(Convenience translation into English of the independent auditors' report and consolidated financial statements originally issued in Turkish – See Note 31)

Batıçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its subsidiaries

Consolidated financial statements for the period between January 1 - December 31, 2020 and independent auditors' report

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

Batıçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

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(Convenience translation of the independent auditors' report originally issued in Turkish)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Batıçim Batı Anadolu Çimento Sanayii Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

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

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

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards ("IAS") which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

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

Building a better working world

(Convenience translation of the independent auditors' report originally issued in Turkish)

Key audit matters	How the key audit matter addressed in the Auditor's response
Recognition of deferred tax assets	
According to Turkish tax legislation, tax losses shown in the tax return can be deducted from the period corporate income for not more than 5 years. As of December 31, 2020, the Group has accumulated tax losses carry forward balance amounting to TL 826.500.974. The Group benefits from a reduction in corporate tax calculation due to the cash capital increase in paid or issued capital amounts. As indicated Note 25, as of December 31, 2020, the Group has TL 25.937.643 deferred tax asset calculated over carry forward taxable losses, deferred tax assets amounting to TL 32.504.430 calculated based on cash capital increase incentive and other deferred tax assets arising from other taxable temporary differences. Partially or fully recoverable amount of deferred tax asset which is calculated recognized has been estimated by Group management according to assumptions in the current conditions. Business plans for the future, the loss amounts incurred in previous years and the expiration dates of unused losses are taken in the consideration during the assessment. There is an uncertainty about the estimation of taxable profit in the future supporting to which extent the deferred tax will be recognized. For this reason, matter is considered as key audit matter. Explanations on deferred tax assets are made in Note 25.	During our audit, we have inquired management evaluation about recoverability of tax assets by examining business plans in the future and expire date of carry forward taxable losses. During evaluation phase, profit projections, current year profit or losses, expiry date of carry forward losses and other tax assets have been taken into consideration. In order to investigate deferred tax effect of unused tax losses, tax experts from another entity that is a part of the same audit network have been incorporated and the measurement of the related deferred tax assets has been submitted for consideration and investigation of tax experts. In addition, the compliance of the disclosures in the notes to the financial statements in accordance with TAS 12 were also evaluated.

(Convenience translation of the independent auditors' report originally issued in Turkish)

4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and IAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and IAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability

(Convenience translation of the independent auditors' report originally issued in Turkish)

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

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

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

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

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

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

(Convenience translation of the independent auditors' report originally issued in Turkish)

B) Report on Other Legal and Regulatory Requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on March 11, 2021

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2020 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

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

The name of the engagement partner who supervised and concluded this audit is Mehmet Başol Çengel.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Mehmet Başol Çengel, SMMM
Partner

March 11, 2021
İzmir, Turkey

Batıçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

Consolidated statement of financial position
as at December 31, 2020
(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

	Notes	Current year Audited December 31, 2020	Previous year Audited December 31, 2019
Assets			
Current assets			
Cash and cash equivalents	4	**112.394.733**	80.557.840
Trade receivables			
Trade receivables from third parties	8	**216.151.542**	146.835.007
Other receivables			
- Other receivables from third parties	9	**11.473.686**	8.790.572
Inventories	10	**182.289.478**	163.777.547
Prepaid expenses	11	**16.024.870**	2.308.529
Current tax asset	25	**537.457**	339.656
Other current asset	16	**67.181.105**	52.675.299
Total current assets		**606.052.871**	455.284.450
Non-current assets classified for sale	12	**11.030.000**	11.030.000
Total current assets		**617.082.871**	466.314.450
Non-current assets			
Financial investment	5	**10.000**	10.000
Other receivables			
- Other receivables from third parties	9	**783.733**	844.059
Property, plant and equipment	12	**1.665.971.173**	1.730.103.700
Right-of-use assets	13	**6.949.936**	2.837.370
Intangible assets	13	**141.315.083**	145.099.624
Prepaid expenses	11	**6.485.229**	5.689.472
Deferred income tax assets	25	**83.222.395**	74.746.908
Other non-current assets	16	**15.375.645**	4.285.449
Total non-current assets		**1.920.113.194**	1.963.616.582
Total asset		**2.537.196.065**	2.429.931.032

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

Batıçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

Consolidated statement of financial position as at December 31, 2020
(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

	Note	Current year Audited December 31, 2020	Previous year Audited December 31, 2019
Liabilities			
Current liabilities			
Short term bank borrowings	6	**608.032.882**	307.400.042
Current portion of long-term bank borrowings	6	**204.994.551**	170.251.146
Trade payables			
- Trade payables to third parties	8	**314.206.960**	148.460.502
Liabilities for employee benefits	15	**7.352.882**	7.781.378
Other payables			
- Other payables to third parties	9	**2.053.603**	1.860.359
Deferred income	11	**22.789.086**	4.881.438
Current tax liabilities	25	**2.517.533**	1.291.439
Short-term provisions			
- Other short-term provisions	14	**306.915**	302.607
Other short-term liabilities	16	**6.742.476**	5.077.524
Total current liabilities		**1.168.996.888**	647.306.435
Non-current liabilities			
Long-term financial liabilities	6	**947.672.547**	949.281.875
Deferred incomes		**-**	110.457
Long-term provisions			
- Provisions for long-term employee benefits	15	**42.744.093**	38.880.448
- Other long-term provisions	14	**11.993.705**	10.232.161
Deferred tax liabilities	25	**31.335.021**	31.762.487
Total non-current liabilities		**1.033.745.366**	1.030.267.428
Total liabilities		**2.202.742.254**	1.677.573.863
Equity			
Share capital	17	**180.000.000**	180.000.000
Adjustment to share capital	17	**118.749.217**	118.749.217
Treasury shares		**(147.065)**	(147.065)
Reciprocal interests		**(33.042.438)**	(33.042.438)
Share Premium		**414.213**	414.213
Other comprehensive income / expense not to be reclassified to profit or loss			
Revaluation surplus			
- Revaluation surplus for tangible assets	17	**335.522.871**	337.123.974
-Gain/(loss) on remeasurement of defined benefit plans	17	**(5.667.147)**	(3.469.709)
Restricted reserves appropriated from profit		**44.789.051**	44.789.051
Prior year's profit or loss		**31.299.402**	211.572.176
Net profit or loss for the period		**(327.011.521)**	(181.873.877)
Equity holders of the parent		**344.906.583**	674.115.542
Non-controlling interests		**(10.452.772)**	78.241.627
Total equity		**334.453.811**	752.357.169
Total liabilities and equity		**2.537.196.065**	2.429.931.032

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

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

Batıçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

Consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2020

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

		Current year	Previous year
		Audited	Audited
Profit or loss section	**Notes**	**December 31, 2020**	December 31 2019
Revenue	18	**1.160.528.594**	783.591.810
Cost of sales	18	**(989.336.378)**	(753.641.563)
Gross profit (loss) arising from trading segment		**171.192.216**	29.950.247
Gross profit (loss)		**171.192.216**	29.950.247
General administrative expenses	19	**(49.100.486)**	(50.446.029)
Marketing expenses	19	**(115.220.983)**	(61.753.485)
Other income from operating activities	21	**87.577.148**	58.639.395
Other expenses from operating activities	21	**(54.371.145)**	(60.502.057)
Operating profit(loss)		**40.076.750**	(84.111.929)
Income from investing activities	22	**8.320.271**	7.190.771
Expense from investing activities	22	**-**	(20.000)
Operating profit (loss) before finance income(expense)		**48.397.021**	(76.941.158)
Finance income	23	**16.244.407**	11.496.651
Finance expenses	24	**(481.239.444)**	(180.602.338)
Profit(loss) before tax from continuing operations		**(416.598.016)**	(246.046.845)
Profit(loss) before tax from continuing operations			
Current tax(expense) income	25	**(6.984.631)**	(5.524.965)
Deferred tax(expense) income	25	**8.258.220**	19.341.248
Profit(loss) for the year from continuing operations		**(415.324.427)**	(232.230.562)
Profit (loss) for the attributable to			
Non-controlling interest		**(88.312.906)**	(50.356.685)
Equity holders of the parent		**(327.011.521)**	(181.873.877)
Earnings per share	26	**(1,8167)**	(1,0104)
Other comprehensive income / (loss) section		**(2.578.931)**	(3.474.870)
Other comprehensive income / (loss) not to be reclassified to profit or loss			
- Gain(loss) on remeasurement of defined benefit plans	15	**(3.223.664)**	(4.343.588)
- Gain(loss) on remeasurement of defined benefit plans, tax effect	25	**644.733**	868.718
Other comprehensive ıncome(expense)		**(2.578.931)**	(3.474.870)
Total comprehensive ıncome(expense)		**(417.903.358)**	(235.705.432)
Total comprehensive income attributable to			
Non-controlling interest		**(88.694.399)**	(50.677.163)
Equity holders of the parent		**(329.208.959)**	(185.028.269)

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

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

Batıçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

Consolidated statement of changes in equity
for the year ended December 31, 2020
(Currency – In Turkish Lira (“TL”), unless otherwise indicated)

