434,713,948</b>	<b>47,992,602</b>
<b>Profit for the period attributable to</b>					
- Non-controlling interests		28,471,010	(3,589,477)	15,133,023	1,976,555
- Equity holders of the parent		580,463,810	37,824,032	419,580,925	46,016,047
<b>Earnings Per Share</b>					
Earnings per share from continuing operations (Nominal amount of 1 Kr)	29	4,2970	0,2800	3,1061	0,3406
Earnings per share from discontinued operations (Nominal amount of 1 Kr)	29	2,1441	(0,1014)	2,1458	(0,0285)

(\*)Note.2.6

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

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**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2021**

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

	(Reviewed) Current Period 1 January- 30 June 2021	(Reviewed*) Prior Period 1 January- 30 June 2020	(Not Reviewed) Current Period 1 April- 30 June 2021	(Not Reviewed*) Prior Period 1 April- 30 June 2020
<b>PERIOD (LOSS)/PROFIT OF CONTINUING OPERATIONS</b>	<b>319,295,790</b>	<b>47,926,086</b>	<b>144,849,210</b>	<b>51,837,602</b>
<b>Other comprehensive income/expense to be reclassified to profit or loss</b>	<b>11,378,508</b>	<b>(4,502,822)</b>	<b>69,417,093</b>	<b>(5,213,045)</b>
<i>Cash flow hedge fund</i>	(57,242,667)	(11,210,169)	(9,001,478)	(10,735,013)
<i>Share of other comprehensive income of investments in associates accounted for using equity method that will be reclassified to profit/(loss)</i>	50,032,578	-	77,258,532	-
<i>Foreign currency translation reserve</i>	10,414,450	4,241,110	2,634,130	3,160,265
<i>Tax (expense)/income</i>	8,174,147	2,466,237	(1,474,091)	2,361,703
<b>Other comprehensive income/expense not to be reclassified to profit or loss</b>	<b>(12,718,387)</b>	<b>(16,651,626)</b>	<b>1,078,648</b>	<b>12,826,348</b>
<i>Share of other comprehensive income of investments in associates accounted for using equity method that will not be reclassified to profit/(loss)</i>	(15,962,456)	(17,860,036)	1,591,150	16,369,643
<i>Actuarial gains/(losses) on defined benefit plans</i>	(995,393)	(3,488,203)	(1,302,705)	74,392
<i>Tax (expense)/income</i>	4,239,462	4,696,613	790,203	(3,617,687)
<b>PERIOD (LOSS)/PROFIT OF DISCONTINUED OPERATIONS</b>	<b>289,639,030</b>	<b>(13,691,531)</b>	<b>289,864,738</b>	<b>(3,845,000)</b>
<b>Other comprehensive income/expense to be reclassified to profit or loss</b>	<b>33,072,299</b>	<b>27,346,308</b>	<b>(12,059,819)</b>	<b>5,113,804</b>
<i>Foreign currency translation reserve</i>	33,072,299	27,346,308	(12,059,819)	5,113,804
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE)</b>	<b>31,732,420</b>	<b>6,191,860</b>	<b>58,435,922</b>	<b>12,727,107</b>
<b>(AFTER TAX)</b>	<b>640,667,240</b>	<b>40,426,415</b>	<b>493,149,870</b>	<b>60,719,709</b>
<b>Total comprehensive income attributable to</b>				
- Non-controlling interests	29,251,333	(2,963,290)	16,171,953	2,496,775
- Equity holders of the parent	611,415,907	43,389,705	476,977,917	58,222,934

\* Note 2.6.

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



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**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 June 2021**  
(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	Share of other comprehensive income of investments in associates accounted for using equity method	Share of other comprehensive income of investments in associates accounted for using equity method	Effects of combinations of entities or businesses under common control on investments in associates accounted for using equity	Actuarial gains/ (losses) on defined benefit plans	Restricted reserves	Retained earnings	Net profit for the period	Equity attributable to equity holders of the paren	Non-controlling interests
<b>1 January 2020</b>	<b>135,084,442</b>	<b>41,741,516</b>	<b>1,099,415</b>	<b>54,499,662</b>	<b>(39,575,608)</b>	<b>12,378,142</b>	-	<b>(8,924,835)</b>	<b>193,104,976</b>	<b>985,356,923</b>	<b>13,169,480</b>	<b>1,387,934,113</b>	<b>97,829,126</b>	<b>1,485,763,239</b>
Transfer from retained earnings	-	-	-	-	-	-	-	-	-	13,169,480	(13,169,480)	-	-	-
Net profit/(loss) for the period	-	-	-	-	-	-	-	-	-	-	37,824,031	<b>37,824,031</b>	(3,589,476)	<b>34,234,555</b>
Other comprehensive income/(expense)	-	-	-	30,961,232	(8,743,932)	(13,930,828)	-	(2,720,798)	-	-	-	<b>5,565,674</b>	626,187	<b>6,191,861</b>
<b>Total comprehensive income/(expense)</b>	-	-	-	<b>30,961,232</b>	<b>(8,743,932)</b>	<b>(13,930,828)</b>	-	<b>(2,720,798)</b>	-	-	<b>37,824,031</b>	<b>43,389,705</b>	<b>(2,963,290)</b>	<b>40,426,415</b>
Increase (Decrease)	-	-	-	-	-	-	-	-	-	-	-	-	2,133,487	2,133,487
Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	147,000,000	147,000,000
<b>30 June 2020</b>	<b>135,084,442</b>	<b>41,741,516</b>	<b>1,099,415</b>	<b>85,460,894</b>	<b>(48,319,540)</b>	<b>(1,552,686)</b>	-	<b>(11,645,633)</b>	<b>193,104,976</b>	<b>998,526,403</b>	<b>37,824,031</b>	<b>1,431,323,818</b>	<b>243,999,324</b>	<b>1,675,323,142</b>
<b>1 January 2021</b>	<b>135,084,442</b>	<b>41,741,516</b>	<b>1,099,415</b>	<b>85,992,327</b>	<b>(60,512,493)</b>	<b>22,216,596</b>	-	<b>(12,463,476)</b>	<b>193,104,976</b>	<b>998,526,403</b>	<b>175,746,242</b>	<b>1,580,535,948</b>	<b>258,308,389</b>	<b>1,838,844,337</b>
Transfer from retained earnings	-	-	-	-	-	-	-	-	-	175,746,242	(175,746,242)	-	-	-
Net profit for the period	-	-	-	-	-	-	-	-	-	-	580,463,810	<b>580,463,810</b>	28,471,010	<b>608,934,820</b>
Other comprehensive income/(expense)	-	-	-	42,706,426	(49,068,520)	(11,971,842)	50,032,578	(746,545)	-	-	-	<b>30,952,097</b>	780,323	<b>31,732,420</b>
<b>Total comprehensive income/(expense)</b>	-	-	-	<b>42,706,426</b>	<b>(49,068,520)</b>	<b>(11,971,842)</b>	<b>50,032,578</b>	<b>(746,545)</b>	-	-	<b>580,463,810</b>	<b>611,415,907</b>	<b>29,251,333</b>	<b>640,667,240</b>
Increase/(Decrease) due to other changes	-	-	-	-	-	-	-	(63,314,016)	-	-	-	(63,314,016)	-	(63,314,016)
Disposal of subsidiaries *	-	-	-	(139,113,203)	24,546,080	-	-	-	-	-	-	(114,567,123)	(13,319,461)	(127,886,584)
<b>30 June 2021</b>	<b>135,084,442</b>	<b>41,741,516</b>	<b>1,099,415</b>	<b>(10,414,450)</b>	<b>(85,034,933)</b>	<b>10,244,754</b>	<b>50,032,578</b>	<b>(63,314,016)</b>	<b>(13,210,021)</b>	<b>193,104,976</b>	<b>1,174,272,645</b>	<b>580,463,810</b>	<b>2,014,070,716</b>	<b>2,288,310,977</b>

\* Agreements for the sale and transfer of the Group's shares of Cimsa Cementos Espana S.A.U., Cimsa Americas Cement Manufacturing and Sales Corporation, Cimsa Cement Sales North GmbH and Cimsa Adriatico S.R.L. to Cimsa Sabanci Cement BV were signed on 22 June 2021 and, the transfer process was completed as of 30 June 2021, following the completion of other necessary legal actions.

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

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**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2021**  
**(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)**

		(Audited) Current Period 1 January-	(Audited) Prior Period 1 January
	<u>Notes</u>	30 June 2021	30 June 2020
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(162,959,209)</b>	<b>179,231,837</b>
Profit/(loss) from continuing operations before tax		393,835,962	46,570,322
Profit/(loss) from discontinued operations before tax	17	304,377,180	(15,432,025)
<b>Adjustments to reconcile net profit/loss for the period</b>		<b>(313,232,074)</b>	<b>185,449,784</b>
Adjustment related to depreciation and amortization expense		64,966,678	79,075,832
Adjustment related to gain on sale of fixed assets	26	(34,383,109)	(13,917,949)
Adjustments related to retained profits of subsidiaries	3	(103,945,636)	(30,648,705)
Adjustment related to allowance for doubtful receivable		(851,722)	908,000
Adjustment related to provision for inventory impairment		949,530	848,786
Adjustment related to provision for litigations, -net	16	1,126,126	1,052,250
Adjustment related to recultivation provision	16	823,570	(204,345)
Fair value losses/(gains)	6	(610,290)	1,316,254
Adjustment related to retirement pay provision		5,143,889	6,013,433
Adjustment related to seniority provision	19	749,156	610,159
Adjustment related unpaid vacation liability		2,013,412	128,900
Adjustments for (Gains) from Disposal of Subsidiaries		(302,264,103)	-
Adjustments to employee benefits		7,000,000	1,000,000
Adjustment related to interest expense		55,054,724	86,160,381
Adjustment related to interest income		(31,156,457)	(12,102,678)
Unrealized foreign exchange (gains)/losses on financial borrowings		33,639,183	74,382,478
Adjustment related to fair value decrease/(increase) of derivative financial instruments		(11,487,025)	(9,173,012)
<b>Changes in working capital</b>		<b>(531,163,617)</b>	<b>(32,509,323)</b>
Short-term trade receivables		(377,506,587)	(56,373,623)
Inventories		(71,384,380)	(40,963,374)
Other receivables/current assets/prepaid expenses		5,211,795	(15,431,543)
Other long-term trade receivables/non-current/prepaid expenses		7,063,793	(996,250)
Short-term trade payables		(73,001,482)	54,499,367
Other short-term payables/liabilities/provisions		(21,546,756)	26,756,100
<b>Cash flow from operations</b>		<b>(146,182,549)</b>	<b>184,078,758</b>
Interest received		13,331,465	808,314
Premiums and bonuses paid		(6,437,719)	-
Retirement pay provision paid	19	(828,139)	(2,020,130)
Seniority provision paid	19	(388,958)	(365,930)
Vacation provision paid	19	(372,874)	(157,168)
Tax payments		(22,080,435)	(3,112,007)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>7,190,365</b>	<b>(3,383,624)</b>
Cash out flow related to purchases of tangible assets		(57,470,351)	(19,748,822)
Cash Inflows from Losing Control of Subsidiaries or Other Businesses		334,798,007	-
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		(294,432,360)	-
Proceeds from sales of property, plant and equipment		34,568,970	16,481,161
Purchase of intangible assets		(1,368,797)	(115,963)
Advances given for the purchase of tangible fixed assets		(8,905,104)	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(223,741,188)</b>	<b>(28,432,095)</b>
Proceeds from borrowings		317,958,344	1,913,342,128
Repayment of borrowings		(535,094,199)	(2,007,477,179)
Interest paid		(24,430,325)	(94,724,895)
Interest income		17,824,992	11,294,364
Cash inflows from capital increase		-	147,000,000
Other cash inflows/outflows		-	2,133,487
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>(379,510,032)</b>	<b>147,416,118</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	5	<b>903,870,179</b>	<b>267,240,480</b>
Currency translation differences (net)		40,709,195	852,801
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5	<b>565,069,342</b>	<b>415,509,399</b>

The accompanying notes form an integral part of these condensed 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**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

## 1. ORGANIZATION AND NATURE OF OPERATIONS

### General

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

The registered office address of the Group is Allianz Tower Küçükbakkalköy Mah. Kayışdağı Cad. No:1 Kat:23-24 34750 Ataşehir/İstanbul.

A certain amount of the shares of the Company is traded on Borsa İstanbul A.Ş. (BIST). In accordance with Article 82 of the BIST Basic Principles of Share Indexes, the shares of Çimsa are included in the BIST 100 index by the Directorate General of the Stock Exchange.

The upper limit of registered share capital of the Company is TRY350,000,000 (31 December 2020: TRY200,000,000).

As of 30 June 2021 and 31 December 2020, the information related to the Company's subsidiaries and joint venture is as follows:

Company	Date of acquisition	Location of the operation	Principal Activities	Effective shareholding of the company	
				30 June 2021	31 December 2020
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%
Çimsa Cementos Espana, S.A.U. (Cementos Espana) (**)	07.07.2006	Spain	Sales of bulk and bagged cement to white cement market	-	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%
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%
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%

(\*) Full consolidation method has been applied.