						Accumulated other comprehensive income or loss that will not be reclassified subsequently to profit or loss			Accumulated profits				
	Share Capital	Adjustment to Share Capital	Treasury shares	Reciprocal interests	Premiums for share	Revaluation gain (loss) of tangible assets	Gain/(Loss) on measurement defined benefit plans	Restricted reserves	Retained earnings	Net profit (loss) for the period	Equity attributable to owners of the company	Non-controlling interests	Total equity
Balance as of January 1 2019	180.000.000	118.749.217	(147.065)	(33.042.438)	414.213	341.386.870	(315.317)	44.789.051	220.887.869	(13.578.589)	859.143.811	128.918.790	988.062.601
Transfers	-	-	-	-	-	-	-	-	(13.578.589)	13.578.589	-	-	-
Total comprehensive income (loss)	-	-	-	-	-	-	(3.154.392)	-	-	(181.873.877)	(185.028.269)	(50.677.163)	(235.705.432)
- Net profit (loss) for the period	-	-	-	-	-	-	-	-	-	(181.873.877)	(181.873.877)	(50.356.685)	(232.230.562)
- Other comprehensive income (loss)	-	-	-	-	-		(3.154.392)	-	-	-	(3.154.392)	(320.478)	(3.474.870)
Increase (decrease) due to other changes	-	-	-	-	-	(4.262.896)	-	-	4.262.896	-	-	-	-
Balance as of December 31, 2019	180.000.000	118.749.217	(147.065)	(33.042.438)	414.213	337.123.974	(3.469.709)	44.789.051	211.572.176	(181.873.877)	674.115.542	78.241.627	752.357.169
Balance as of January 1 2020	**180.000.000**	**118.749.217**	**(147.065)**	**(33.042.438)**	**414.213**	**337.123.974**	**(3.469.709)**	**44.789.051**	**211.572.176**	**(181.873.877)**	**674.115.542**	**78.241.627**	**752.357.169**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(181.873.877)**	**181.873.877**	**-**	**-**	**-**
Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**(2.197.438)**	**-**	**-**	**(327.011.521)**	**(329.208.959)**	**(88.694.399)**	**(417.903.358)**
- Net profit (loss) for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(327.011.521)**	**(327.011.521)**	**(88.312.906)**	**(415.324.427)**
- Other comprehensive income (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**(2.197.438)**	**-**	**-**	**-**	**(2.197.438)**	**(381.493)**	**(2.578.931)**
Increase (decrease) due to other changes (Note17)	**-**	**-**	**-**	**-**	**-**	**(1.601.103)**	**-**	**-**	**1.601.103**	**-**	**-**	**-**	**-**
Balance as of December 31, 2020	**180.000.000**	**118.749.217**	**(147.065)**	**(33.042.438)**	**414.213**	**335.522.871**	**(5.667.147)**	**44.789.051**	**31.299.402**	**(327.011.521)**	**344.906.583**	**(10.452.772)**	**334.453.811**

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

Batıçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

Consolidated statement of cash flows
for the year ended December 31, 2020
(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

	Notes	Current Period Audited January 1- December 31, 2020	Previous year Audited January 1 - December 31, 2019
A. Cash flow from operating activities, net		**171.362.369**	(112.200.325)
Net profit (loss)			
Net profit (loss) for the year from continued operations(I)		**(415.324.427)**	(232.230.562)
Net profit (loss) for the year from discontinued operations(II)		**540.103.478**	218.042.894
Adjustment related to allowance for receivable	12,13	**84.791.669**	84.426.021
Adjustments related with impairment (reversal)			
- Adjustment related to allowance for trade receivable	8	**(23.664)**	(1.273)
- Adjustments related to inventory (reversal) impairment	10	**(12.962.675)**	14.311.015
Adjustments related with provisions			
- Adjustment related to employment benefits	15	**8.343.370**	7.735.494
- Adjustment related to legal provisions	14	**4.308**	(1.838.379)
- Adjustment related to other provisions	14	**1.761.544**	1.223.715
Adjustments related to interest income(expense)			
- Adjustment related to interest income	22	**(2.947.156)**	(2.234.009)
- Adjustment related to interest expense	24	**117.644.629**	78.995.226
- Deferred finance expense due to forward purchase	21	**(16.596.234)**	(22.664.644)
- Unearned finance income due to forward sales	21	**19.160.944**	23.699.439
Adjustment related to unrealized foreign exchange differences		**347.573.447**	52.890.034
Adjustments related to change in fair value (gain) loss			
- Adjustment related to fair value of derivative instrument loss(gain)	27	**-**	253.300
Adjustment to tax (income) expense	25	**(1.273.589)**	(13.816.283)
Adjustments related to loss (gain) arising from sale of fixed assets			
- Adjustment related to loss(gain) on disposal of non-current assets	22	**(5.373.115)**	(4.936.762)
Changes in working capital (III)		**60.243.045**	(83.637.231)
Adjustments related to decrease (increase) in trade receivables		**(88.453.816)**	44.315.411
Adjustments for (increase)/decrease in inventories		**(15.129.335)**	(50.142.262)
Increase (decrease) prepaid expenses		**(14.512.097)**	695.411
Adjustments related to increase (decrease) in trade payables		**182.342.692**	(55.302.372)
Adjustments related to provisions (reversal) of employee benefits		**(428.496)**	2.010.150
Adjustments related to increase (decrease) in other payables			
- Adjustments related to the increase (decrease) in other payables from third parties		**193.244**	100.046
Other adjustments related to increase (decrease) in working capital			
- Decrease (increase) in other assets from operations		**(23.429.091)**	(15.367.641)
- Increase (decrease) in other liabilities from operations		**19.659.944**	(9.945.974)
Cash flows used in operations (I+II+III)		**185.022.096**	(97.824.899)
Employee termination benefits paid	15	**(7.703.389)**	(4.453.277)
Taxes refunded (paid)	25	**(5.956.338)**	(9.922.149)
B. Cash flows from investing activities, net		**(1.413.440)**	(24.672.922)
Proceeds from sales of property, plant and equipment and intangible assets			
- Proceeds from disposal of property, plant and equipment		**7.488.216**	2.555.075
Purchase of property, plant and equipment and intangible assets			
- Payments for acquisition of property, plant and equipment	12	**(11.802.476)**	(32.089.272)
- Payments for acquisition of intangible assets	13	**(46.336)**	(13.490)
Cash advances given and liabilities			
- Other cash advances given and liabilities	11	**-**	2.640.756
Interest received	22	**2.947.156**	2.234.009
C. Cash flow from financing activities		**(138.112.036)**	203.779.803
Cash inflows from borrowings			
- Proceeds from borrowings		**751.868.377**	651.528.473
Cash outflows on repayment of borrowings			
- Cash outflows on repayment of borrowings		**(711.113.326)**	(368.753.444)
Interest paid		**(178.867.087)**	(78.995.226)
Net increase (decrease) in cash and cash equivalents (A+B+C)		**31.836.893**	66.906.556
D. Cash and cash equivalents at the beginning of the period	4	**80.557.840**	13.651.284
Cash and cash equivalents at the end of the period (A+B+C+D)	4	**112.394.733**	80.557.840

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

1. The Group's organization and nature of operations (continued)

Batıçim Batı Anadolu Çimento Sanayii A.Ş. ("Company" or "Batıçim") was established in accordance with the Turkish Trade Law in 1966 in İzmir, Turkey.

The Group headquarters is located at Ankara Caddesi No: 335 Bornova, İzmir. The principle place of business is at the same address.

The Group is registered under the Capital Markets Board ("CMB") and since 1995 its stocks are traded, in Borsa İstanbul ("BIST").

The Group's shareholder structure at historical basis is as below:

	December 31, 2020		December 31, 2019	
Shareholders	**Share (%)**	**Amount (TL)**	Share (%)	Amount (TL)
Çimko Çimento ve Beton Sanayi Ticaret A.Ş.	**24,21**	**43.572.337**	24,21	43.572.230
Fatma Gülgün Ünal	**9,98**	**17.955.966**	9,98	17.955.966
Sülün İlkin	**8,19**	**14.750.524**	8,19	14.750.524
Yıldız İzmiroğlu	**8,17**	**14.708.850**	8,17	14.708.850
Belgin Egeli	**7,64**	**13.753.764**	7,64	13.753.764
Fatma Meltem Günel	**6,63**	**11.925.921**	6,63	11.925.921
Mehmet Mustafa Bükey	**5,85**	**10.525.673**	5,85	10.525.673
Other	**29,33**	**52.806.965**	29,33	52.807.072
Nominal share capital	**100,00**	**180.000.000**	100,00	180.000.000

The Board members of the Company are as follows:

Chairman : Mehmet Mustafa Bükey
Deputy of Chairman and Authorized Member : Mehmet Bülent Egeli
Member : Tufan Ünal
Member : Fatma Meltem Günel
Member : Sülün İlkin
Official Member : Dr. Necip Terzibaşıoğlu
Member : Feyyaz Ünal
Member : Kemal Grebene
Member : Begüm Egeli Bursalıgil
Member : Şükrü Serdar Bağcıoğlu
Member : Mustafa Teoman Gürgan

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

1. The Group's organization and nature of operations (continued)

As of December 31, 2020 the information related to the company's subsidiaries is as follows:

Subsidiaries	Stock Exchange Market	Types of Activities	Main Business Activities
Batısöke Söke Çimento Sanayii T.A.Ş. ("Batısöke")	Borsa İstanbul	Production	Production and sale of clinker and cement
ASH Plus Yapı Malzemeleri Sanayi ve Ticaret A.Ş. ("ASH Plus")	-	Production	Ash production and sale
Batıçim Enerji Elektrik Üretim A.Ş. ("Batıçim Enerji")	-	Production	Electricity production and sale
Batıbeton Sanayi A.Ş. ("Batıbeton")	-	Production	Ready-mixed concrete production and sale
Batıliman Liman İşletmeleri A.Ş. ("Batıliman")	-	Operation	Port management
Batıçim Enerji Toptan Satış A.Ş. ("Batıçim Enerji Toptan")	-	Sales and Distribution	Sales and distribution

Partial division of the Company's ready-mixed concrete enterprise, Batıbeton Sanayi A.Ş., with the "subsidiary model" in facilitated method and partial division of the Company's port facility with the "subsidiary model" of Batıliman Liman İşletmeleri A.Ş. Was approved by the General Assembly Meeting held on 28 December 2015. Partial division of transactions made in light of the decisions taken at the Extraordinary General Assembly Meeting of the Company was registered by İzmir Trade Registry Directorate on 31 December 2015.

According to this; Partial division procedures approved by the General Assembly have been completed. and Batıliman Liman İşletmeleri A.Ş. It is established as a 100% subsidiary of the Company.

It is engaged in the production and marketing of cement, ready mixed concrete, aggregate, clinker, port operation, electricity generation and sales activities of the Company and the subsidiaries explained above (together the "Group").

The number of employees are categorized as follows:

	December 31, 2020	December 31, 2019
Executive	**31**	34
Officer	**156**	176
Worker	**758**	803
	945	1.013

2. Presentation of the financial statements

2.1 Basis of presentation

The Company and its subsidiaries keeps its legal books and prepares their statutory financial statements in accordance with Article 6102 of the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

The consolidated financial statements of the Group have been prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") that are set out in 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") on 13 June 2013 and published in Official Gazette numbered 28676. TAS/TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

In accordance with article 5th of the CMB Reporting Standards, companies should apply Turkish Accounting Standards / Turkish Financial Reporting Standards and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA").

The accompanying consolidated financial statements are presented in accordance with the principles the application of which is required by the announcement published in the weekly bulletin dated 7 June 2013 no 2013/19 of the CMB.

Consolidated financial statements are prepared on the basis of historical cost except for the derivative financial instruments measured at fair value and lands, land improvements and buildings measured at fair value in accordance with TAS 16 revaluation model.

Functional and reporting currency

The Group determines the currency (functional currency) of the primary economic environment in which the entity operates in accordance with the TAS 21 Currency Exchange Transactions in preparation of its consolidated financial statements and prepares its financial statements in that currency. The results and financial position are expressed in TL, which is the functional currency of the Company, and the presentation currency for the financial statements

Going concern basis

As of December 31, 2020, the accumulated losses of the Group is amounting to TL 334.453.811 including current period loss amounting to TL 415.324.427 and the current liabilities exceeded current assets by TL 551.914.017 as of the same date. The accumulated losses of the Batısöke Söke Çimento Sanayii T.A.Ş, which is a subsidiary of the Group, including current period loss which is TL 348.458.900 as of December 31, 2020 and the current liabilities exceeded current assets by TL 372.787.209 as of the same date. Since this situation falls into the scope of article 376 of the Turkish Commercial Code which deals with situations in which accumulated losses exceed two third of sum of share capital and legal reserves, pursuant to Article 6 of the Communiqué Amending the Communiqué Regarding the Application of Article 376 of the Turkish Commercial Code numbered 6102, published in the Official Gazette on December 26, 2020, in the calculations regarding capital loss or being insolvent, If all the exchange rate losses arising from currency liabilities and half of the total of the depreciation and personnel expenses for the current period are taken into account, it is observed that the company's equity is approximately 423 million TL and therefore it is not included in the scope of insolvency. The plans and measures of the company management regarding this situation are given below.

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

2. Presentation of the financial statements (continued)

Batısöke plans to increase the amount of production, to reduce the fuel costs together with the energy efficiency that will be used in this facility, to increase the performance of the facility, thereby improving gross profitability and cash flows. In addition, as the main shareholder of the Company, Batıçim is considering providing financial support to the Company at the required level so that loan repayments can be made on due date. In addition Batıçim declared in his support letter dated 01 March 2021 that Batıçim will support the Company in carrying out its activities for at least one year from 31 December 2020.

Batısöke Management has prepared an action plan for strengthening the financial structure and fulfilling its existing commercial and non-commercial liabilities. According to this plan, measures to increase income and to diversify, as well as to reduce costs, have been planned and have been partially implemented as of the publication date of these financial statements.

Batısöke's plans and precautions regarding this situation are given below.

1) Batısöke's registered capital ceiling was increased to TL 800.000.000.
2) Foreign sales increased by approximately 135% in the current period, including the positive effects of the increase in sales prices and exchange rates, and efforts are continuing to increase export sales. Accordingly, low-cost export credit from Eximbank continues to be used within the limits, and financing costs continue to be kept at lower levels.
3) Batısöke Management carries out plans and studies for restructuring short and medium term loans through refinancing. Within the framework of these efforts, Batısöke aims to relieve cash flow and minimize the exchange rate risk by extending its loans to a longer term.
4) Batısöke Management aims to minimize the working capital requirement by working towards extending the maturity of trade payables and narrowing the maturity of trade receivables.
5) Batısöke Management reviews its salable assets and carries out plans and studies regarding asset sales.

In accordance with the assessment explained above, The Group has prepared its consolidated financial statements as of December 31, 2020 in accordance with going concern assumption.

Approval of the financial statements:

Financial statements were approved by the Board of Directors on March 11, 2021. The General Assembly and related legal entities have the right to amend the financial statements prepared in accordance with legal regulations and these financial statements.

Basis of consolidation

Details of the Company's subsidiaries as of December 31, 2020 and 2019 are as follows:

		December 31, 2020		December 31, 2019	
Subsidiary	Establishment and operation location	**Direct proportional ownership %**	**Indirect proportional ownership %**	Direct proportional ownership %	Indirect proportional ownership %
Batısöke	Aydın, Türkiye	**74,62%**	**74,66%**	74,62%	74,66%
ASH Plus	Manisa, Türkiye	**100%**	**100%**	100%	100%
Batıçim Enerji	İzmir, Türkiye	**69,98%**	**92,38%**	69,98%	92,38%
Batıçim Enerji Toptan	İzmir, Türkiye	**-**	**92,38%**	-	92,38%
Batıbeton	İzmir, Türkiye	**100%**	**100%**	100%	100%
Batıliman	İzmir, Türkiye	**100%**	**100%**	100%	100%

2. Presentation of the financial statements (continued)

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiary. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary ceases when the Company has control over the subsidiary and loses control. Income and expenses of subsidiaries purchased or disposed of during the year are included in consolidated profit or loss and other comprehensive income statement until the date of elimination from the date of purchase.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

1.2 Changes in Turkey Financial Reporting Standards

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2020. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs

2. Presentation of the financial statements (continued

i) The new standards, amendments and interpretations which are effective as at January 1, 2020 are as follows

Definition of a Business (Amendments to TFRS 3)

In May 2019, the POA issued amendments to the definition of a business in TFRS 3 Business Combinations standards. The amendments are intended to assist entities to remove the assessment regarding the definition of business.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to TFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to TFRS 9, TAS 39 and TFRS 7- Interest Rate Benchmark Reform

The amendments issued to TFRS 9 and TAS 39 which are effective for periods beginning on or after January 1, 2020 provide reliefs which enable hedge accounting to continue. For these reliefs, it is assumed that the benchmark on which the cash flows of hedged risk or item are based and/or, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. in connection with interest rate benchmark reform.

Reliefs used as a result of amendments in TFRS 9 and TAS 39 is aimed to be disclosed in financial statements based on the amendments made in TFRS 7. The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

Definition of Material (Amendments to TAS 1 and TAS 8)

In June 2019, the POA issued amendments to TAS 1 Presentation of Financial Statements and TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to TAS 1 and TAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted. The amendments did not have a significant impact on the financial position or performance of the Group.

2. Presentation of the financial statements (continued)

Amendments to TFRS 16 – Covid-19 Rent Related Concessions

In June 5, 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments related rent concession the same way it would account for the change under the standard, if the change were not a lease modification.
The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021
- There is no substantive change to other terms and conditions of the lease.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Early application of the amendments is permitted. The amendments did not have a significant impact on the financial position or performance of the Group.

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

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

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

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

TFRS 17 - The new Standard for insurance contracts

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

On March 12, 2020, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting

2. Presentation of the financial statements (continued)

Estimates and Errors. Early application is permitted. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (March 2018). The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TAS 16 – Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. There is no transition relief for the first time adopters. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings. The amendments are effective for periods beginning on or after 1 January 2021.Earlier application is permitted and must be disclosed.

2. Presentation of the financial statements (continued)

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.

- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.

- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.

- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.

- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as;
How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods. The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

2. Presentation of the financial statements (continued)

Annual Improvements – 2018–2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- TFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.