(\*\*) Note 17.

Agreements for the sale and transfer of the Group's shares of Cimsa Cementos Espana SAU, Cimsa Americas Cement Manufacturing and Sales Corporation, Cimsa Cement Sales North GmbH and Cimsa Adriatico S.R.L to Cimsa Sabancı Cement BV were signed on 22 June 2021 and the transfer process was completed as of 30 June 2021, following the completion of other necessary legal actions.

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

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

## **1. ORGANIZATION AND NATURE OF OPERATIONS (Continued)**

Cimsa Sabancı Cement BV ("CSC ") company established with EUR87,000,000 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 9 August 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 30 June 2021 is 616 (2020: 629) and white collar employees (not a union member) is 460 (2020: 509) and the number of employees working in subsidiaries located abroad is 57 (2020: 54).

## **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'). TFRS is updated through communiqués to be inline with the changes in International Financial Reporting Standards ("IFRS").

The functional and presentation currency of the Company is Turkish Liras ('TRY').

Functional currency of Cement Sales North GmbH, Çimsa Cementos Espana S.A.U., Regent Place Ltd. and Çimsa Adriatico SRL is Euro, the functional currency of Çimsarom Marketing Distribute Srl is New Romanian Lei ('Ron'), functional currency of OOO Çimsa - Rus Ctk is Ruble and functional currency of Cimsa Americas Cement Manufacturing and Sales Corporation is Dollar ('USD'). Based on TAS 21, for subsidiaries operating in countries without high inflation rates, the exchange rate used for translating the financial position items is the exchange rate at the balance sheet date; for income statement balances, the average exchange rate of the related period and the consolidated financial statements are presented in TRY. The resulting foreign currency gain/loss are recorded under the 'Currency Translation Reserve' account in equity.

The Company and the group companies established in Turkey maintain their books of account and prepare their statutory financial statements ('Statutory Financial Statements') in accordance with rules and principles published by POA, the Turkish Commercial Code ('TCC'), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. Subsidiaries that are registered in foreign countries maintain their books of account and prepare their statutory statements in accordance with the prevailing accounting principles in their registered countries. These consolidated financial statements have been prepared in Turkish Lira under the historical cost convention except for available for sale financial assets, assets acquired through business combination, derivative instruments and cash flow hedge reserve that are carried at fair value. These consolidated financial statements are based on the statutory records with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Turkish Financial Reporting Standards as adopted by POA.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**

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

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

**2.2 Going Concern**

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

**2.3 Offsetting**

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

**2.4 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.

**2.5 Summary of Significant Accounting Policies**

Condensed interim consolidated financial statements have been prepared for the period ended 30 June 2021 in accordance with ('TAS') 34 'Interim Financial Reporting'. The significant accounting policies used while preparing the condensed consolidated financial statements are consistent with the accounting policies explained in detail in the consolidated financial statements as of 31 December 2020. Therefore, the interim consolidated financial statements should be evaluated together with the financial statements for the year ended 31 December 2020.

**Subsidiaries**

As at 30 June 2021, the consolidated financial statements include the financial statements of Çimsa and its subsidiaries. The consolidated financial statements of the Companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements with adjustments and reclassifications for the purpose of fair presentation in accordance with "TAS/IFRS" and the application of uniform accounting policies and presentation. Subsidiaries are all companies over which the Group has directly or indirectly control. The Group controls a company when the Group is exposed to, or has rights to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. The results of operations of the subsidiaries are included or excluded from the effective dates of the said transactions in accordance with the acquisition or disposal transactions.

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.

The financial statements of the companies included in the scope of consolidation have been consolidated through full consolidation method and the book value of the shares of the Group and its subsidiaries is deducted from the related equity. Transactions and balances between the Group and its subsidiaries are mutually eliminated within the scope of consolidation.

Subsidiaries are consolidated from the date on which control is transferred to the Group until the date on which the control is transferred out of the Group. The shares of non-controlling shareholders in the net assets and operating results of subsidiaries are presented as non-controlling interest and non-controlling profit/loss, respectively, in the consolidated balance sheet and profit or loss statement.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**

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

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

**2.5 Summary of Significant Accounting Policies (Continued)**

**Subsidiaries**

Changes in the Group's shareholding in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The book values of the Group's share and non-controlling interests are adjusted to reflect changes in share of the subsidiaries. The difference between the adjustment for non-controlling interests and the fair value of the consideration received or paid is accounted for directly in equity as the Group's share.

If the Group loses control of a subsidiary, profit/loss after sale transaction is calculated as i) the sum of the sales price received and the fair value of the remaining interest and ii) the difference between the previous book values of the assets (including goodwill) and liabilities of the subsidiary and the non-controlling interests. The amounts previously accounted for in other comprehensive income related to the subsidiary and collected in equity are recorded according to the accounting method to be used on the assumption that the Company has sold the relevant assets (for example, in accordance with the relevant TFRS standards, transfer to profit / loss or directly transfer to retained earnings). If the subsidiary has an investment remaining after the sale, its fair value at the date of loss of control is accepted as fair value in the initial recognition under TFRS 9 Financial Instruments or, where applicable, as the cost in the initial recognition of an investment in an associate or jointly controlled entity.

**Associates**

Investments in associates are accounted by equity method. These are entities in which the Group has significant influence, but not control, over company activities. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, and unrealized losses are also eliminated if the transaction does not indicate that the transferred asset is impaired. The Group has not taken any obligation or made any commitment regarding its Subsidiaries. The associate of the Group are Exsa and Cimsa Sabancı Cement BV.

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.

The Group has not taken any obligation or made any commitment regarding its associates.

It has been decided to sell all of the assets of the Group's subsidiaries that undertake white cement operations abroad to a company to be established together with Sabancı Holding, and within this framework Cimsa Sabancı Cement BV ("CSC ") is established with EUR87,000,000 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% .

Sale of 100% of 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 to CSC BV 30 June 2021 and as of the same date, the Group has lost its control over the aforementioned subsidiaries.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira (“TRY”), unless otherwise indicated.)

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

**2.5 Summary of Significant Accounting Policies (Continued)**

*Associates (Continued)*

Since CSC BV purchased the aforementioned companies, the related transaction realised between companies under common control and it was a capital reorganization transaction under the umbrella of Sabancı Holding, this transaction in CSC BV is considered as “business combinations under common control” in line with the relevant regulations of POA. The assets and liabilities of these companies acquired by CSC BV are the carrying values of Sabancı Holding, the parent holding joint control, in the consolidated statement of financial position prepared in accordance with TFRS. In order to eliminate the asset-liability mismatch in the financial statements of CSC BV due to the business combination under common control, the difference between the book value of the net assets of the acquired business at the acquisition date and the transferred price is accounted for in the financial statements of CSC BV as a factor reducing the equity. The effect of the accounting in question has been consolidated to the Group’s consolidated financial statements for using equity method and presented under the item “Effects of combinations of entities or businesses under common control on investments in associates accounted for using equity method”.

**Foreign currency transactions**

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

Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity. On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group is reclassified to profit or loss. The Group has transferred the effect of net investment hedge in equity to the financial income and expenses account together with the share sale transaction resulting in the loss of control of the subsidiaries, and associated it with the consolidated statement of profit or loss.

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

<b>Date</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
USD (“USD”)/TRY	8.7052	7.3405
EUR (“EUR”)/TRY	10.3645	9.0079
RUB (“RUB”)/TRY	0.1194	0.0984
RON(“RON”)/TRY	2.0919	1.8373
Sterlin (“GBP”)/TRY	12.0343	9.9438

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

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

**2.5 Summary of Significant Accounting Policies (Continued)**

**Foreign currency transactions (Continued)**

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

<b>Date</b>	<b>2021</b>	<b>2020</b>
USD/TRY	7.9699	6.4698
EUR/TRY	9.6120	7.1664
RUB/TRY	0.1065	0.0929
RON/TRY	1.9424	1.4780
GBP/TRY	11.0229	8.1533

**2.6 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.

**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.

With reference to profit or loss for the period from discontinued operations, (i) After-tax profit or loss of discontinued operations and pre-tax gain or loss recognized on the disposal of the asset or group of assets constituting the discontinued operations are presented individually (Note 17).

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 and Within this framework establish as of 16 December 2020, a new company named Cimsa Sabancı 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.

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 - 30 June 2020 consolidated statement of profit or loss was restated.



(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**

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

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

**2.6 Comparative Information (Continued)**

Reconciliation of profit or loss statement for the period 1 January- 30 June 2020:	(Reviewed) Prior period 1 January- 30 June 2020	Adjustment effect *	Revised financial statements 1 January- 30 June 2020
Revenue	971,792,688	(117,761,884)	854,030,804
Cost of sales (-)	(798,725,684)	104,120,628	(694,605,056)
<b>GROSS PROFIT</b>	<b>173,067,004</b>	<b>(13,641,256)</b>	<b>159,425,748</b>
General and administrative expense (-)	(91,088,594)	22,706,586	(68,382,008)
Marketing, selling and distribution expense (-)	(9,582,966)	919,784	(8,663,182)
Research and development expense (-)	(2,666,354)	-	(2,666,354)
Other operating income	149,550,273	(7,886,252)	141,664,021
Other operating expenses (-)	(78,961,343)	4,949,128	(74,012,215)
<b>OPERATING PROFIT</b>	<b>140,318,020</b>	<b>7,047,990</b>	<b>147,366,010</b>
Income from investment activities	13,917,949	-	13,917,949
Profit/(loss) from investments accounted by equity method	30,648,705	-	30,648,705
<b>OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)</b>	<b>184,884,674</b>	<b>7,047,990</b>	<b>191,932,664</b>
Financial income	11,294,364	(5,984)	11,288,380
Financial expenses (-)	(165,040,742)	8,390,020	(156,650,722)
<b>Profit/(loss) from continuing operations before tax</b>	<b>31,138,296</b>	<b>15,432,026</b>	<b>46,570,322</b>
<b>Continuing operations tax (expense)/income</b>	<b>3,096,258</b>	<b>(1,740,494)</b>	<b>1,355,764</b>
Current period tax expense	(8,547,445)	1,454,920	(7,092,525)
Deferred tax income/(expense)	11,643,703	(3,195,414)	8,448,289
<b>Profit/(loss) for the period from continuing operations</b>	<b>34,234,555</b>	<b>13,691,531</b>	<b>47,926,086</b>
<b>Discontinued Operations Period (loss)/profit</b>	<b>-</b>	<b>(13,691,531)</b>	<b>(13,691,531)</b>
<b>Profit/(loss) for the period attributable to</b>			
- Non-controlling interests	(3,589,477)	-	(3,589,477)
- Equity holders of the parent	37,824,032	-	37,824,032
<b>Earnings per share</b>			
Earnings per share from continuing operations (Nominal amount of 1 Kr)	0,2800	-	0,2800
<b>Earnings per share</b>			
Earnings per share from discontinued operations (Nominal amount of 1 Kr)	-	(0,1014)	(0,1014)

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

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

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

**2.6 Comparative Information (Continued)**

Reconciliation of profit or loss statement for the period 1 April- 30 June 2020:	(Not Reviewed) Prior period 1 April- 30 June 2020	Adjustment effect *	Revised financial statements 1 April- 30 June 2020
Revenue	560,114,972	(33,224,285)	526,890,687
Cost of sales (-)	(450,702,491)	21,125,394	(429,577,097)
<b>GROSS PROFIT</b>	<b>109,412,481</b>	<b>(12,098,891)</b>	<b>97,313,590</b>
General and administrative expense (-)	(43,375,658)	14,203,501	(29,172,157)
Marketing, selling and distribution expense (-)	(4,231,645)	444,021	(3,787,624)
Research and development expense (-)	(1,229,731)	-	(1,229,731)
Other operating income	75,509,917	(4,195,732)	71,314,185
Other operating expenses (-)	(33,276,023)	2,276,548	(30,999,475)
<b>OPERATING PROFIT</b>	<b>102,809,341</b>	<b>629,447</b>	<b>103,438,788</b>
Income from investment activities	10,028,815	-	10,028,815
- Profit/(loss) from investments accounted by equity method	15,077,130	-	15,077,130
<b>OPERATING PROFIT BEFORE FINANCIAL</b>	<b>127,915,286</b>	<b>629,447</b>	<b>128,544,733</b>
Financial income	6,603,679	(3,189)	6,600,490
Financial expenses (-)	(83,474,519)	4,022,400	(79,452,119)
<b>Profit/(loss) from continuing operations before tax</b>	<b>51,044,446</b>	<b>4,648,658</b>	<b>55,693,104</b>
<b>Continuing operations tax (expense)/income</b>	<b>(3,051,844)</b>	<b>(803,658)</b>	<b>(3,855,502)</b>
Current period tax expense	(6,736,425)	640,599	(6,095,826)
Deferred tax income/(expense)	3,684,581	(1,444,257)	2,240,324
<b>Profit/(loss) for the period from continuing operations</b>	<b>47,992,602</b>	<b>3,845,000</b>	<b>51,837,602</b>
<b>Discontinued Operations Period (loss)/profit</b>	<b>-</b>	<b>(3,845,000)</b>	<b>(3,845,000)</b>
<b>Profit/(loss) for the period attributable to</b>			
- Non-controlling interests	1,976,555	-	1,976,555
- Equity holders of the parent	46,016,047	-	46,016,047
<b>Earnings per share</b>			
Earnings per share from continuing operations (Nominal amount of 1 Kr)	0,3406	-	0,3406
<b>Earnings per share</b>			
Earnings per share from discontinued operations (Nominal amount of 1 Kr)	-	(0,0285)	(0,0285)

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

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

### **2.7 Additional Disclosures 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.

While preparing the consolidated financial statement dated 30 June 2021, 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 30 June 2021, and no impairment was found.