- TFRS 9 Financial Instruments - Fees in the "10 per cent test" for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.

- TAS 41 Agriculture - Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all. The Group is in the process of assessing the impact of the amendments / improvements on financial position or performance of the Group.

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

Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements. The amendments issued to IAS 1 which are effective for periods beginning on or after 1 January 2022, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

2.3 Comparative information and restatement of previous year financial statements

In order to allow for the determination of financial situation and performance trends, the Company's financial statements have been presented comparatively with the previous year. For the purpose of having consistency with the current term's presentation of consolidated financial statements, comparative data is reclassified and significant differences are explained if necessary.

2.4 Restatement and errors in the accounting policies and estimates

Accounting policy changes resulting from the first application of a new standard, if any, are applied retrospectively or prospectively, in accordance with the transitional provisions. Changes without any transitional provisions, optional changes in accounting policy or accounting errors detected are applied retrospectively and prior period financial statements are restated.

If the changes in accounting estimates are for only one period, they are applied prospectively both in the current period when the change is made and in the future periods if the change is made. Significant accounting errors are applied retrospectively and prior period financial statements are restated.

2. Presentation of the financial statements (continued)

2.5 Summary of significant accounting policies

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Net sales is reduced for estimated or realized customer returns, discounts, commissions, rebates, and taxes related to sales.

Sale of goods

Revenue, goods or services related to performance obligations in the form of goods or service turnover are accounted for as they fulfill their performance obligations by transferring them to their customers. In the sale of property, when the control of the asset is received by the customers, the asset is transferred and revenue is recognized. This usually happens when the asset is delivered to the customer. However, in cases where there is no alternative use for the Group and there is a legally enforceable right of collection on the payment to be made against the completed performance until that day, the Group transfers the control of the commodity over time and records the proceeds as time-consuming as production takes place. The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services

a) Ownership of the Group's right to collect goods or services,
b) the ownership of the property of the customer,
c) Transfer of the possession of the goods or services,
d) Ownership of significant risks and rewards arising from the ownership of the goods or services,
e) It takes into account the conditions for the customer to accept the goods or services.

At the beginning of the contract, the company evaluate whether the company has different performance commitments. The Company does not have an important service component identified in customer contracts.

The Company does not make any adjustments to the effect of an important financing component in the promised price at the beginning of the contract, if the period between the transfer date of the goods or service promised to the customer and the date when the customer pays the price of this goods or service will be one year or less. On the other hand, if there is an important financing element in the revenue, the revenue value is determined by reducing the future collections with the interest rate included in the financing element. The difference is recorded in the relevant periods as other income from the main activities on an accrual basis.

Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Revenue from time contracts is recognized at the contractual rates as labor hours are delivered and direct expenses are incurred.

Dividend and interest income

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

2. Presentation of the financial statements (continued)

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

Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

(a) A person or a close member of that person's family is related to a reporting entity if that person:

i. has control or joint control over the reporting entity,
ii. has significant influence over the reporting entity; or,
iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
iii. Both entities are joint ventures of the same third party.
iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
vi. The entity is controlled or jointly controlled by a person identified in (a).
vii. (A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. In the financial statements, the shareholders of the Company, the companies they own, their directors and other groups known to be related are defined as related companies. The senior executives of the Group are composed of the Chief Executive Officer and members.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on weighted average basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

2. Presentation of the financial statements (continued)

Right-of-use assets

Since the company chose the simplified retroactive approach from the transitional provisions of TFRS 16, it has been signed before January 1, 2020, the first implementation date of TFRS 16. takes the date as the starting date of the contract and accounts for it. The Company accounts for the right of use assets at the date of the start of the financial lease contract (for example, as of the date when the relevant asset is eligible for use), based on the contracts under TFRS 16 signed after January 1, 2020. The right of use assets are calculated by deducting the accumulated depreciation and impairment losses from the cost value. In case the financial leasing debts are revalued, this figure is corrected.

The cost of the right of use asset includes:

(a) the first measurement of the lease obligation,
(b) the amount obtained from all lease payments made before or before the lease actually started, by deducting all lease incentives received, and
(c) All initial costs incurred by the company.

Unless the transfer of the ownership of the underlying asset to the Company at the end of the lease is reasonably finalized, the Company depreciates its asset right to use until the end of the useful life of the underlying asset. The right to use assets consist of vehicles and are subject to impairment assessment.

Lease liabilities

The company measures the lease obligation at the present value of the lease payments, which were not paid on the date the lease actually began.

The lease payments included in the measurement of the lease obligation at the date of the lease actually consist of the following payments to be made for the right of use of the underlying asset during the lease period and not paid at the date when the lease actually started:

(a) Fixed payments;
(b) Variable rental payments based on an index or rate, made using an index or rate at the date when the first measurement was actually started,
(c) amounts expected to be paid by the Company within the scope of residual value commitments
(d) the price of use of this option if the Company is reasonably sure that it will use the purchase option; and
(e) If the rental period shows that the Company will use an option to terminate the lease, penalties for termination of the lease.

Variable lease payments that do not depend on an index or rate are recorded as expenses in the period when the event or condition that triggered the payment occurred. In case the revised discount rate and the implicit interest rate in the lease can be determined easily for the remainder of the company lease period, this rate is; In case it cannot be determined easily, the Company determines the alternative borrowing interest rate on the date of re-evaluation. The company used a 10% interest rate for lease contracts in euros. The company measures the lease obligation after the lease actually starts as follows:

(a) Increases the carrying amount to reflect the interest on the lease obligation, and
(b) Reduces the carrying value to reflect the rent payments made.

In addition, in the event that there is a change in lease duration, a change in substance of fixed lease payments or a change in the assessment of the option to purchase an underlying asset, the value of financial lease liabilities is re-measured.

2. Presentation of the financial statements (continued)

Non-current assets classified for sale

Fixed assets or asset groups that meet the classification criteria for sales purposes are measured by the lower of the carrying value and the lower the carrying value by deducting the sales costs from their fair value. Depreciation is not allocated over these assets.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any, after deducting the provision for impairment, except for land, land improvements and buildings, whose fair values are reflected in their revaluation model according to TAS 16.Cost value of tangible asset; the purchase price, the import tax, and the non-taxable taxes, are expenses incurred to make the tangible asset ready for use.

Land is not subject to depreciation. Properties in the course of construction for production, supply or administrative purposed are carried at cost, less any recognized impairment loss. Borrowing costs for the assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intenden use or sale. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

As of December 31, The Group made a decision of applying revaluation model for land and real estate and changing the the accounting policy prospectively within the scope of TFRS. Fair value of property, plant and equipment measured in accordance with the Group's revaluation model was lastly exercised by a real estate appraisal company licensed by the Capital Markets Board. The revenues measured in accordance with the revaluation model are shown by deducting the accumulated amortization from the fair values of the buildings and underground structures and buildings. The difference between the net book value determined after deducting the accumulated depreciation from the historical cost value and the fair value is followed up with the net deferred tax effect on the "Property, plant and equipment revaluation and measurement gains (losses)" account under equity.

Expenditures incurred after the property, plant and equipment have been put into the operation, such as repairs and maintenance and overhaul costs are normally charged to income in the period the costs are incurred. Expenditures are added to cost of assets if the expenditures provide economic added value for the future use of the related property, plant and equipment and are subject to depreciation over useful lives.

Costs of property, plant and equipment, except for land and construction in progress, are amortized on a straight-line basis over their expected useful lives. The estimated useful life, residual value and depreciation method are reviewed annually for the probable effects of changes in estimates and are recognized prospectively if there is a change in estimates.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the differecence between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

2. Presentation of the financial statements (continued)

The annual depreciation rates accordingly the estimated useful lives for tangible assets are as follows:

	Period (Year)
Land improvements	15-30
Buildings	10-50
Furniture and fixtures	2-20
Machinery and equipment	3-25
Motor vehicles	4-10
Other tangible fixed assets (mine assets)	10-30

Mining Assets

Mineral assets owned by the Group; rehabilitation and closure of the minefields. Mineral assets are recognized over the cost of acquisition, net of accumulated depreciation and impairment, if any, after the deduction of impairment. Mineral assets begin to be amortized with the start of production. Depreciation expenses of mining assets are related to production cost.

Mineral assets are subject to depreciation in the event that their capacity is ready for full use and their physical condition will meet the production capacity determined by the Company's management.

In the presence of indicators of impairment, mining assets are tested against impairment in accordance with TAS 36, by being grouped into the smallest independent cash generating units and by comparing their recoverable amount and their carrying value in the financial statements. For purposes of assessing impairment, mining assets are recognized on the basis of cash-generating units. Impairment exists if the mining asset's or the cash generating unit's (which the asset belongs) carrying amount is higher than the amount recoverable from its sale after all costs associated with usage and selling have been deducted. Losses arising from impairment of mining assets are recognized as expenses in the statement of comprehensive income. The impairment loss is reviewed at each reporting period and subsequent increases in the recoverable amount of the asset impaired can be reversed by less than the original impairment amount, if the increase in the recoverable amount is related to an event occurring during the subsequent period.

Cost of reclamation, rehabilitation and closure of mines comprise the provisioned amount for costs that are considered as highly probable to be incurred during the closure and rehabilitation of mines, discounted and recognized on the reporting date of the financial statements. These provisions are discounted at the reporting date with the discount rates, which are non-taxable and risk free rates for the future expected cash flows, taking into consideration the market interest rate and the risk associated with the liability. The calculations are reviewed at each reporting date. The changes arising from the changes in the management estimates used for the calculation of the provision related to the conditioning, rehabilitation and closure of mining areas, are recognized in the reclamation of mining areas, rehabilitation and closure costs. On the other hand in determining the costs related to the reclamation, rehabilitation and closure of mines the depreciation rate used is the lower of; the remaining economic life of the mine, or the quantity of the mined amount during the period divided by the reserves left in the mine at the end of the period. Based on the scope of existing programs to prevent environmental pollution and protection of the environment is reflected in the statement of comprehensive income as an expense in the period in which the costs are incurred.

2. Presentation of the financial statements (continued)

Intangible assets

Intangible assets consist of purchased computer software. The cost of the assets consists of the purchase price and the costs incurred during the purchase.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. These assets are amortized over their estimated useful lives using the straight-line method. The estimated useful life and the depreciation method, in order to determine the possible effects of changes in estimates are reviewed each year and changes in estimates are accounted for prospectively. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

The annual depreciation rates accordingly the estimated useful lives for intangible assets are as follows:

	Period (Year)
Rights	3-15
Assets subject to amortization	5

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2. Presentation of the financial statements (continued)

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

Financial instruments

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

A financial asset is any asset that is:

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

A financial liability that is a contractual obligation:

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

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

2. Presentation of the financial statements (continued)

Effective interest method

The effective interest rate method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the ratio exactly discounts the estimated future cash receipts through the expected life of the financial asset to the net present value of the financial asset or in a shorter period where appropriate.

Financial assets

Classification

Company classifies its financial assets measured at amortized cost. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

Financial assets are not reclassified after initial recognition except when the Company's business model for managing financial assets changes; in the case of a business model change, subsequent to the amendment, the financial assets are reclassified on the first day of the following reporting period.

Accounting and Measurement

"Financial assets measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Company's financial assets measured at amortized cost comprise "cash and cash equivalents" "trade receivables" and "financial investments". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the statement of income.

"Financial assets whose fair value difference is reflected in other comprehensive income "are non-derivative financial instruments that are held within the scope of a business model aiming to collect the contractual cash flows and sell the financial asset, and which include cash flows that only include interest payments arising from principal and principal balance at certain dates. assets are. Except for gains or losses from related financial assets, impairment gains or losses and foreign exchange income or expenses are reflected to other comprehensive income. In the event that such assets are sold, valuation differences classified into other comprehensive income are classified in previous years' profits. For investments made in equity-based financial assets, the Company may irrevocably prefer the method of reflecting subsequent changes in its fair value to other comprehensive income for the first time in the financial statements. In the event that such preference is made, dividends obtained from related investments are accounted in the income statement.

Financial Statement Exclusion

The Group derecognizes the financial assets when it terminates the rights related to the cash flows due to the contract or when the related rights are transferred through a purchase and sale of all risks and rewards related to the financial asset. Any rights created or held by financial assets transferred by the Group are recognized as a separate asset or liability.

2. Presentation of the financial statements (continued)

Impairment

Impairment of the financial and contractual assets measured by using "Expected credit loss model" (ECL). The impairment model applies for amortized financial and contractual assets. Provision for loss measured as below.

- 12- Month ECL: results from default events that are possible within 12 months after reporting date.

- Lifetime ECL: results from all possible default events over the expected life of financial instrument Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12 month ECL measurement if it has not.

A financial instrument is both a contract that establishes the financial asset of a business and another entity's financial liability or equity instrument.

The Group may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The Group's cash and cash equivalents are classified under the category of 'Loans and Receivables'.

Trade Receivables

Trade receivables with fixed and determinable payments that are not traded in the market are classified in this category. Receivables (trade and other receivables, bank balances, cash and others) are shown by deducting impairment from their discounted cost using the effective interest method. Interest income is calculated and recorded according to the effective interest rate method, except when the rediscount effect is not significant.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Available for sale financial assets

After initial recognition, available for sale financial assets are measured at fair value. Gains or losses on available for sale investments are recognized as a separate component of equity, "Available for sales financial assets revaluation fund", until the financial asset is sold, collected or otherwise disposed, or until the financial asset is determined to be impaired, at which time the cumulative gain or loss previously disclosed in equity is associated to income and expense accounts. Financial assets classified as available-for-sale financial assets are recognized in profit or loss when the asset is sold or impaired if the accumulated fair value adjustments recognized in equity are recognized in profit or loss.

2. Presentation of the financial statements (continued)

When the entity is entitled to receive dividend payments on available-for-sale financial assets, the dividend from available-for-sale financial assets is presented in income from investment activities in the income statement. The fair value of available-for-sale financial assets traded on the stock exchange is determined according to the market purchase prices.

Financial liabilities

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value.

Financial liabilities are classified as equity instruments and other financial liabilities.

Effect of foreign currency transactions

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

Earnings per share(loss)

Earnings per share disclosed in the statement of profit or loss is determined by dividing net income by the weighted average number of shares that have been outstanding during the related period.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

The cash in the paid-in capital is calculated by taking into account the date on which the weighted average common share capital increase for the current period's ordinary shares to be used in earnings (loss) calculations is calculated when there is a change in the name of the issued share capital from capital increase.

2. Presentation of the financial statements (continued)

Events after the reporting period

Events after the reporting period are those events that occur between the reporting date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the reporting date.

Provisions, contingent assets and liabilities

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows

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

Contingent assets and liabilities

A contingent liability is an obligation arising from a past event that is not fully under the control of the entity and arises from past events or events in which one or more non-contingent events occur in the future and can be verified; but not included in the financial statements for the following reasons:

(i) There is no possibility of leaving economically beneficial resources out of business to meet the obligation, or,
(ii) The amount of the obligation cannot be measured sufficiently reliably.

A contingent asset arises from past events and that is not in full control of the entity and whose existence will be confirmed if one or more uncertain events occur in the future.

The presentation of contingent assets in the financial statements is not included in the financial statements, as it may result in the recognition of an income that can never be obtained. However, if it is virtually certain that an income will be obtained, the asset is not a conditional asset and is reflected in the financial statements.

2. Presentation of the financial statements (continued)

Segmental information

The Group have identified relevant operating segments based on internal reports that are regularly reviewed. Chief operating decision making body of the Group is the Executive Board.

The chief operating decision making body of the Group reviews results and operations on a product basis in order to monitor performance and to allocate resources. Product basis segments of the Group are defined in the following categories: stone and mineral basis products, port services and electricity production.

Taxes calculated on the basis of the company's earnings

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

Tax expense includes current tax expense and deferred tax expense. Tax is included in the income statement, provided that it is not related to an operation that is accounted for directly under equity. Otherwise, the tax is accounted under equity as well as the related transaction.

Current tax

Current tax expense is calculated taking into account tax legislation in force in the countries where the Group's subsidiaries operate as of the date of the statement of financial position. According to Turkish tax legislation, legal or business centers institutions in Turkey, the corporation is subject to tax. Current year tax liability is calculated on the portion of the period profit subject to taxation. Taxable profit differs from the profit included in the income statement because it excludes taxable or tax deductible items in other years or taxable items that cannot be deducted from taxable income. The Group's current tax liability is calculated using tax rates that are legally enacted or substantively enacted by the balance sheet date.

The corporate tax rate in Turkey is 20% (However, the Corporate Tax Law added to the provisional 10th in the 20% corporate tax rate in accordance with Article of the institutions in 2018, for 2019 and belongs to the taxation period of 2020, corporate earnings will be applied 22% (2019: 22%) Corporate tax rate is applied to the corporate income of the corporation in the net corporate income to be deducted in accordance with the tax legislation and deduction of the exemptions and discounts in the tax laws. Day until the evening of the month and until the end of the month is paid one installment.

Corporations declare their advance tax returns at the rate of 20% (22% for taxation periods of 2018, 2019 and 2020) on their quarterly financial profits until the 14th day of the second month following that period and pay till the evening of the seventeenth day. The temporary tax paid during the year belongs to that year and is deducted from the corporation tax that will be calculated on the tax declaration of the institutions to be given in the following year. If the temporary tax amount paid remains in spite of the indictment, this amount can be deducted from the cash withdrawal. According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period not exceeding 5 years. Declarations and related accounting records can be examined within five years of tax

In Turkey, the resident companies from corporation tax and not responsible for the income tax and who are resident in Turkey, those made to those except for exempt and non-natural persons and dividend payments to legal persons not resident in Turkey are subject to 15% income tax.

2. Presentation of the financial statements (continued)

Dividend payments made to resident corporations in Turkey again from resident companies in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, the income tax is not calculated.

Turkish tax legislation does not permit a parent company, its subsidiaries, to file a tax return on its consolidated financial statements. For this reason, tax liabilities reflected in the Consolidated Financial Statements of the Group are separately calculated for all companies included in the scope of consolidation.

The taxes payable on the statement of financial position as of 31 December 2020 and December 31, 2019 are netted off for each subsidiary and classified separately in the consolidated financial statements.