### **2.8 The New Standards, Amendments and Interpretations**

The accounting policies adopted in preparation of the interim consolidated financial statements as at 30 June 2021 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 2021. 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 30 June 2021 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 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.
  - **Amendment to IFRS 16, 'Leases' - Covid-19 related rent concessions;** as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. 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.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**

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

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

**2.8 The New Standards, Amendments and Interpretations (Continued)**

- **Amendments to 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.

*b. Standards, amendments and interpretations that are issued but not effective as at 30 June 2021:*

- **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 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
  - **Amendments to IFRS 3, 'Business combinations';** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - **Amendments to IAS 16, 'Property, plant and equipment';** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - **Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets';** specify which costs a company includes when assessing whether a contract will be loss-making.  
Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.
- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 ;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**

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

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

**2.8 The New Standards, Amendments and Interpretations (Continued)**

- **Amendments to IAS 12, 'Change in deferred tax on assets and liabilities arising from a single transaction'**, effective from annual periods beginning on or after 1 January 2023. The amendments require deferred tax recognition on transactions that cause equal amounts of taxable and deductible temporary differences when first recognized by companies.

**2.9 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).

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

### 3. SHARES IN AFFILIATED UNDERTAKINGS

The assets and liabilities of Exsa and CSC, which is consolidated by the equity method, calculated by using the effective percentage of ownership as of 30 June 2021 and 31 December 2020 and revenue, expense and net profit for the periods ending 30 June 2021 and 30 June 2020 are as follows:

Investments	Country	Main operating activity	Effective ownership (%)	30 June 2021	Effective ownership (%)	31 December 2020
				Carrying net book value		Carrying net book value
Exsa	Turkey	Investment property and financial instruments	32,9	452,696,493	32,9	394,562,223
CSC	Netherland	Cement production and sale	40,0	332,537,751	40,0	313,788,120
				<b>785,234,244</b>		<b>708,350,343</b>

  

Exsa	30 June 2021	31 December 2020
Assets	1,604,578,045	1,422,043,269
Liabilities	(227,554,493)	(221,854,000)
Net assets	1,377,023,552	1,200,189,269
Group's share	<b>452,696,493</b>	<b>394,562,223</b>

  

Exsa	1 January-30 June 2021	1 January-30 June 2020	1 April-30 June 2021	1 April-30 June 2020
Revenues	853,396,970	376,596,000	411,031,393	235,114,992
Expenses	(636,418,318)	(283,368,000)	(302,550,385)	(189,253,000)
Net profit for the period	216,978,652	93,228,000	108,481,008	45,861,992
Group's share in net profit	<b>71,331,732</b>	<b>30,648,705</b>	<b>35,663,132</b>	<b>15,077,130</b>

  

CSC	30 June 2021	31 December 2020
Assets	1,806,368,488	784,470,301
Liabilities	(975,024,110)	-
Net assets	831,344,378	784,470,301
Group's share	<b>332,537,751</b>	<b>313,788,120</b>

  

CSC	1 January-30 June 2021	1 January-30 June 2020	1 April-30 June 2021	1 April-30 June 2020
Revenues	109,057,060	-	87,978,573	-
Expenses	(27,522,299)	-	(27,522,299)	-
Net profit for the period	81,534,761	-	60,456,274	-
Group's share in net profit	<b>32,613,904</b>	-	<b>24,182,509</b>	-

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

**3. SHARES IN AFFILIATED UNDERTAKINGS (Continued)**

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

Subsidiary	30 June 2021			
	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	32,298,952	32,377,303	-
Subsidiary	31 December 2020			
	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	-

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

*Condensed balance sheet information (Before consolidation)*

	30 June 2021	31 December 2020
Cash and cash equivalents	1,309,952	32,350,004
Other current assets	132,749,571	104,120,416
Non-current assets	552,340,184	569,124,217
<b>Total assets</b>	<b>686,399,707</b>	<b>705,594,637</b>
Short term borrowings	51,875,215	92,916,154
Other current liabilities	62,812,617	88,861,486
Long term borrowings	-	18,833,499
Other non-current liabilities	15,157,290	14,301,105
<b>Total liabilities</b>	<b>129,845,122</b>	<b>214,912,244</b>
<b>Total equity</b>	<b>556,554,585</b>	<b>490,682,393</b>

*Condensed income statement information*

	1 January-30 June 2021	1 January-30 June 2020	1 April -30 June 2021	1 April -30 June 2020
Revenue	199,061,211	122,209,462	117,785,006	78,611,189
Gross profit	37,108,292	7,938,100	27,483,217	8,007,690
Operating profit/(loss)	34,772,062	4,288,697	25,613,850	5,687,344
Net financial income/(expense)	(5,260,073)	(28,285,221)	(2,033,148)	(11,752,278)
Profit/(loss) before tax	69,395,346	(13,961,065)	35,926,480	2,110,878
<b>Net profit for the period</b>	<b>65,916,228</b>	<b>(8,076,774)</b>	<b>32,063,006</b>	<b>3,891,007</b>

*Condensed cash flow information*

	1 January-30 June 2021	1 January-30 June 2020
Cash flows from operating activities	(2,395,376)	23,798,265
Cash flows from investing activities	30,815,812	9,128,812
Cash flows from financing activities (excluding dividend)	(64,251,240)	(27,174,123)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(35,830,804)</b>	<b>5,752,954</b>

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

#### **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 periods ended 30 June 2021 and 30 June 2020, 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 30 June 2021 and 31 December 2020.



(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

**4. SEGMENT REPORTING (Continued)**

<b>1 January – 30 June 2021</b>	<b>Cement</b>	<b>Ready-mix concrete</b>	<b>Total</b>
Revenue	1,477,707,022	164,001,406	1,641,708,428
Cost of sales (-)	(1,118,692,185)	(146,343,718)	(1,265,035,903)
Gross profit/(loss)	359,014,837	17,657,688	376,672,525
General administrative,marketing selling distribution expenses (-)	(71,169,669)	(10,386,772)	(81,556,441)
Other operating income/(expenses) (-), net	69,873,231	69,364	69,942,595
Research and development expenses (-)	(2,939,360)	-	(2,939,360)
Operating profit/(loss)	354,779,039	7,340,280	362,119,319
Income from investment activities, net	34,383,109	-	34,383,109
Profit/(loss) from investments accounted by equity method	103,945,636	-	103,945,636
Operating profit before financial income/(expense)	493,107,785	7,340,279	500,448,064
Financial income/(expense), net	(106,612,102)	-	(106,612,102)
Profit/(loss) from continuing operations before tax	386,495,683	7,340,279	393,835,962
Continuing operations tax (expense)/income	(74,540,172)	-	(74,540,172)
Current period tax expense (-)	(62,620,056)	-	(62,620,056)
Deferred tax income/(expense)	(11,920,116)	-	(11,920,116)
Profit/(loss) for the period from continuing operations	311,955,511	7,340,279	319,295,790
Discontinued Operations Period (loss)/profit	289,639,030	-	289,639,030
<hr/>			
<b>1 January – 30 June 2020</b>	<b>Cement</b>	<b>Ready-mix concrete</b>	<b>Total</b>
Revenue	737,582,692	116,448,112	854,030,804
Cost of sales (-)	(578,943,087)	(115,661,969)	(694,605,056)
Gross profit/(loss)	158,639,605	786,143	159,425,748
General administrative,marketing selling distribution expenses (-)	(71,232,933)	(5,812,257)	(77,045,190)
Other operating income/(expenses) (-), net	67,130,100	521,706	67,651,806
Research and development expenses (-)	(2,666,354)	-	(2,666,354)
Operating profit/(loss)	151,870,418	(4,504,408)	147,366,010
Income from investment activities, net	13,917,949	-	13,917,949
Profit/(loss) from investments accounted by equity method	30,648,705	-	30,648,705
Operating profit before financial income/(expense)	196,437,072	(4,504,408)	191,932,664
Financial income/(expense), net	(145,362,342)	-	(145,362,342)
Profit/(loss) from continuing operations before tax	51,074,730	(4,504,408)	46,570,322
Continuing operations tax (expense)/income	1,355,764	-	1,355,764
Current period tax expense (-)	(7,092,525)	-	(7,092,525)
Deferred tax income/(expense)	8,448,289	-	8,448,289
Profit/(loss) for the period from continuing operations	52,430,494	(4,504,408)	47,926,086
Discontinued Operations Period (loss)/profit	(13,691,531)	-	(13,691,531)

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

**4. SEGMENT REPORTING (Continued)**

<b>1 April – 30 June 2021</b>	<b>Cement</b>	<b>Ready-mix concrete</b>	<b>Total</b>
Revenue	905,470,171	96,969,500	1,002,439,671
Cost of sales (-)	(679,745,968)	(84,481,953)	(764,227,921)
Gross profit/(loss)	225,724,203	12,487,547	238,211,750
General administrative,marketing selling distribution expenses (-)	(42,088,936)	(5,702,463)	(47,791,399)
Other operating income/(expenses) (-), net	18,883,886	(9,448)	18,874,438
Research and development expenses (-)	(1,608,666)	-	(1,608,666)
Operating profit/(loss)	200,910,487	6,775,636	207,686,123
Income from investment activities, net	10,452,410	-	10,452,410
Profit/(loss) from investments accounted by equity method	59,845,641	-	59,845,641
Operating profit before financial income/(expense)	271,208,539	6,775,635	277,984,174
Financial income/(expense), net	(83,249,289)	-	(83,249,289)
Profit/(loss) from continuing operations before tax	187,959,250	6,775,635	194,734,885
Continuing operations tax (expense)/income	(49,885,675)	-	(49,885,675)
Current period tax expense (-)	(48,898,695)	-	(48,898,695)
Deferred tax income/(expense)	(986,980)	-	(986,980)
Profit/(loss) for the period from continuing operations	138,073,575	6,775,635	144,849,210
Discontinued Operations Period (loss)/profit	289,864,738	-	289,864,738
<b>1 April – 30 June 2020</b>	<b>Cement</b>	<b>Ready-mix concrete</b>	<b>Total</b>
Revenue	454,783,839	72,106,848	526,890,687
Cost of sales (-)	(359,170,755)	(70,406,342)	(429,577,097)
Gross profit/(loss)	95,613,084	1,700,506	97,313,590
General administrative,marketing selling distribution expenses (-)	(30,198,077)	(2,761,704)	(32,959,781)
Other operating income/(expenses) (-), net	40,002,388	312,322	40,314,710
Research and development expenses (-)	(1,229,731)	-	(1,229,731)
Operating profit/(loss)	104,187,664	(748,876)	103,438,788
Income from investment activities, net	10,028,815	-	10,028,815
Profit/(loss) from investments accounted by equity method	15,077,130	-	15,077,130
Operating profit before financial income/(expense)	129,293,609	(748,876)	128,544,733
Financial income/(expense), net	(72,851,629)	-	(72,851,629)
Profit/(loss) from continuing operations before tax	56,441,980	(748,876)	55,693,104
Continuing operations tax (expense)/income	(3,855,502)	-	(3,855,502)
Current period tax expense (-)	(6,095,826)	-	(6,095,826)
Deferred tax income/(expense)	2,240,324	-	2,240,324
Profit/(loss) for the period from continuing operations	52,586,478	(748,876)	51,837,602
Discontinued Operations Period (loss)/profit	(3,845,000)	-	(3,845,000)

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

**4. SEGMENT REPORTING (Continued)**

<b>30 June 2021</b>	<b>Cement</b>	<b>Ready-mix concrete</b>	<b>Undistributed</b>	<b>Total</b>
Segment assets	3,320,233,549	133,862,539	-	3,454,096,088
Financial assets at fair value through other comprehensive income	-	-	64,478	64,478
Investments accounted under equity method	-	-	785,234,245	785,234,245
Undistributed assets	-	-	125,452,674	125,452,674
<b>Total assets</b>	<b>3,320,233,549</b>	<b>133,862,539</b>	<b>910,751,397</b>	<b>4,364,847,485</b>
Segment liabilities	2,033,018,329	43,518,179	-	2,076,536,508
Undistributed liabilities	-	-	2,288,310,977	2,288,310,977
<b>Total liabilities</b>	<b>2,033,018,329</b>	<b>43,518,179</b>	<b>2,288,310,977</b>	<b>4,364,847,485</b>
<b>31 December 2020</b>	<b>Cement</b>	<b>Ready-mix concrete</b>	<b>Undistributed</b>	<b>Total</b>
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 classified as held for sale	922,898,311	-	-	922,898,311
<b>Total assets</b>	<b>4,127,813,780</b>	<b>155,752,832</b>	<b>845,615,801</b>	<b>5,129,182,413</b>
Segment liabilities	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
<b>Total liabilities</b>	<b>3,225,202,511</b>	<b>65,135,566</b>	<b>1,838,844,336</b>	<b>5,129,182,413</b>

The Group does not have a single customer that accounts for 10% or more of its total sales.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

**5. CASH AND CASH EQUIVALENTS**

The detail of cash and cash equivalents as of 30 June 2021 and 31 December 2020 is as follows:

	<b>30 June 2021</b>	<b>31 December 2020</b>
Cash	1,987	2,408
Cash at banks	565,690,414	903,959,344
<i>Demand deposits</i>	<i>7,871,231</i>	<i>4,985,091</i>
<i>Time deposits with maturity of less than 3 months</i>	<i>557,819,183</i>	<i>898,974,253</i>
	<b>565,692,401</b>	<b>903,961,752</b>
Blocked deposits (-)	(623,059)	(91,573)
Cash and cash equivalents in consolidated cash flow statement	<b>565,069,342</b>	<b>903,870,179</b>

The detail of bank deposits is stated below:

	<b>30 June 2021</b>	<b>31 December 2020</b>
Turkish Lira	136,285,122	402,513,602
Euro	51,977,656	395,631,908
USD	375,148,589	104,551,319
GBP	1,033,026	359,751
Other	1,246,021	902,764
	<b>565,690,414</b>	<b>903,959,344</b>

Time deposits as of 30 June 2021 and 31 December 2020 are denominated in TRY, EUR, and USD with the maturity of less than three months. As of 30 June 2021, effective weighted average interest rate on time deposits is 17.92% for TRY, 0.57% for USD, and 0.22% for EUR (31 December 2020 TRY: 17.57%, USD 0.08% and EUR 0.07%). The blocked deposit amount is TRY623,059 as of 30 June 2021 (The blocked deposit amount is TRY91,573 as of 31 December 2020).

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.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**

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

**6. TRADE RECEIVABLES AND PAYABLES**

**a. Trade Receivables**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Short-term trade receivables		
Trade receivables	449,613,208	265,603,026
Notes receivable	88,050,922	72,294,920
Due from related parties (Note 30)	179,646,273	685,287
Allowance for doubtful receivables (-)	(14,557,538)	(15,409,260)
Less: Provision for expected credit losses	(2,019,048)	(1,408,758)
	<b>700,733,817</b>	<b>321,765,215</b>

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 61 days (31 December 2020 - 77 days). Effective interest rates used when determining the amortized cost are 16.02% for TRY, 3.7% for USD and 1.93% for EUR (31 December 2020 - TRY: 12.43%, USD: 2.50%, EUR: 1.38%).

The movement of the provision for doubtful receivables for the periods ended 30 June 2021 and 30 June 2020 is as follows:

	<b>1 January- 30 June 2021</b>	<b>1 January- 30 June 2020</b>
Movements of allowance for doubtful receivables		
Opening balance	15,409,260	16,043,739
Provisions during the period (Note 25)	-	908,000
Provision no longer required (-) (Note 25)	(851,722)	-
Currency translation difference	-	(700,756)
Closing balance	<b>14,557,538</b>	<b>16,250,983</b>

**b. Trade Payables**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Short-term trade payables		
Trade payables	408,124,763	475,424,068
Trade payables to related parties (Note 30)	91,271,433	96,973,610
	<b>499,396,196</b>	<b>572,397,678</b>

The average payment period of trade payables is 71 days (31 December 2020: 91 days). Effective interest rates used when determining the amortized cost are 16.02% for TRY, 3.7% for USD and 1.93% for EUR (31 December 2020 - TRY: 12.43%, USD: 2.5%, EUR 1.38%).

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira (“TRY”), unless otherwise indicated.)

**7. FINANCIAL BORROWINGS**

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

Borrowings	30 June 2021	31 December 2020
Short-term borrowings	677,217,847	960,596,381
Current portion of long-term borrowings	64,552,715	181,271,407
Short-term financial liabilities	21,938,279	12,755,410
Short-term issued bonds	100,590,803	151,297,334
	<b>864,299,644</b>	<b>1,305,920,532</b>
Long-term borrowings	388,783,050	229,509,051
Long-term financial liabilities	13,691,274	25,472,916
Long-term issued bonds	-	-
	<b>402,474,324</b>	<b>254,981,967</b>
Financial borrowings except IFRS 16	<b>1,231,144,415</b>	<b>1,522,674,173</b>
Total borrowings	<b>1,266,773,968</b>	<b>1,560,902,499</b>

The details of the borrowings as of 30 June 2021 are as follows:

Secured/ Unsecured	Interest Type	Curren Type	Weighted Average Interest Rate (%)	Original Balance	Short-Term	Long-Term	30 June 2020
Secured	Fixed	EUR	0.83	34,800,000	360,684,600	-	360,684,600
Unsecured	Fixed (*)	EUR	2.82	29,901,034	106,760,504	203,148,763	309,909,267
Unsecured	Fixed	TRY	15.43	560,550,548	374,916,260	185,634,288	560,550,548
					<b>842,361,364</b>	<b>388,783,051</b>	<b>1,231,144,415</b>

(\*) Çimsa has made interest rate swap transaction in order to its cash flow risk for the long term loan of EUR9,705,884 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 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
					<b>1,293,165,122</b>	<b>229,509,051</b>	<b>1,522,674,173</b>

(\*\*\*) 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.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**

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

**7. FINANCIAL BORROWINGS (Continued)**

The repayment schedule of the borrowings as of 30 June 2021 and 31 December 2020 is as follows:

	<b>30 June 2021</b>	<b>31 December 2020</b>
To be paid within 1 year	842,361,365	1,293,165,121
To be paid between 1-2 years	388,783,050	122,418,452
To be paid between 2-3 years	-	107,090,600
	<b>1,231,144,415</b>	<b>1,522,674,173</b>

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 Company issued bonds with a nominal value of TRY100,000,000 and a 372 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 18 March 2021 and the redemption date is 25 March 2022.

**8. OTHER RECEIVABLES AND OTHER PAYABLES**

**a. Other Receivables**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Short-term other receivables from third parties		
Other miscellaneous receivables	1,610,496	2,864,292
Due from personnel	68,788	93,568
Provision for doubtful other receivables	(764,354)	(764,354)
	<b>914,930</b>	<b>2,193,506</b>

	<b>30 June 2021</b>	<b>31 December 2020</b>
Short-term other receivables		
Short-term other receivables from related parties (Note 30)	243,053	296,267
	<b>243,053</b>	<b>296,267</b>

	<b>30 June 2021</b>	<b>31 December 2020</b>
Long-term other receivables		
Deposits and guarantees given	4,930,002	6,398,102
	<b>4,930,002</b>	<b>6,398,102</b>

**b. Other Payables**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Short-term other payables		
Other payables to related parties (Note 30)	1,822,094	315,454,117
Taxes and funds payable	8,283,485	13,007,641
Deposits and guarantees received	7,823,288	9,389,184
	<b>17,928,867</b>	<b>337,850,942</b>

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

**9. INVENTORIES**

Inventories	30 June 2021	31 December 2020
Raw Materials	189,561,781	127,645,075
Work-in progress	74,733,416	53,678,611
Finished goods	24,002,189	19,093,458
Goods in transit	22,236,510	34,988,039
Other inventories	2,624	3,746,957
Inventory impairment provision (-)	(11,448,408)	(10,498,878)
	<b>299,088,112</b>	<b>228,653,262</b>

**Inventory impairment provision movement**

Inventory impairment provision movement	30 June 2021	30 June 2020
Opening balance	10,498,878	6,329,931
Provisions during the period (Note 24)	949,530	848,786
Currency translation differences	-	9,402
<b>Closing balance</b>	<b>11,448,408</b>	<b>7,188,119</b>

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

**10. PREPAID EXPENSES AND DEFERRED INCOME**

**a. Prepaid Expenses**

Short-term prepaid expenses	30 June 2021	31 December 2020
Advances given to suppliers	33,581,500	57,126,679
Prepaid expenses	17,032,354	2,031,644
	<b>50,613,854</b>	<b>59,158,323</b>

Long-term prepaid expenses	30 June 2021	31 December 2020
Advances given for the purchase of fixed assets	11,292,377	2,209,801
Prepaid expenses	679,787	857,259
	<b>11,972,164</b>	<b>3,067,060</b>

**b. Deferred Income**

Short-term deferred income	30 June 2021	31 December 2020
Advanced received	24,071,290	11,301,698
	<b>24,071,290</b>	<b>11,301,698</b>



(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021**  
(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
<b>Cost value</b>										
<b>Opening balance as of 1 January 2021</b>	<b>67,020,189</b>	<b>126,708,436</b>	<b>542,686,341</b>	<b>1,973,253,358</b>	<b>71,357,995</b>	<b>27,823,760</b>	<b>740,412</b>	<b>9,059,112</b>	<b>38,573,029</b>	<b>2,857,222,632</b>
Currency translation difference	-	-	-	1,728,380	14,425	34,222	20,585	-	-	1,797,612
Additions	1,046,886	57,911	150,668	8,928,246	-	1,079,268	-	-	46,207,371	57,470,350
Disposals	(134,642)	-	-	(459,775)	(149,506)	(94,191)	-	-	-	(838,114)
Transfers from construction in progress	-	637,959	150,000	26,232,613	-	489,675	-	-	(30,443,061)	(2,932,814)
<b>Closing balance as of 30 June 2021</b>	<b>67,932,433</b>	<b>127,404,306</b>	<b>542,987,009</b>	<b>2,009,682,822</b>	<b>71,222,914</b>	<b>29,332,734</b>	<b>760,997</b>	<b>9,059,112</b>	<b>54,337,339</b>	<b>2,912,719,666</b>
<b>Accumulated depreciation (-)</b>										
<b>Opening balance as of 1 January 2021</b>	<b>-</b>	<b>(64,939,835)</b>	<b>(147,375,728)</b>	<b>(987,570,663)</b>	<b>(57,899,245)</b>	<b>(15,502,352)</b>	<b>(159,367)</b>	<b>(4,175,562)</b>	<b>-</b>	<b>(1,277,622,752)</b>
Currency translation difference	-	-	-	262,230	(14,425)	(6,619)	(41,573)	-	-	199,613
Charge for the period	-	(3,527,634)	(6,429,676)	(42,675,798)	(2,147,421)	(1,513,379)	(2,577)	(681,336)	-	(56,977,821)
Disposals	-	-	-	454,741	149,506	48,006	-	-	-	652,253
<b>Closing balance as of 30 June 2021</b>	<b>-</b>	<b>(68,467,469)</b>	<b>(153,805,404)</b>	<b>(1,029,529,490)</b>	<b>(59,911,585)</b>	<b>(16,974,344)</b>	<b>(203,517)</b>	<b>(4,856,898)</b>	<b>-</b>	<b>(1,333,748,707)</b>
<b>Net book value as of 30 June 2021</b>	<b>67,932,433</b>	<b>58,936,837</b>	<b>389,181,605</b>	<b>980,153,332</b>	<b>11,311,329</b>	<b>12,358,390</b>	<b>557,480</b>	<b>4,202,214</b>	<b>54,337,339</b>	<b>1,578,970,959</b>

As of 30 June 2021, there is no capitalized financing expenses.