50% of the profits arising from the sale of the immovable assets held in the assets for the same period as the 75% of the profits arising from the sale of founders' shares, founding shares and preferential rights, To be added to the capital as stipulated in the Corporate Tax Law or to be kept in a special fund account for 5 years.

Deferred tax

Deferred tax is determined by calculating the temporary differences between the carrying amounts of assets/liabilities in the financial statements and the corresponding tax bases, used in the computation of the taxable profit, using currently enacted tax rates. Deferred tax liabilities are generally 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. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

As of 31 December 2019, the tax rate of 22% is used for the temporary differences expected to be realized / settled within 3 years (2018, 2019 and 2020) for deferred tax calculation since the tax rate applicable for 3 years has been changed to 22%. However, 20% tax rate is used for the current differences expected / expected to be incurred after 2020 since the tax rate applicable for post-2020 corporations is 20%.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized if it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities

2. Presentation of the financial statements (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis Deferred income tax is determined using tax rates that have been enacted by the balance sheet date. Tax is recognized in the consolidated statement of comprehensive income, except to the extent that it relates to items recognized in equity. Taxes arisen on items recognized in equity are recognized directly in equity.

Deferred income tax liabilities are recognized for all taxable temporary differences; whereas deferred income 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. Deferred income tax asset is recognized to the extent that it is probable that the entity will have sufficient taxable profit in the same period as the reversal of the deductible temporary difference arising from tax losses carried forward.

Deferred income tax assets and deferred income tax liabilities related to income taxes levied by the same taxation authority are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities. Deferred income tax assets and deferred income tax liabilities are classified as long-term in the consolidated financial statements.

Employee benefits

Long term provisions recognized in the financial statements related to benefits provided to employees consist of retirement pay liability, seniority incentive premiums arising from current employment contracts and provisions for accumulated vacation liabilities.

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

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

The liabilities arising from unused vacation rights, which are defined as long-term provisions provided to the employees, are accrued and accounted for at the period when they are earned.

Capital and dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

Share premiums

Share premium represents differences resulting from the sale of the Company's subsidiaries and associates' shares at a price exceeding the face values of those shares or differences between the face values and the fair value of shares issued for acquired companies.

Treasury shares

In case the Company obtains its own shares, the cost amounts including the parts exceeding the nominal values of these shares are deducted from equity and presented as "Treasury shares". Profits or losses from the Group's transactions related to shares that have been recovered in this manner are also recognized under equity.

2. Presentation of the financial statements (continued)

Statement of cash flow

Cash flows during the period are classified and reported as operating, investing and financing activities in the consolidated statement of cash flows. Cash flows from operating activities represent cash flows related to the Group's core business activities. Cash flows arising from investment activities represent the cash flows that are used in or provided by the investing activities (direct investments and financial investments) of the Group. Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liabilities simultaneously.

2.6 Significant judgments, assumptions and estimates

The preparation of consolidated financial statements in conformity with accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In preparation of the consolidated financial statements, the significant estimates and judgments used by the Group are included in the following notes:

Deferred taxes

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and TAS basis of assets and liabilities. The main factors which are considered include future earnings potential and tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognized (Note 25).

Inventory impairment

Regarding the inventory impairment, the inventories are examined physically and how far back, their usability is determined in line with the opinions of the technical staff and a provision is set for the items that are estimated to be unusable. In determining the net realizable value of inventories, estimates are made regarding sales prices and sales expenses to be incurred. Details regarding provisions for inventory impairment as of the reporting date are provided in Note 10.

2. Presentation of the financial statements (continued)

Fair values of property, plant and equipment

Land under tangible fixed assets are accounted for as revaluation model as of 31 December 2017 which will be reflected at its fair value. The company, in order to determine the fair value of these assets is authorized by the Capital Markets Board of Turkey has worked with an independent valuation company. The fair value of the property, plant and equipment has been assessed considering the current situation of the real estate, the market conditions and the method of comparing the peers taking into consideration the most efficient usage (Note 12).

Useful lifes of tangible and intangible assets

The Company management estimates and regularly audits the useful lives of the depreciable assets as explained in Note 2.5 on the date of first recognition of the assets. The entity determines the useful life of an asset, taking into account its estimated usefulness. This assessment is based on the Company's experience with similar assets. When determining the useful life of an asset, the Company will also consider changes in the market or the resulting technical and / or commercial unusable assets.

Provision for mine site rehabilitation

The Company calculates for stone and earth-based land degraded by mining activities within the scope of reintegration for mine site rehabilitation. Technical personnel has made certain important assumptions in determining calculation of provision. Explanations regarding such mine site rehabilitation are presented in Note 14. The provision is discounted to the present value of the and the related expense for the period, is included in financial expenses as the cost of rehabilitation

Provisions for benefits provided to employees

Severance pay and seniority incentive premium liabilities are determined by actuarial calculations based on a number of assumptions, including discount rates, future salary increases and employee retirement rates. Because these plans are long-term, the assumptions involve significant uncertainties. Details regarding the allowance for employee benefits are provided in Note 15.

2.7. Significant changes for the current period

With the reduction of restrictions to prevent the spread of the epidemic, production and sales activities continue uninterrupted as of the balance sheet date. It is not yet clear how long the COVID-19 effect will continue both in the world and in Turkey, and how much it can spread; as the severity and duration of the effects become clear, it may be possible to make a more obvious and healthy assessment for the medium and long term. However, in preparing the financial statements of December 31, 2020, the possible effects of the COVID-19 outbreak were evaluated and the estimates and assumptions used in preparing the financial statements were reviewed. In this context, no impairment was found in the financial statements.

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

3. Segment Reporting

Operating segments have been determined as those components, the operating results of which, are reviewed regularly and the Executive Board is the operating decision making body of the Group. The Group's foreign sales represent sales made to different geographical regions. The details of revenue have been given as domestic and foreign sales in Note 18.

The business activities of the Group is being managed and organized according to the contents of the output that the Group either provide or serve. The Group's product groups based on the breakdown is as follows: stone and soil based products, ready-mixed concrete, port services and electricity production.

Segment assets, segment liabilities, investment expenditures, depreciation and amortisation charges and interest income and expenses as of December 31, 2020 and December 31, 2019 comprise of the following:

December 31, 2020	**Product of stone and land basis**	**Ready-mixed concrete**	**Harbor services**	**Electricity production**	**Total**
Total assets	**1.944.549.308**	**146.036.383**	**216.038.304**	**230.572.070**	**2.537.196.065**
Total liabilities	**1.884.320.953**	**68.608.858**	**69.469.107**	**180.343.336**	**2.202.742.254**
Current year investment expenditures	**9.960.196**	**30.926**	**11.317.025**	**74.408**	**21.382.555**
Current year depreciation and amortization expense	**76.185.300**	**3.718.892**	**4.607.549**	**279.928**	**84.791.669**
Interest income	**1.767.327**	**118.119**	**822.204**	**239.506**	**2.947.156**
Finance expense	**431.566.510**	**2.275.775**	**11.610.418**	**35.786.741**	**481.239.444**

December 31, 2019	Product of stone and land basis	Ready-mixed concrete	Harbor services	Electricity production	Total
Total assets	1.898.900.144	134.343.830	175.546.395	221.140.663	2.429.931.032
Total liabilities	1.408.110.302	68.608.858	53.902.882	146.951.821	1.677.573.863
Current year investment expenditures	30.670.845	17.827	1.335.637	64.963	32.089.272
Current year depreciation and amortization expense	75.570.414	3.957.148	4.587.671	310.788	84.426.021
Interest income	1.303.609	261.931	359.617	308.852	2.234.009
Finance expense	142.705.315	2.615.875	10.134.038	25.147.110	180.602.338

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

3. Segment Reporting (continued)

The results of the financial figures by segments for the year ended December 31, 2020 are as follows:

January 1 – December 31, 2020	**Product of stone and land basis**	**Ready-mixed concrete**	**Harbor services**	**Electricity production**	**Total**
Revenue	**726.884.440**	**149.910.571**	**113.592.808**	**170.140.775**	**1.160.528.594**
Cost of sales (-)	**(593.663.220)**	**(164.633.772)**	**(68.938.251)**	**(162.101.135)**	**(989.336.378)**
Gross profit	**133.221.220**	**(14.723.201)**	**44.654.557**	**8.039.640**	**171.192.216**
General administrative expenses (-)	**(42.117.125)**	**(3.529.872)**	**(1.818.935)**	**(1.634.554)**	**(49.100.486)**
Marketing expenses (-)	**(111.903.986)**	**(2.451.284)**	**-**	**(865.713)**	**(115.220.983)**
Other income from operating activities	**77.119.093**	**7.367.333**	**2.141.536**	**949.186**	**87.577.148**
Other expenses from operating activities (-)	**(46.254.261)**	**(5.678.150)**	**(2.262.351)**	**(176.383)**	**(54.371.145)**
Operating profit	**10.064.941**	**(19.015.174)**	**42.714.807**	**6.312.176**	**40.076.750**
Income from investing activities	**6.071.515**	**5.374.268**	**-**	**(3.125.512)**	**8.320.271**
Expense from investing activities	**-**	**-**	**-**	**-**	**-**
Finance expenses (-)	**(435.033.121)**	**(2.158.805)**	**(6.533.152)**	**(21.269.959)**	**(464.995.037)**
Profit/(loss) before tax	**(418.896.665)**	**(15.799.711)**	**36.181.655**	**(18.083.295)**	**(416.598.016)**