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

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021**

(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 Improvement	Construction in Progress	Total
<b>Cost value</b>										
<b>Opening balance as of 1 January 2020</b>	<b>96,548,935</b>	<b>213,506,751</b>	<b>710,509,647</b>	<b>2,210,164,861</b>	<b>78,794,223</b>	<b>26,540,614</b>	<b>1,438,659</b>	<b>8,991,213</b>	<b>14,353,907</b>	<b>3,360,848,810</b>
Currency translation difference	1,129,418	17,532,004	41,206,691	89,916,305	567,299	1,622,178	168,808	-	(2,065,403)	150,077,300
Classification	(11,733,605)	(89,051,494)	92,599,686	(3,368,803)	-	(1,795,833)	-	1,616,444	-	(11,733,605)
Additions	-	94,743	1,035,984	1,695,041	468,627	1,392,133	633	67,899	14,993,762	19,748,822
Disposals	(232,183)	(1,245,936)	(249,459)	(304,895)	(3,353,083)	(52,189)	-	-	-	(5,437,745)
Transfers from construction in progress	-	134,450	1,661,025	9,130,224	-	337,626	-	-	(12,501,455)	(1,238,130)
<b>Closing balance as of 30 June 2020</b>	<b>85,712,565</b>	<b>140,970,518</b>	<b>846,763,574</b>	<b>2,307,232,733</b>	<b>76,477,066</b>	<b>28,044,529</b>	<b>1,608,100</b>	<b>10,675,556</b>	<b>14,780,811</b>	<b>3,512,265,452</b>
<b>Accumulated depreciation (-)</b>										
<b>Opening balance as of 1 January 2020</b>	<b>-</b>	<b>(59,766,056)</b>	<b>(169,844,947)</b>	<b>(962,931,847)</b>	<b>(60,541,054)</b>	<b>(13,804,055)</b>	<b>(1,017,466)</b>	<b>(2,800,961)</b>	<b>-</b>	<b>(1,270,706,386)</b>
Currency translation difference	-	(1,298,084)	(23,766,326)	(49,913,881)	(1,082,522)	(1,119,137)	(389,301)	(9,118)	-	(77,578,369)
Charge for the period	-	(2,972,104)	(11,144,680)	(51,266,958)	(2,244,437)	(1,342,241)	(10,579)	(738,710)	-	(69,719,709)
Disposals	-	21,257	1,027,576	62,547	2,850,226	17,764	-	-	-	3,979,370
<b>Closing balance as of 30 June 2020</b>	<b>-</b>	<b>(64,014,987)</b>	<b>(203,728,377)</b>	<b>(1,064,050,139)</b>	<b>(61,017,787)</b>	<b>(16,247,669)</b>	<b>(1,417,346)</b>	<b>(3,548,789)</b>	<b>-</b>	<b>(1,414,025,094)</b>
<b>Net book value as of 30 June 2020</b>	<b>85,712,565</b>	<b>76,955,531</b>	<b>643,035,197</b>	<b>1,243,182,594</b>	<b>15,459,279</b>	<b>11,796,860</b>	<b>190,754</b>	<b>7,126,767</b>	<b>14,780,811</b>	<b>2,098,240,358</b>

As of 30 June 2020, there is no capitalized financing expenses.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**

(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:

	<b>1 January – 3 June 2021</b>	<b>1 January – 30 June 2020</b>
Cost of sales	(54,163,372)	(63,591,353)
General administrative expenses	(2,667,521)	(5,961,541)
Marketing, sales and distribution expenses	(98,736)	(113,444)
Research and development expenses	(48,192)	(53,371)
	<b>(56,977,821)</b>	<b>(69,719,709)</b>

**12. NON-CURRENT ASSETS HELD FOR SALE**

Portion of TRY344,295 has been classified as non-current assets held for sale (31 December 2020: TRY8,522,648).

	<b>30 June 2021</b>	<b>31 December 2020</b>
Opening balance	8,522,648	11,865,457
Sales	(8,178,352)	(3,342,809)
<b>Total</b>	<b>344,295</b>	<b>8,522,648</b>

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

**13. INTANGIBLE ASSETS**

	<b>Mining Rights</b>	<b>Other Intangible Assets</b>	<b>Total</b>
<b><u>Cost value</u></b>			
Opening balance as of 1 January 2021	32,484,077	18,691,849	51,175,926
Additions	-	1,368,798	1,368,798
Transfers from investments	-	2,932,814	2,932,814
<b>Closing balance as of 30 June 2021</b>	<b><u>32,484,077</u></b>	<b><u>22,993,461</u></b>	<b><u>55,477,538</u></b>
<b><u>Accumulated amortization (-)</u></b>			
Opening balance as of 1 January 2021	(23,201,818)	(11,320,338)	(34,522,156)
Charge for period	(534,482)	(1,444,447)	(1,978,929)
<b>Closing balance as of 30 June 2021</b>	<b><u>(23,736,300)</u></b>	<b><u>(12,764,785)</u></b>	<b><u>(36,501,085)</u></b>
<b>Net book value as of 30 June 2021</b>	<b><u>8,747,777</u></b>	<b><u>10,228,676</u></b>	<b><u>18,976,453</u></b>
	<b>Mining Rights</b>	<b>Other Intangible Assets</b>	<b>Total</b>
<b><u>Cost value</u></b>			
Opening balance as of 1 January 2020	32,322,245	17,279,572	49,601,817
Currency translation difference	51,331	1,151,447	1,202,778
Additions	-	115,952	115,952
Disposals	-	(1,129,947)	(1,129,947)
Transfers from investments	-	1,238,130	1,238,130
<b>Closing balance as of 30 June 2020</b>	<b><u>32,373,576</u></b>	<b><u>18,655,154</u></b>	<b><u>51,028,730</u></b>
<b><u>Accumulated amortization (-)</u></b>			
Opening balance as of 1 January 2020	(22,041,518)	(9,525,717)	(31,567,235)
Currency translation difference	(50,225)	(1,133,743)	(1,183,968)
Charge for period	(588,608)	(1,048,630)	(1,637,238)
Disposals	-	25,109	25,109
<b>Closing balance as of 30 June 2020</b>	<b><u>(22,680,351)</u></b>	<b><u>(11,682,981)</u></b>	<b><u>(34,363,332)</u></b>
<b>Net book value as of 30 June 2020</b>	<b><u>9,693,225</u></b>	<b><u>6,972,173</u></b>	<b><u>16,665,398</u></b>

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:

	<b>1 January – 30 June 2021</b>	<b>1 January – 30 June 2020</b>
Cost of sales	(1,881,179)	(1,493,325)
General administrative expenses	(92,647)	(139,996)
Marketing, sales and distribution expenses	(3,429)	(2,664)
Research and development expenses	(1,674)	(1,253)
	<b><u>(1,978,929)</u></b>	<b><u>(1,637,238)</u></b>

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(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:

<b>Right of use assets</b>	<b>1 January 2021</b>	<b>Additions</b>	<b>Classification</b>	<b>Depreciation for the period</b>	<b>30 June 2021</b>
Buildings	13,786,632	-	-	(2,960,272)	10,826,360
Vehicles	10,948,911	-	-	(3,014,557)	7,934,354
Other	144,448	-	-	(35,099)	109,349
	<b>24,879,991</b>	<b>-</b>	<b>-</b>	<b>(6,009,928)</b>	<b>18,870,063</b>

The depreciation expense of TRY938,233 for the period ending on 30 June 2021 of the right of use assets has been included in the cost of the goods sold and the part of TRY5,071,695 has been included in the general administrative expense .

<b>Right of use assets</b>	<b>1 January 2020</b>	<b>Additions</b>	<b>Classification</b>	<b>Depreciation for the period</b>	<b>30 June 2020</b>
Buildings	36,908,514	-	-	(3,640,568)	33,267,946
Vehicles	839,775	12,938,158	342,713	(3,969,978)	10,150,668
Other	2,633,007	-	(342,713)	(108,339)	2,181,955
	<b>40,381,296</b>	<b>12,938,158</b>	<b>-</b>	<b>(7,718,885)</b>	<b>45,600,569</b>

The depreciation expense of TRY3,185,301 for the period ending on 30 June 2020 of the right of use assets has been included in the cost of the goods sold and the part of TRY4,533,584 has been included in the general administrative expense.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira (‘TRY’), unless otherwise indicated.)

**15. GOODWILL**

The goodwill amount presented in the Group’s financial statements as of 30 June 2021 is related to Eskişehir and Ankara Cement Factories (‘Standart Çimento’) acquired in 2005, Çimsa Cement located in TRNC, Bilecik Ready Mix Cement Facilities acquired in 2008, Afyon Çimento Sanayi Türk Anonim Şirketi acquired in 2012 and Cırgalan Ready-Mixed Concrete Facility acquired in 2018. The movement of goodwill for the periods ending 30 June 2021 and 31 December 2020 is stated below:

<b>30 June 2021</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
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
	<b>148,119,252</b>	<b>148,119,252</b>

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 TRY 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 19.93% (2019:17%). 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.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**

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

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

**a. Short-Term Provisions**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Short-term provisions		
Provision for litigations	26,795,959	25,669,833
Other provisions	36,655,108	11,718,152
	<b>63,451,067</b>	<b>37,387,985</b>

The movement of “Provision for the litigations” as of 30 June 2021 and 30 June 2020 is stated below:

	<b>30 June 2021</b>	<b>30 June 2020</b>
Provision for the litigation movement		
Opening balance	25,669,833	20,028,140
Additional provision (Note 25)	1,133,593	1,225,936
Provision no longer required (-) (-) (Note 25)	(7,467)	(173,686)
Closing balance	<b>26,795,959</b>	<b>21,080,390</b>

As of 30 June 2021, the Group has provided provision amounting to TRY26,795,959 for the risky cases against the Company with the opinion obtained from the Company’s legal counsels (31 December 2020: TRY25,669,833).

**b. Long-Term Provisions**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Long-term provisions		
Long-term employee benefits	55,570,624	48,258,745
Other long term provisions	5,278,507	4,454,937
	<b>60,849,131</b>	<b>52,713,682</b>
	<b>30 June 2021</b>	<b>31 December 2020</b>
Other long term provisions		
Recultivation provision	5,278,507	4,454,937
	<b>5,278,507</b>	<b>4,454,937</b>

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

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

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 TRY5,278,507 under "Other Long Term Provisions" as of 30 June 2021 (31 December 2020: TRY4,454,937).

Movement of recultivation provision as of 30 June 2021 and 30 June 2020 is as follows:

	<b>30 June 2021</b>	<b>30 June 2020</b>
<u>Recultivation provision movement</u>		
Opening balance	4,454,937	4,209,071
Additional provision (Note 25)	823,570	295,028
Provision no longer required (-) (Note 25)	-	(499,373)
	-	-
<b>Closing balance</b>	<b>5,278,507</b>	<b>4,004,726</b>

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

As stated in the Company's PDP statements dated 01.10.2020; the Company announced to sell the shares of Çimsa's subsidiaries that undertake white cement business abroad, whereas 100% equity shares of Cimsa Americas Cement Manufacturing and Sales Corporation, Cimsa Cement Sales North GmbH and Cimsa Cementos Espana S.A.U., and corresponding to 70% of the total equity shares in Cimsa Adriatico S.R.L., all of which are being held by Çimsa, to the CSC BV, which is to be incorporated in the Netherlands. . In this context, since the conditions required by TFRS 5 standard "Non-current Assets Held for Sale and Discontinued Operations" is fulfilled, , 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" In the income statements of June 2021 and 2020, the profit or loss related to asset groups and pre-tax gain recognized on disposal of these asset groups with loss of control are presented as "profit (loss) of discontinued operations".

	<b>30 June 2021</b>	<b>31 December 2020</b>
<b>Assets directly associated with assets classified as held for sale</b>		
Cash and cash equivalents	-	37,279,072
Trade receivables	-	183,829,218
Inventories	-	93,187,110
Other current assets	-	12,502,851
<b>Current Assets</b>	<b>-</b>	<b>326,798,251</b>
Tangible and intangible assets	-	545,534,443
Right of use assets	-	40,422,324
Other non-current assets	-	10,143,293
<b>Non-current assets</b>	<b>-</b>	<b>596,100,060</b>
<b>Total assets</b>	<b>-</b>	<b>922,898,311</b>



(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**

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

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

	30 June 2021	31 December 2020
<b>Liabilities directly associated with assets classified as held for sale</b>		
Financial borrowings	-	406,185,531
Trade payables	-	34,516,144
Other short-term liabilities	-	15,751,125
<b>Short-term liabilities</b>	<b>-</b>	<b>456,452,800</b>
Financial borrowings	-	85,870,926
Other long-term liabilities	-	1,873,337
<b>Long-term liabilities</b>	<b>-</b>	<b>87,744,263</b>
<b>Total liabilities</b>	<b>-</b>	<b>544,197,063</b>

Amounts shown under "Assets related to asset groups classified for sale" and "Liabilities related to asset groups classified for sale" in the financial statements are related to the consolidation of in Group transactions that are handled within the scope of TFRS 5 "Fixed Assets Held for Sale and Discontinued Operations" and it also includes its effects.