The results of the financial figures by segments for the year ended December 31, 2019 are as follows:

January 1 – December 31, 2019	Product of stone and land basis	Ready-mixed concrete	Harbor services	Electricity production	Total
Revenue	423.960.731	160.966.716	83.992.785	114.671.578	783.591.810
Cost of sales (-)	(427.544.125)	(174.701.988)	(50.020.053)	(101.375.397)	(753.641.563)
Gross profit	(3.583.394)	(13.735.272)	33.972.732	13.296.181	29.950.247
General administrative expenses (-)	(42.147.587)	(4.142.298)	(2.150.546)	(2.005.598)	(50.446.029)
Marketing expenses (-)	(58.227.457)	(2.759.969)	-	(766.059)	(61.753.485)
Other income from operating activities	46.533.411	10.022.383	1.918.419	165.182	58.639.395
Other expenses from operating activities (-)	(48.909.173)	(9.125.609)	(2.121.858)	(345.417)	(60.502.057)
Operating profit	(106.334.200)	(19.740.765)	31.618.747	10.344.289	(84.111.929)
Income from investing activities	6.070.522	1.117.608	-	2.641	7.190.771
Expense from investing activities	-	-	-	(20.000)	(20.000)
Finance expenses (-)	(142.362.306)	(2.477.108)	(6.116.575)	(18.149.698)	(169.105.687)
Profit/(loss) before tax	(242.625.984)	(21.100.265)	25.502.172	(7.822.768)	(246.046.845)

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

4. Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash	**23.958**	32.078
Banks		
- Demand deposits	**8.050.092**	4.447.233
- Time deposits	**104.320.683**	76.078.529
	112.394.733	80.557.840

As of December 31, 2020 and December 31, 2019 the details of time deposits are as follows:

				December 31, 2020
Currency	**Interest rate (%)**	**Maturity**	**Foreign Currency**	**TL Equivalence**
TL	**16,63%**	**January 2021**	**2.636.260**	**2.636.260**
USD	**1,40% - 2,00% - 2,60% - 2,80%**	**January 2021**	**5.972.666**	**43.842.356**
Euro	**0,80% - 1,80%**	**January 2021**	**6.421.260**	**57.842.067**
Total				**104.320.683**

				December 31, 2019
Currency	Interest rate (%)	Maturity	Foreign Currency	TL Equivalence
TL	8,50% - 8,93%	January 2020	1.716.486	1.716.486
USD	0,08%	January 2020	729.002	4.330.418
Euro	0,08% - 0,24%	January - February 2020	10.530.121	70.031.625
Total				76.078.529

5. Financial investment

As of December 31, 2020 and December 31, 2019 the details of short term and long term financial investments are as follows:

	December 31, 2020	December 31, 2019
Other financial liabilities	**10.000**	10.000
	10.000	10.000

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

6. Financial liabilities

	December 31, 2020	December 31, 2019
Short term borrowings	**605.457.037**	305.145.947
Short term lease liabilities	**2.575.845**	2.254.095
Current portion of long term loans	**204.994.551**	170.251.146
Long term bank loans	**942.979.571**	948.346.796
Long term lease liabilities	**4.692.976**	935.079
	1.760.699.980	1.426.933.063

				December 31, 2020
Currency	**Interest Type**	**Nominal interest rate**	**Short-term**	**Long-term**
USD	**Fixed**	**0,60%-4,50%**	**66.232.998**	**8.675.136**
USD	**Floating**	**Libor+4,20% - Libor+4,50%**	**18.173.190**	**49.854.261**
Euro	**Fixed**	**0,65% - 4,90%**	**350.810.332**	**717.894.169**
Euro	**Floating**	**Euribor+3,15% - Euribor+3,70%**	**7.564.383**	**-**
TL	**Fixed**	**8,46% - 15,25%**	**367.670.685**	**166.556.005**
			810.451.588	**942.979.571**

				December 31, 2019
Currency	Interest Type	Nominal interest rate	Short-term	Long-term
USD	Fixed	4,50%	14.488.013	21.060.709
USD	Floating	Libor+4,20% - Libor+4,50%	15.236.209	54.402.353
Euro	Fixed	0,75% - 4,90%	358.664.119	599.763.844
Euro	Floating	Euribor+3,15% - Euribor+3,70%	20.991.386	5.542.166
TL	Fixed	11,50% - 15,25%	66.017.366	267.577.724
			475.397.093	948.346.796

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

	December 31, 2020	December 31, 2019
1 year and over	**407.701.671**	418.592.154
Between 2-3 years	**126.939.207**	117.697.808
Between 3-4 years	**111.947.154**	100.399.817
Between 4-5 years	**102.620.861**	86.800.290
5 years and longer	**193.770.678**	224.856.727
	942.979.571	948.346.796

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

6. Financial liabilities (continued)

	2020	2019
Opening balance, January 1	**1.426.933.063**	1.086.265.308
New financial debts received	**751.868.377**	662.171.933
Principal paid	**(711.113.326)**	(369.900.486)
Interest paid	**(178.867.087)**	(112.110.804)
Foreign exchange losses and interest accruals	**471.878.953**	160.507.112
December 31	**1.760.699.980**	1.426.933.063

7. Related party disclosures

The key management personnel consist of executive board members, general manager and deputy general manager. Benefits to key management personnel are wages, premiums, health insurance, transportation and etc. Benefits to the key management personnel during the period as follow:

	December 31, 2020	December 31, 2019
Wage, bonus, social relief benefits	**4.094.625**	4.657.508
Seniority incentive, performance premium, other reliefs and payments	**2.056.472**	143.779
	6.151.097	4.801.287

8. Trade receivables and payables

a) Trade Receivables

As of 31 December 2020 and 31 December 2019, the detail of the Group's trade receivables are as follows:

	December 31, 2020	December 31, 2019
Trade receivables	**127.160.144**	92.636.826
Notes receivables	**90.785.391**	56.015.838
Provisions for doubtful receivables (-)	**(1.793.993)**	(1.817.657)
	216.151.542	146.835.007

Average turnover for account receivables is 92 (December 31, 2019: 102 days).

As of 31 December 2020, a doubtful account receivables provision adjustment in the amount of TL 1.793.993 TL (December 31, 2019 1.817.657 TL) has been booked.

Allowances for doubtful receivables are recognized against trade receivables based on estimated irrecoverable amounts determined by reference top as default experience of the counterparty.

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

8. Trade receivables and payables (continued)

The Group management considers that there is no significant difference between the nominal value of the guarantees received and the fair value.

December 31, 2020 and 2019 movement of Group's provision for doubtful receivables is as follows:

	2020	2019
Opening balance at 1 January	**1.817.657**	1.818.930
Charge for the year	**(23.664)**	(1.273)
Closing balance at 31 December	**1.793.993**	1.817.657

b) Trade payables:

The detail of the Group's trade payables as at 31 December 2020 and 31 December 2019 are as follows:

	December 31, 2020	December 31, 2019
Trade payables	**314.206.960**	148.460.502
	314.206.960	148.460.502

As of the end of the period, trade payable amounting to TL 87.408.435 is comprised of letters of credit issued for the purchase of raw materials.

The average credit period on purchase of certain goods is 70 days.(December 31, 2019 78 days).

9. Other receivables and payables

a) Other short term receivables

	December 31, 2020	December 31, 2019
Other receivables	**11.473.686**	8.790.572
	11.473.686	8.790.572

b) Other long-term receivables

	December 31, 2020	December 31, 2019
Deposits and guarantees given	**783.733**	786.979
Other receivables	**-**	57.080
	783.733	844.059

(Currency – In Turkish Lira (“TL”), unless otherwise indicated)

9. Other receivables and payables (continued)

c) Other short-term payables

	December 31, 2020	December 31, 2019
Taxes and funds payable	**1.905.051**	1.706.119
Deposits and guarantees taken	**148.552**	118.540
Other	**-**	35.700
	2.053.603	1.860.359

10. Inventories

	December 31, 2020	December 31, 2019
Raw materials	**49.263.748**	12.839.143
Work in process inventories	**36.397.340**	70.959.376
Finished goods	**5.498.995**	3.270.874
Auxiliary materials and spare parts and other inventories	**92.477.735**	91.019.169
	183.637.818	178.088.562
Inventory impairment provision	**(1.348.340)**	(14.311.015)
	182.289.478	163.777.547

Auxiliary materials and spare parts are composed of unused firebricks, auxiliary materials and spare parts that may be used in manufacturing. When firebricks are used, they are classified as property, plant and equipment and are depreciated over their useful lives

Company management evaluates that there is any impairment on inventories.