	1 January- 30 June 2021	1 January- 30 June 2020
<b>Discontinued Operations Period Summary (Loss)/Profit</b>		
Net sales income	165,064,768	117,761,885
Gross profit	48,765,240	13,642,812
Operating profit/loss	323,745,157	(7,042,005)
Net financial income/expense	(19,367,977)	(8,390,020)
<b>Profit/loss before tax</b>	<b>304,377,180</b>	<b>(15,432,025)</b>
Tax income/expense	(14,738,150)	1,740,494
<b>Discontinued Operations Period (Loss)/Profit</b>	<b>289,639,030</b>	<b>(13,691,531)</b>
<b>Cash Flow Statement Regarding Discontinued Operations</b>		
	1 January- 30 June 2021	1 January- 30 June 2020
Cash flow from operating activities	(5,021,429)	4,895,139
Cash flow from investing activities	(4,863,589)	(1,915,472)
Cash flows from financing activities (excluding dividends)	15,488,899	5,838,614
Net increase/decrease in cash and cash equivalents	<b>5,603,881</b>	<b>8,818,281</b>

Agreements for the sale and transfer of the Group's shares of Cimsa Cementos Espana SAU, Cimsa Americas Cement Manufacturing and Sales Corporation, Cimsa Cement Sales North GmbH and Cimsa Adriatico SRL, consolidated by the Group as a subsidiary, to Cimsa Sabanci Cement BV were signed on 22 June 2021 and, the transfer process was completed as of 30 June 2021, following the completion of other necessary legal actions.

The details of the subsidiary sale are as follows:

	1 January- 30 June 2021
Sale price	334,798,007
Assets directly associated with assets classified as held for sale - net	(184,966,567)
Disposal of foreign currency translation differences	139,113,203
Disposal of non-controlling interests	13,319,461
<b>Profit from disposal of discontinued operations</b>	<b>302,264,104</b>

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

**18. COMMITMENTS**

The collaterals, pledges and mortgages (CPM) received by the Group as of 30 June 2021 and 31 December 2020 are as follows:

	Currency	30 June 2021		31 December 2020	
		Original	TRY Amount	Original	TRY Amount
Guarantee letter received	TRY	645,454,083	645,454,083	550,405,108	550,405,108
Guarantee letter received	USD	36,552,835	318,199,743	34,069,985	250,090,728
Guarantee letter received	EUR	15,562,359	161,296,073	14,631,689	131,800,794
Guarantee letter received	Other	26,000	26,000	26,000	26,000
Mortgages received	TRY	28,821,023	28,821,023	29,121,423	29,121,423
Mortgages received	RUB	42,232,560	5,043,412	42,232,560	4,157,373
Checks and notes received	TRY	21,152,262	21,152,262	21,252,262	21,252,262
Checks and notes received	USD	47,300	411,756	47,300	347,206
Pledge	TRY	19,717,923	19,717,923	18,431,248	18,431,248
Total CPM received			<b>1,200,122,275</b>		<b>1,005,632,142</b>

As of 30 June 2021 and 31 December 2020, the details of the collaterals, pledges and mortgages (CPM) given are as follows:

	Currency	30 June 2021		31 December 2020	
		Original	TRY Amount	Original	TRY Amount
A. Total CPM given for the Company's own legal entity	TRY	100,982,285	100,982,285	83,383,642	83,383,642
	USD	639,760	5,569,237	592,460	4,348,951
	EUR	1,892,904	19,619,007	1,385,468	12,480,155
B. Total CPM given in favour of subsidiaries consolidated on line-by-line basis					
C. Total CPM given in favour of other 3rd parties for ordinary trading operations					
D. Other CPM given					
i. Total CPM given in favour of parent entity					
ii. Total CPM given in favour of other Group companies not of scope of clause B and C					
iii. Total CPM given in favour of other 3rd parties out of scope of clause C					
			<b>126,170,529</b>		<b>100,212,748</b>

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

**19. EMPLOYEE BENEFITS**

**a. Employee Benefit Obligations**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Social security payables	5,962,929	4,645,486
Wage accrual and income tax withholding payable to personnel	4,003,603	3,939,499
	<b>9,966,532</b>	<b>8,584,985</b>

**b. Long-Term Employee Benefits**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Retirement pay provision	47,606,700	42,295,557
Provision for unpaid vacation liability	5,948,761	4,308,223
Seniority provision	2,015,163	1,654,965
	<b>55,570,624</b>	<b>48,258,745</b>

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 TRY8,284.51 as of 30 June 2021 (31 December 2020: full TRY7,117.36).

In the consolidated financial statements dated 30 June 2021 and 31 December 2020, the actuarial assumptions used in calculating the severance pay liability are as follows:

	<b>30 June 2021</b>	<b>31 December 2020</b>
Discount rate, net	4.34%	4.34%

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

	<b>1 January- 30 June 2021</b>	<b>1 January- 30 June 2020</b>
Opening balance	4,308,223	4,797,633
Additional provision	2,013,412	128,900
Provision paid during the period	(372,874)	(157,168)
Currency translation difference	-	37,996
<b>Closing balance</b>	<b>5,948,761</b>	<b>4,807,361</b>

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

	<b>1 January- 30 June 2021</b>	<b>1 January- 30 June 2020</b>
Opening balance	1,654,965	1,413,371
Additional provision	749,156	610,159
Provision paid during the period	(388,958)	(365,930)
<b>Closing balance</b>	<b>2,015,163</b>	<b>1,657,600</b>

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**

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

**20. OTHER ASSETS AND LIABILITIES**

**a. Other Assets**

	<b>30 June 2021</b>	<b>31 December 2020</b>
<u>Other current assets</u>		
Deferred VAT <sup>(1)</sup>	57,005,573	57,141,042
Job and personnel advances	1,129,521	571,666
Other current assets	11,839,825	8,951,010
	<b><u>69,974,919</u></b>	<b><u>66,663,718</u></b>
<u>Other non-current assets</u>	<b>30 June 2021</b>	<b>31 December 2020</b>
Deferred VAT <sup>(2)</sup>	10,683,429	17,724,782
Export VAT <sup>(3)</sup>	2,497,360	1,049,585
Other non-current assets	-	2,115
	<b><u>13,180,789</u></b>	<b><u>18,776,482</u></b>

(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 2020: TRY17,724,782).

(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.

**b. Other Liabilities**

	<b>30 June 2021</b>	<b>31 December 2020</b>
<u>Other short term liabilities</u>		
	5,744,223	61,052,734
	<b><u>5,744,223</u></b>	<b><u>61,052,734</u></b>

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

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

As of 30 June 2021 and 31 December 2020, the composition of shareholders is as follows:

Shareholders (*)	30 June 2021		31 December 2020	
	(%)	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		<b>176,825,958</b>		<b>176,825,958</b>

(\*) Public quotation of the Group is 35.86% as of 30 June 2021 (31 December 2020: 35.86%).

As of 30 June 2021, the Company's capital is composed of 135,084,442 units (31 December 2020: 135,084,442). The nominal value of the shares is TRY1 per share (31 December 2020: TRY1 per share).

In line with the decision of the Board of Directors dated January 27, 2021, the registered capital ceiling validity period of the Company is extended to cover the years 2021-2025; Changes planned to be made in Articles 6 and 9 of the Company's Articles of Association in order to increase the registered capital ceiling of TRY200,000,000. to TRY350,000,000.and to enable the meeting of the Board of Directors to be held electronically have been accepted at the board meeting dated 23 March 2021. Issued General Assembly resolution was registered on 21 April 2021 and published in the Trade Registry Gazette numbered 10314 with the same date.

**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.

**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.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

**21. EQUITY, RESERVES AND OTHER EQUITY ITEMS (Continued)**

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

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

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

**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.

**EXSA - Available for sales financial assets revaluation reserve movement table**

	<b>30 June 2021</b>	<b>30 June 2020</b>
Opening balance	394,562,223	310,993,226
Profit/loss effect	71,331,732	30,648,705
Currency translation difference	582,835	-
Hedge fund	(1,808,455)	5,195,894
Net fair value change of financial investments	(11,971,842)	(1,552,686)
	<b>452,696,493</b>	<b>345,285,139</b>

**CSC Available for sales financial assets revaluation reserve movement table**

	<b>30 June 2021</b>	<b>30 June 2020</b>
Opening balance	313,788,120	-
Profit/loss effect	32,613,904	-
Currency translation difference	49,449,743	-
Effects of combinations of entities or businesses under common control on investments in associates accounted for using equity method	(63,314,016)	-
	<b>332,537,751</b>	<b>-</b>

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira (“TRY”), unless otherwise indicated.)  
**22. DERIVATIVE FINANCIAL INSTRUMENTS**

	30 June 2021			31 December 2020		
	Fair Value			Fair Value		
	Contract Amount	Assets	Liabilities	Contract Amount	Assets	Liabilities
<b>Short term derivative financial instruments</b>						
<b>Hedging against impaired risk</b>						
Forward foreign exchange transactions	100,596,655	-	42,261,795	116,572,837	-	42,587,972
<b>Marketable securities</b>						
Forward foreign exchange transactions	100,596,655	42,008,524	-	116,572,837	42,587,851	-
<b>Total short-term derivative instruments</b>		<b>42,008,524</b>	<b>42,261,795</b>		<b>42,587,851</b>	<b>42,587,972</b>
<b>Long term derivative financial instruments</b>						
<b>Hedging against impaired risk</b>						
Interest rate swap	100,596,655	-	128,535	145,716,060	(333,099)	1,262,945
<b>Hedging against cash flow risk</b>						
Forward foreign exchange transactions	-	-	-	29,143,223	-	11,240,796
<b>Marketable securities</b>						
Forward foreign exchange transactions	-	-	-	29,143,223	11,240,796	-
<b>Total long-term derivative instruments</b>		<b>-</b>	<b>128,535</b>		<b>10,907,697</b>	<b>12,503,741</b>
<b>Total derivative financial instruments</b>		<b>42,008,524</b>	<b>42,390,330</b>		<b>53,495,548</b>	<b>55,091,713</b>

As of 30 June 2021, the Group has realized 9,7 million sell Euro buy Turkish Lira forward transaction with maturity of 4 years expired on 29 March 2022 and with the same forward, the Group has protected a portion of its sales by foreign exchange forward contracts. Changes arising from forward transactions are recognized in the statement of change in shareholder’s equity considering the deferred tax effect.

As of 30 June 2021, the Group has realized 9,7 million Euro nominal value sell Turkish lira buy Euro forward transaction with maturity of 4 years expired on 29 March 2022. Changes arising from forward transactions are recognized in the consolidated statement of profit and loss.

As of 30 June 2021, interest rate swap transactions consist of swap transactions in which Çimsa’s long term borrowings of 9,7 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.

The Group has paid the capital commitment on 16 February 2021 for Cimsa Sabancı Cement BV to which it has made a capital commitment as of 14 November 2020. Foreign exchange losses related to the loan of EUR 34.8 million used simultaneously for the capital payment were accounted for under equity as part of the net investment hedge.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

**23. REVENUE**

Revenue	1 January- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2021	1 April- 30 June 2020
Domestic sales	758,847,604	493,931,021	451,254,031	312,477,572
Export sales	1,054,962,900	501,403,811	642,022,629	285,144,334
Sales discounts (-)	(10,357,915)	(8,407,704)	2,940,062	(4,937,380)
Other deductions (-)	(161,744,161)	(132,896,324)	(93,777,051)	(65,793,839)
	<b>1,641,708,428</b>	<b>854,030,804</b>	<b>1,002,439,671</b>	<b>526,890,687</b>
Cost of sales (-) (Not:24)	<b>(1,265,035,903)</b>	<b>(694,605,056)</b>	<b>(764,227,921)</b>	<b>(429,577,097)</b>
Gross profit	<b>376,672,525</b>	<b>159,425,748</b>	<b>238,211,750</b>	<b>97,313,590</b>

**24. OPERATING EXPENSES BY NATURE**

The detail of costs of sales for the periods between 1 January - 30 June 2021 and 2020 is as follows:

<u>Cost of sales (-)</u>	1 January- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2021	1 April- 30 June 2020
Direct material and supplies expenses	(163,721,177)	(108,097,972)	(109,449,262)	(58,046,976)
Labor expenses	(59,314,276)	(47,194,243)	(30,515,605)	(26,275,814)
Energy costs	(538,593,560)	(313,959,017)	(309,619,905)	(186,431,554)
Depreciation and amortization	(56,982,784)	(60,120,212)	(27,696,315)	(31,014,923)
Other production expenses	(217,562,328)	(120,575,988)	(35,262,906)	(9,294,771)
Total production cost	<b>(1,036,174,125)</b>	<b>(649,947,432)</b>	<b>(512,543,993)</b>	<b>(311,064,038)</b>
Inventory impairment provision	(949,530)	(848,786)	(603,820)	(456,652)
Change in work- in process	21,054,805	767,168	(15,230,154)	(39,079,553)
Change in finished goods	4,908,731	2,649,221	9,043,327	(5,706,875)
Cost of trade goods sold and other	(253,875,784)	(47,225,227)	(244,893,281)	(73,269,979)
	<b>(1,265,035,903)</b>	<b>(694,605,056)</b>	<b>(764,227,921)</b>	<b>(429,577,097)</b>

The detail of general administration expenses for the periods between 1 January - 30 June 2021 and 2020 is as follows:

General adm. expenses	1 January- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2021	1 April- 30 June 2020
Personnel expenses	(38,602,864)	(33,185,935)	(21,594,273)	(14,151,426)
Depreciation and amortization	(7,831,634)	(5,636,130)	(4,346,680)	(2,525,051)
Consultancy expenses	(5,701,804)	(12,610,233)	(3,331,397)	(1,499,754)
IT Expenses	(4,324,022)	(3,371,468)	(2,426,395)	(1,902,278)
Tax, duty and charges	(4,260,958)	(2,079,289)	(2,969,574)	(918,368)
Insurance expenses	(1,163,091)	(710,435)	(624,950)	(391,586)
Rent expenses	(900,539)	(1,408,716)	(290,331)	(409,729)
Communication and publicity expenses	(831,622)	(826,027)	(464,016)	(620,516)
Travel expenses	(760,301)	(1,330,480)	(635,969)	(134,591)
Representation expenses	(451,484)	(465,708)	(368,966)	(350,900)
Maintenance expenses	(103,508)	(186,243)	(62,134)	(42,843)
Other miscellaneous expenses	(10,035,172)	(6,571,344)	(7,348,351)	(6,225,115)
	<b>(74,966,999)</b>	<b>(68,382,008)</b>	<b>(44,463,036)</b>	<b>(29,172,157)</b>



(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(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 - 30 June 2021 and 2020 is as follows:

Marketing, selling and distribution	1 January- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2021	1 April- 30 June 2020
Personnel expenses	(3,951,131)	(5,250,936)	(1,914,745)	(2,578,049)
Consultancy expenses	(762,142)	(745,641)	(628,038)	(698,658)
Rent expenses	(522,515)	(417,495)	(252,862)	(219,316)
Travel expenses	(487,651)	(416,317)	(198,139)	(134,010)
Depreciation and amortization expenses	(102,165)	(107,252)	(51,487)	(53,119)
Insurance expenses	(48,925)	(74,224)	(21,962)	(40,743)
Representation expenses	(30,216)	(331,011)	(18,698)	(10,770)
Communication and publicity expenses	(17,295)	(26,671)	(6,439)	(13,878)
Other miscellaneous expenses	(667,402)	(1,293,635)	(235,993)	(39,081)
	<b>(6,589,442)</b>	<b>(8,663,182)</b>	<b>(3,328,363)</b>	<b>(3,787,624)</b>

The detail of research and development expense for the periods between 1 January - 30 June 2021 and 2020 is as follows:

Research and development expenses	1 January- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2021	1 April- 30 June 2020
Personnel expenses	(1,967,570)	(1,789,573)	(929,776)	(956,324)
Outsourced benefits and services	(498,926)	(302,316)	(416,487)	(106,535)
Raw material expenses	(170,646)	(260,808)	(23,533)	(71,814)
Maintenance expenses	(158,418)	(6,138)	(152,641)	37,002
Depreciation and amortization	(49,866)	(50,457)	(24,925)	(25,220)
Travel expenses	(4,239)	(42,507)	(2,011)	(9,708)
Rent expenses	(396)	(25,614)	(235)	(6,291)
Other miscellaneous expenses	(89,299)	(188,941)	(59,058)	(90,841)
	<b>(2,939,360)</b>	<b>(2,666,354)</b>	<b>(1,608,666)</b>	<b>(1,229,731)</b>

**25. OTHER OPERATING INCOME AND EXPENSES**

Other income from main operations	1 January- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2021	1 April- 30 June 2020
Foreign exchange gain from operating activities	128,380,760	136,102,736	45,517,026	68,537,469
Overdue and interest income from operating activities	13,331,465	808,314	10,339,776	470,322
Sales of scrap and miscellaneous material	1,514,577	2,192,066	274,296	2,192,066
Provisions no longer required (Note 6/16)	859,189	673,059	859,189	31,860
Insurance damage compensation income	-	1,280,471	-	819,583
Other income	13,630,504	607,375	3,197,631	(737,115)
	<b>157,716,495</b>	<b>141,664,021</b>	<b>60,187,918</b>	<b>71,314,185</b>

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

**25. OTHER OPERATING INCOME AND EXPENSES (Continued)**

	<b>1 January- 30 June 2021</b>	<b>1 January- 30 June 2020</b>	<b>1 April- 30 June 2021</b>	<b>1 April- 30 June 2020</b>
Other operating expense				
Foreign exchange loss from operating activities	(80,624,395)	(67,674,845)	(37,587,470)	(27,091,380)
Interest expense of retirement pay provision	(2,326,282)	(740,970)	(1,568,939)	(370,484)
Provision expenses (Note 6/16)	(1,957,163)	(1,528,964)	(392,636)	(425,508)
Compensation and penalty expenses	(1,530,519)	(1,085,213)	(868,876)	(1,085,213)
Donations and grants	(174,082)	(715,831)	(164,632)	(274,167)
Litigation, levy and court paid expenses	(81,661)	(125,187)	(46,213)	(79,803)
Other expenses	(1,079,798)	(2,141,205)	(684,714)	(1,672,920)
	<b>(87,773,900)</b>	<b>(74,012,215)</b>	<b>(41,313,480)</b>	<b>(30,999,475)</b>

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

	<b>1 January- 30 June 2021</b>	<b>1 January- 30 June 2020</b>	<b>1 April- 30 June 2021</b>	<b>1 April- 30 June 2020</b>
Income from investment activities				
Fixed assets sales income (*)	34,383,109	13,917,949	10,452,410	10,028,815
	<b>34,383,109</b>	<b>13,917,949</b>	<b>10,452,410</b>	<b>10,028,815</b>

(\*) 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**

	<b>1 January- 30 June 2021</b>	<b>1 January- 30 June 2020</b>	<b>1 April- 30 June 2021</b>	<b>1 April- 30 June 2020</b>
Financial income				
Interest income	17,824,992	11,288,380	4,458,550	6,600,490
Total financial income	<b>17,824,992</b>	<b>11,288,380</b>	<b>4,458,550</b>	<b>6,600,490</b>
Financial expenses				
Foreign exchange loss on bank borrowings(**)	(64,321,783)	(74,382,478)	(57,004,780)	(36,034,449)
Interest expenses of bank borrowings	(52,728,442)	(77,035,698)	(26,262,980)	(39,211,105)
Other financial expenses	(7,386,869)	(5,232,546)	(4,440,079)	(4,206,565)
Total financial expense	<b>(124,437,094)</b>	<b>(156,650,722)</b>	<b>(87,707,839)</b>	<b>(79,452,119)</b>

(\*\*) The share sale transaction, which resulted in the loss of control of Cimsa Americas, the effect of the net investment hedge was transferred to the financial income and expenses account and associated with the consolidated profit or loss statement.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

## **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.

In addition, temporary tax is paid at the rate of valid corporate tax over the tax assessments declared in interim periods during the year to be deducted from corporate tax. However, with the Law No. 7316, the corporate tax rate was determined as 25% for the earnings obtained in the 2021 taxation period and 23% for the earnings to be obtained in the 2022 taxation period. The regulation has become valid on April 22, 2021, starting from the declarations that must be submitted as of July 1, 2021, and to be valid for the corporate earnings for the taxation period starting from 1 January 2021.

As of 30 June 2021 and 31 December 2020, income tax provisions have been accrued in accordance with the prevailing tax legislation.

According to Article 32 of the Corporate Tax Law No. 5520, the corporate tax rate is 20%. However, the corporate tax rate was determined as 25% for 2021 earnings and 23% for 2022 earnings with the "Law on the Procedure for the Collection of Public Claims and the Law No,7316 on the Amendment of Certain Laws" published in the Official Gazette dated April 22, 2021 and numbered 31462.

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.

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.

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.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

**28. INCOME TAXES (Continued)**

Companies calculate advance tax at a rate of 20% (25% for the taxation period of 2021 and 23% for the taxation period of 2022) over their quarterly financial profits, and they declare it until the 17th day of the second month following that period and pay it until the evening of the seventeenth day. However, since the increase in the corporate tax rate made by Law No. 7316 takes effect starting from the declarations to be submitted as of July 1, 2021, the temporary tax rate for the earnings obtained in the first temporary taxation period of 2021 will be 20%.. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If there is excess temporary tax paid even if it is already offset, this amount may be refunded or offset.

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

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

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

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. As of 30 June 2021 and 31 December 2020 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 inspection initiated by the Ministry of Treasury and Finance Tax Inspection Board Istanbul Large Scale Taxpayers Group Presidency (Istanbul Sectoral-1 Inspection Department) in 2020 has ended and notifications regarding the assessments made as a result of the tax inspection have been notified to the Company. As of 30 June 2021, a provision of TL 593,688 has been booked for the aforementioned assessments.

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

	<b>30 June 2021</b>	<b>31 December 2020</b>
2023	-	27,008,824
2024	64,297,225	87,942,282
2025	41,478,109	35,768,987
<b>Total</b>	<b>105,775,334</b>	<b>150,720,093</b>

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

**28. INCOME TAXES (Continued)**

As of 30 June 2021 and 31 December 2020, corporate tax payables are summarized as follows:

Distribution of tax expenses are as follows:

	<b>30 June 2021</b>	<b>31 December 2020</b>
<u>Assets related to the current period taxes</u>		
Assets related to the current period taxes	1,553,980	200,717
	<b>1,553,980</b>	<b>200,717</b>
	<b>30 June 2021</b>	<b>31 December 2020</b>
<u>Corporate tax payable</u>		
Current period corporate tax provision	(62,620,056)	(38,264,348)
Prepaid taxes and funds (-)	5,019,273	21,203,186
	<b>(57,600,783)</b>	<b>(17,061,162)</b>

  

Tax (expense)/income	<b>1 January- 30 June 2021</b>	<b>1 January- 30 June 2020</b>	<b>1 April- 30 June 2021</b>	<b>1 April- 30 June 2020</b>
Current period corporate tax (expense)/income	(62,620,056)	(7,092,525)	(48,898,695)	(6,095,826)
Deferred tax (expense)/income	(11,920,116)	8,448,289	(986,980)	2,240,324
	<b>(74,540,172)</b>	<b>1,355,764</b>	<b>(49,885,675)</b>	<b>(3,855,502)</b>

The details of the deferred tax assets and liabilities of the Group as of 30 June 2021 and 31 December 2020 are as follows:

	<b>30 June 2021</b>	<b>31 December 2020</b>
<b>Deferred tax assets(*)</b>		
Cash capital increase tax incentive assets	31,533,533	22,733,620
Tax losses carried forward	26,443,833	30,708,039
Provision for litigations	5,997,705	5,716,173
Inventory impairment provision	6,363,022	5,412,324
Rediscount of receivables	2,890,120	1,680,891
Provision for employee benefits	2,750,904	1,940,711
Provision for other doubtful receivables	1,854,348	2,067,278
Recultivation provision	1,147,533	942,184
Property, plant and equipment and intangible assets	591,697	569,453
Other	-	7,564,265
	<b>79,572,695</b>	<b>79,334,938</b>
<b>Deferred tax liabilities(*)</b>		
Goodwill	(24,737,532)	(24,737,532)
Property, plant and equipment and intangible assets	(22,666,237)	(26,839,371)
Internal rate of return adjustment of borrowings	(945,653)	(411,588)
Inventories	(340,200)	(340,200)
Other	(5,885,998)	(3,338,394)
	<b>(54,575,620)</b>	<b>(55,667,085)</b>
Net deferred tax asset/(liability)	<b>24,997,075</b>	<b>23,667,853</b>

(\*) The total net amount of these two balances is shown as deferred tax assets amounting to TRY53,361,196 (31 December 2020: TRY55,463,788) and deferred tax liability of TRY28,364,121 (31 December 2020: TRY31,795,935) in the balance sheet.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
**(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)**  
**28. INCOME TAXES (Continued)**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Deferred tax assets/(liabilities) presentation at balance sheet		
Deferred tax assets	53,361,196	55,463,788
Deferred tax liabilities	(28,364,121)	(31,795,935)
	<b>24,997,075</b>	<b>23,667,853</b>

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

	<b>30 June 2021</b>	<b>30 June 2020</b>
Deferred tax assets/(liabilities) movement		
Opening balance	23,667,853	6,902,741
Deferred tax (income)/expense	(11,920,116)	11,643,703
Accounted under other comprehensive income	13,249,338	7,162,850
Currency translation difference and other	-	(6,488,986)
Closing balance	<b>24,997,075</b>	<b>19,220,308</b>

	<b>30 June 2021</b>	<b>30 June 2020</b>
Tax reconciliation:		
Profit before taxation	393,835,962	46,570,322
Effective statutory income tax rate	25%	22%
Tax expense at the effective statutory income tax rate	(98,458,991)	(10,245,471)
Reconciliation of tax provision calculated with deductible:		
- Effect of the profit from investments accounted by equity method	25,986,409	6,742,715
- Effect of cash capital increase on tax incentive assets	8,799,913	2,668,131
- Tax exemption from sale of land	4,263,402	1,542,267
- Non-deductible expenses	(208,168)	(276,355)
- Exception resulted from the sales profit of subsidiaries	(16,087,129)	-
- Other	1,164,392	924,477
Tax expense in the income statement	<b>(74,540,172)</b>	<b>1,355,764</b>

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:

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

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
**(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)**

**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:

	<b>1 January- 30 June 2021</b>	<b>1 January- 30 June 2020</b>	<b>1 April- 30 June 2021</b>	<b>1 April- 30 June 2020</b>
Number of shares	135,084,442	135,084,442	135,084,442	135,084,442
Profit attributable to equity holders of the parent-TRY	580,463,810	37,824,032	419,580,925	46,016,047
Dividend per share with nominal value of 1 Kr - TRY	4,2970	0,2800	3,1061	0,3406

Earnings/(loss) per share from discontinued operations:

	<b>1 January- 30 June 2021</b>	<b>1 January- 30 June 2020</b>	<b>1 April- 30 June 2021</b>	<b>1 April- 30 June 2020</b>
Number of shares	135,084,442	135,084,442	135,084,442	135,084,442
Profit attributable to equity holders of the parent - TRY	289,639,030	(13,691,531)	289,864,738	(3,845,000)
Dividend per share with nominal value of 1 Kr - TRY	2,1441	(0,1014)	2.1458	(0,0285)

**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 30 June 2021 and 31 December 2020 and the related party transactions for the periods ended 30 June 2021 and 30 June 2020 are mainly as follows:

**Short-term trade receivables from related parties**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Cimsa Americas	134,346,603	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. <sup>(1)</sup>	2,121,046	685,287
Other	43,178,624	-
	<b>179,646,273</b>	<b>685,287</b>

**Other receivables from related parties**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Ak Finansal Kiralama A.Ş.	223,504	223,504
Aksigorta A.Ş. <sup>(1)</sup>	19,549	-
Hacı Ömer Sabancı Holding A.Ş.	-	72,763
	<b>243,053</b>	<b>296,267</b>

(1) Subsidiary of the parent company; Hacı Ömer Sabancı Holding A.Ş.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**

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

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

**Short-term trade payables to related parties**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Enerjisa Üretim Santralleri A.Ş. <sup>(1)</sup>	79,354,670	87,661,748
Akbank T.A.Ş.(*)	6,354,352	8,868,750
Akçansa Çimento Sanayi ve Ticaret A.Ş. <sup>(2)</sup>	539,182	27,270
Other	5,023,229	415,842
	<b>91,271,433</b>	<b>96,973,610</b>

**Short-term other payables to related parties**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Cimsa Sabanci Cement BV(**)	1,258,961	313,788,120
AgeSa A.Ş. <sup>(2)</sup>	515,458	-
Sabancı Dx <sup>(1)</sup>	21,105	1,560,699
Aksigorta A.Ş. <sup>(2)</sup>	6,730	-
Kordsa	-	94,044
Other	19,840	11,254
	<b>1,822,094</b>	<b>315,454,117</b>

**Bank balances deposited in related parties**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Akbank T.A.Ş. <sup>(1)</sup>	497,916,181	387,462,987
	<b>497,916,181</b>	<b>387,462,987</b>

**Borrowings from related parties**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Bank borrowing from Akbank T.A.Ş. <sup>(2)</sup>	100,590,803	151,297,334
	<b>100,590,803</b>	<b>151,297,334</b>

(1) Subsidiary of the parent company; Hacı Ömer Sabancı Holding A.Ş.

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

(\*) The trade payable is related with supplier financing

(\*\*) It refers to the amount of capital committed to Cimsa Sabancı Cement BV with a capital of EUR87,000,000 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 16 February 2021.



(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

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

**Sales to related parties**

	<b>1 January 30 June 2021</b>	<b>1 January 30 June 2020</b>	<b>1 April 30 June 2021</b>	<b>1 April 30 June 2020</b>
Akçansa Çimento Sanayi ve Ticaret A.Ş.	4,352,974	3,007,684	1,612,450	1,687,717
Ak Finansal Kiralama	947,050	378,820	378,820	-
Sabancı Dx	24,450	296,795	295	296,795
Enerjisa Enerji A.Ş. <sup>(2)</sup>	-	5,546	-	-
Other	64,887	13,158	(164,951)	1,040,709
	<b>5,389,361</b>	<b>3,702,003</b>	<b>1,826,614</b>	<b>3,025,221</b>

**Other transactions with related parties**

	<b>1 January 30 June 2021</b>	<b>1 January 30 June 2020</b>	<b>1 April 30 June 2021</b>	<b>1 April 30 June 2020</b>
Cimsa Sabancı Cement BV(*)	334,798,007	-	334,798,007	-
	<b>334,798,007</b>	<b>-</b>	<b>334,798,007</b>	<b>-</b>

**Purchases and services received from related parties**

	<b>1 January- 30 June 2021</b>	<b>1 January- 30 June 2020</b>	<b>1 April- 30 June 2021</b>	<b>1 April- 30 June 2020</b>
Enerjisa Enerji A.Ş. <sup>(1)</sup>	173,466,573	130,766,626	98,164,414	66,425,021
Akçansa Çimento Sanayi ve Ticaret A.Ş. <sup>(1)</sup>	18,649,850	56,265	11,368,510	43,335
Aksigorta A.Ş.	12,377,631	9,506,401	46,057	94,513
Sabancı Dx	3,739,709	4,840,986	1,707,351	2,737,155
Ak Finansal Kiralama	947,050	378,820	378,820	-
Ak Yatırım	463,449	43,446	-	-
AgeSa Hayat ve Emeklilik A.Ş. <sup>(1)</sup>	357,642	376,981	22,607	(770,960)
Teknosa	131,911	21,958	81,726	14,355
Hacı Ömer Sabancı Holding. A.Ş. <sup>(1)</sup>	225,437	478,933	225,437	478,933
Other	923,636	145,936	810,044	(87,292)
	<b>211,282,888</b>	<b>146,616,352</b>	<b>112,804,966</b>	<b>68,935,060</b>

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

(\*) Transaction price of disposal of subsidiaries

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**

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

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

**Interest income from related parties**

	<u>1 January - 30 June 2021</u>	<u>1 January - 30 June 2020</u>	<u>1 April - 30 June 2021</u>	<u>1 April - 30 June 2020</u>
Akbank T.A.Ş. (1)	2,344,417	9,109,848	1,252,013	4,419,930
	<u>2,344,417</u>	<u>9,109,848</u>	<u>1,252,013</u>	<u>4,419,930</u>

**Interest expense from related parties**

	<u>1 January - 30 June 2021</u>	<u>1 January - 30 June 2020</u>	<u>1 April - 30 June 2021</u>	<u>1 April - 30 June 2020</u>
Akbank T.A.Ş. (1)	(1,807,278)	(23,805,889)	(859,724)	(12,749,810)
	<u>(1,807,278)</u>	<u>(23,805,889)</u>	<u>(859,724)</u>	<u>(12,749,810)</u>

**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 TRY9,677,455 (30 June 2020: TRY7,941,151). The contributions paid to Social Security Institution are TRY582,578 (30 June 2020: TRY494,093).

(1) Subsidiary of the parent company; Hacı Ömer Sabancı Holding A.Ş.

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

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021**

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

**31. FOREIGN CURRENCY RISK**

As of 30 June 2021 and 31 December 2020, the Group's foreign currency position in terms of the original currency is as follows:

	30 June 2021				31 December 2020			
	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	392,451,862	33,777,581	9,086,765	351,619	242,908,920	27,290,899	4,671,117	50,597
Monetary financial assets	427,657,165	43,040,955	5,060,883	43,502	500,260,531	14,231,015	43,899,023	36,178
Other	24,499,730	2,178,223	528,505	5,001	69,293,674	1,819,395	6,209,928	-
<b>Current Assets</b>	<b>844,608,757</b>	<b>78,996,759</b>	<b>14,676,153</b>	<b>400,122</b>	<b>812,463,125</b>	<b>43,341,309</b>	<b>54,780,068</b>	<b>86,775</b>
<b>TOTAL ASSETS</b>	<b>844,608,757</b>	<b>78,996,759</b>	<b>14,676,153</b>	<b>400,122</b>	<b>812,463,125</b>	<b>43,341,309</b>	<b>54,780,068</b>	<b>86,775</b>
Trade payables	(166,636,695)	(17,150,005)	(1,585,949)	(75,194)	(155,804,474)	(16,885,626)	(3,394,527)	(128,520)
Financial liabilities	(670,661,409)	-	(64,707,551)	-	(802,216,183)	(6,103,333)	(84,083,378)	-
Other	(18,450,384)	(213,221)	(1,597,973)	(2,664)	(19,059,683)	(374,187)	(1,808,021)	(2,664)
<b>Short Term Liabilities</b>	<b>(855,748,488)</b>	<b>(17,363,226)</b>	<b>(67,891,473)</b>	<b>(77,858)</b>	<b>(977,080,340)</b>	<b>(23,363,147)</b>	<b>(89,285,926)</b>	<b>(131,184)</b>
<b>TOTAL LIABILITIES</b>	<b>(855,748,488)</b>	<b>(17,363,226)</b>	<b>(67,891,473)</b>	<b>(77,858)</b>	<b>(977,080,340)</b>	<b>(23,363,147)</b>	<b>(89,285,926)</b>	<b>(131,184)</b>
<b>Net foreign currency asset liability position</b>	<b>(11,139,731)</b>	<b>61,633,532</b>	<b>(53,215,319)</b>	<b>322,264</b>	<b>(164,617,214)</b>	<b>19,978,162</b>	<b>(34,505,859)</b>	<b>(44,409)</b>
<b>Off balance sheet derivative financial instruments asset/liability position</b>	<b>461,281,235</b>	<b>-</b>	<b>44,505,884</b>	<b>-</b>	<b>189,759,042</b>	<b>6,000,000</b>	<b>16,176,472</b>	<b>-</b>
<b>Net foreign currency asset/liability position for monetary items</b>	<b>450,141,504</b>	<b>61,633,532</b>	<b>(8,709,435)</b>	<b>322,264</b>	<b>25,141,828</b>	<b>25,978,162</b>	<b>(18,329,387)</b>	<b>(44,409)</b>
Export	1,050,915,041	82,863,793	39,310,977	1,147,190	1,151,063,076	104,063,391	51,542,851	1,275,212
Import	165,154,703	18,862,547	1,435,488	92,987	186,349,605	25,606,678	939,617	-

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.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD**  
**ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

**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	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
<b>30 June 2021</b>				
1- USD net assets/liabilities	53,653,223	(53,653,223)	53,653,223	(53,653,223)
2- Hedged portion of USD risk (-)	-	-	-	-
3- USD net effect (1+2)	53,653,223	(53,653,223)	53,653,223	(53,653,223)
4- Net EUR assets/liabilities	(55,155,018)	55,155,018	(55,155,018)	55,155,018
5- Hedged portion of EUR risk (-)	10,059,663	(10,059,663)	46,128,123	(46,128,123)
6- EUR net effect (4+6)	(45,095,355)	45,095,355	(9,026,895)	9,026,895
7- Net GBP assets/liabilities	387,822	(387,822)	387,822	(387,822)
8- Hedged portion of GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	387,822	(387,822)	387,822	(387,822)
<b>TOTAL (3+6+9)</b>	<b>8,945,690</b>	<b>(8,945,690)</b>	<b>45,014,150</b>	<b>(45,014,150)</b>

	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
<b>31 December 2020</b>				
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
<b>TOTAL (3+6+9)</b>	<b>2,514,182</b>	<b>(2,514,182)</b>	<b>2,514,182</b>	<b>(2,514,182)</b>

*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.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE**  
**PERIOD ENDED 30 JUNE 2021**  
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

**32. FINANCIAL INSTRUMENTS FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES**

**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.

	<u>30 June 2021</u>	<u>31 December</u>
Fair value difference reflects other comprehensive income/loss derivative financial assets and liabilities (*)	(42,390,330)	(55,091,713)
Total	<u><b>(42,390,330)</b></u>	<u><b>(55,091,713)</b></u>
	<u>30 June 2021</u>	<u>31 December</u>
Fair value difference reflects over income/loss financial	42,008,524	53,495,548
Total	<u><b>42,008,524</b></u>	<u><b>53,495,548</b></u>

(\*) 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 30 June 2021, the revaluation amount of the Group's hedged transactions is EUR9,705,884 (2020: EUR16,176,472), which is presented in the consolidated statement of financial position as "Derivative financial assets" and "Equity".

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)  
**ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE**  
**PERIOD ENDED 30 JUNE 2021**

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

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

**Fair value of financial instruments (Continued)**

*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.

**33. SUBSEQUENT EVENTS**

The closing procedures regarding the acquisition of the Buñol White Cement Plant, which was mentioned in our special circumstances disclosure dated 20 March 2019, 29 March 2019, 1 October 2020 and 22 June 2021, have been completed. The plant was purchased by Cimsa Cementos Espana S.A.U, a 100% subsidiary of Cimsa Sabanci Cement BV, of which the Group has shares of 40%, on 9 July 2021 for a purchase consideration of USD155,200,905 with the corrections made in accordance with the contract.