	2020	2019
January 1	**(14.311.015)**	-
Current year provision/(Reversal through sales)	**12.962.675**	(14.311.015)
December 31	**(1.348.340)**	(14.311.015)

11. Prepaid expenses and deferred income

a) Short-term prepaid expenses

	December 31, 2020	December 31, 2019
Prepaid expenses	**2.284.458**	1.597.284
Order advances for inventory purchases	**13.727.279**	710.523
Advances given to personnel	**7.657**	213
Work advances	**5.476**	509
	16.024.870	2.308.529

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

11. Prepaid expenses and deferred income (continued)

b) Long-term prepaid expenses

	December 31, 2020	December 31, 2019
Prepaid expenses	6.485.229	5.196.297
Advances for fixed asset purchases	-	493.175
	6.485.229	5.689.472

c) Deferred income

	December 31, 2020	December 31, 2019
Advances received	22.680.502	4.198.105
Deferred income	108.584	683.333
	22.789.086	4.881.438

12. Property, plant and equipment

	January 1, 2020	Additions	Transfers	Disposals	December 31, 2020
Cost value:					
Land	491.756.036	-	-	(3.570.648)	488.185.388
Land improvements	110.589.231	-	110.000	(5.085)	110.694.146
Buildings	577.994.748	-	371.400	(177.603)	578.188.545
Plant, machinery and equipment	966.127.272	274.287	4.086.116	(3.797.375)	966.690.300
Vehicles	3.963.328	-	-	(531.028)	3.432.300
Furniture and fixtures	95.092.652	9.580.079	18.000	(417.675)	104.273.056
Mine assets	2.512.484	-	-	-	2.512.484
Leasehold improvements	40.930.117	-	-	(1.515.738)	39.414.379
Construction in progress	8.058.815	11.528.189	(4.585.516)	-	15.001.488
	2.297.024.683	21.382.555		(10.015.152)	2.308.392.086
Accumulated depreciation:					
Land improvements	(55.147.730)	(5.456.125)	-	1.497	(60.602.358)
Buildings	(76.134.073)	(13.547.833)	-	12.067	(89.669.839)
Plant, machinery and equipment	(353.599.912)	(41.364.142)	-	539.195	(394.424.859)
Vehicles	(3.354.286)	(417.102)	-	531.028	(3.240.360)
Furniture and fixtures	(69.394.913)	(15.661.540)	-	316.693	(84.739.760)
Mine assets	(1.790.751)	(112.201)	-	-	(1.902.952)
Leasehold improvements	(7.499.318)	(1.853.539)	-	1.512.072	(7.840.785)
	(566.920.983)	(78.412.482)	-	2.912.552	(642.420.913)
Net book value	1.730.103.700				1.665.971.173

(Currency – In Turkish Lira (“TL”), unless otherwise indicated)

12. Property, plant and equipment (continued)

	January 1, 2019	Additions	Transfers	Disposals	December 31, 2019
Cost value:					
Land	497.937.301	10.036.381	(11.030.000)	(5.187.646)	491.756.036
Land improvements	108.451.677	45.000	2.092.554	-	110.589.231
Buildings	571.247.868	51.643	6.716.858	(21.621)	577.994.748
Plant, machinery and equipment	962.520.092	610.992	3.254.461	(258.273)	966.127.272
Vehicles	4.027.181	21.186	-	(85.039)	3.963.328
Furniture and fixtures	85.444.689	9.393.910	410.653	(156.600)	95.092.652
Mine assets	2.512.484	-	-	-	2.512.484
Leasehold improvements	40.930.117	-	-	-	40.930.117
Construction in progress	8.603.181	11.930.160	(12.474.526)	-	8.058.815
	2.281.674.590	32.089.272	(11.030.000)	(5.709.179)	2.297.024.683
Accumulated depreciation:					
Land improvements	(49.787.728)	(5.360.002)	-	-	(55.147.730)
Buildings	(62.569.122)	(13.575.026)	-	10.075	(76.134.073)
Plant, machinery and equipment	(312.141.540)	(41.664.903)	-	206.531	(353.599.912)
Vehicles	(2.768.939)	(670.389)	-	85.042	(3.354.286)
Furniture and fixtures	(54.474.884)	(15.066.843)	-	146.814	(69.394.913)
Mine assets	(1.684.779)	(105.972)	-	-	(1.790.751)
Leasehold improvements	(5.626.212)	(1.873.106)	-	-	(7.499.318)
	(489.053.204)	(78.316.241)	-	448.462	(566.920.983)
Net book value	1.792.621.386				1.730.103.700

(*) The lands classified as assets for sale.

TL 76.123.194 (2019: TL 76.016.863) of depreciation was allocated to cost of sales, TL 23.733 (2019: 84.525 TL) depreciation expense was allocated to marketing expenses and TL 2.265.554 (2019: 2.214.852 TL) of depreciation expense was allocated to administrative expense. The cumulative amount of borrowing costs capitalized on property, plant and equipment as of December 31, 2020 is none. (December 31, 2019 :None).

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

13. Intangible assets and Right of use assets

a) Other intangible assets

	January 1, 2020	Additions	Transfers	Disposals	December 31, 2020
Cost value:					
Rights	**22.979.279**	**46.336**	**-**	**(11.547)**	**23.014.068**
Assets subject to amortization	**601.962**	**-**			**601.962**
	23.581.241	**46.336**	**-**	**(11.547)**	**23.616.030**
Accumulated depreciation					
Rights	**(13.900.725)**	**(541.064)**	**-**	**11.547**	**(14.430.242)**
Assets subject to amortization	**(601.962)**				**(601.962)**
	(14.502.687)	**(541.064)**	**-**	**11.547**	**(15.032.204)**
Net book value	**9.078.554**				**8.583.825**

	January 1, 2019	Additions	Transfers	Disposals	December 31, 2019
Cost Value:					
Rights	22.965.789	13.490	-	-	22.979.279
Assets subject to amortization	601.962	-	-	-	601.962
	23.567.751	13.490	-	-	23.581.241
Accumulated depreciation					
Rights	(13.246.080)	(654.645)	-	-	(13.900.725)
Assets subject to amortization	(601.962)	-	-	-	(601.962)
	(13.848.042)	(654.645)	-	-	(14.502.687)
Net book value	9.719.709				9.078.554

Amortization expense of TL 392.519 (2019: TL 411.175) have been charged to cost of sales, TL 148.545 (2019: TL 243.469) has been charged administrative expenses.

The "Port Operating license" included among the Group's rights, which has a cost of TL 11.904.290 with a useful life of 49 years, is amortized over the remaining useful life of 35 years as of the date of transfer to Group. The expiration date of license is the year 2041.

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

13. Intangible assets and right of use assets (continued)

b) Intangible assets related to concession agreements

Movement tables of intangible assets and accumulated amortization related to concession for the years ended December 31, 2020 and December 31, 2019 are as follows:

	January 1, 2020	Additions	Transfers	Disposals	December 31, 2020
Cost value:					
Privileged intangible assets	**161.200.670**	**-**	**-**	**-**	**161.200.670**
	161.200.670	**-**	**-**	**-**	**161.200.670**
Accumulated amortization:					
Privileged intangible assets	**(25.179.600)**	**(3.289.812)**	**-**	**-**	**(28.469.412)**
	(25.179.600)	**(3.289.812)**	**-**	**-**	**(28.469.412)**
Net book value	**136.021.070**				**132.731.258**

	January 1, 2019	Additions	Transfers	Disposals	December 31, 2020
Cost value:					
Privileged intangible assets	161.200.670	-	-	-	161.200.670
	161.200.670	-	-	-	161.200.670
Accumulated amortization:					
Privileged intangible assets	(21.889.788)	(3.289.812)	-	-	(25.179.600)
	(21.889.788)	(3.289.812)	-	-	(25.179.600)
Net book value	139.310.882				136.021.070

Amortization expenses amounted to TL 3.289.812 been charged to cost of sales. (2019: 3.289.812 TL).

Batıçim Enerji, which is a subsidiary of the Group, has signed an agreement with Prime Ministry Privatization Administration and Electricity Generation Corporation ("EGC") on December 7, 2011 for the transfer of operational rights of Group 4:Kovada I and Kovada II Hydroelectric Plants, at March 1, 2013 for Group 7:Hasanlar Hydroelectric Plants. Batıçim Enerji has liability to transfer all plant's operation with full function to EGC. According to the agreement, Batıçim Enerji must keep the plants productivity with appropriate level and meet the maintenance, reparation and improvement costs. Batıçim Enerji is liable for all sort of damages and harms on production facilities.

Intangible assets related to concession agreements are amortized over the contract period.

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

13. Intangible assets and right of use assets (continued)

c) Right of use assets

	January 1, 2020	Additions	Transfers	Disposals	December 31, 2020
Cost value:					
Vehicles	**2.520.047**	**6.738.076**	**-**	**(2.386.310)**	**6.871.813**
Concrete plants	**2.482.646**	**-**	**-**	**-**	**2.482.646**
	5.002.693	**6.738.076**		**(2.386.310)**	**9.354.459**
Accumulated depreciation:					
Vehicles	**(1.314.026)**	**(1.650.900)**	**-**	**2.309.111**	**(655.815)**
Concrete plants	**(851.297)**	**(897.411)**	**-**	**-**	**(1.748.708)**
	(2.165.323)	**(2.548.311)**	**-**	**2.309.111**	**(2.404.523)**
Net carrying value	**2.837.370**				**6.949.936**

	TFRS 16 Opening Effect January 1, 2019	Additions	Transfers	Disposals	December 31, 2019
Cost value:					
Vehicles	2.520.047	-	-	-	2.520.047
Concrete plants	2.482.646	-	-	-	2.482.646
	5.002.693	-	-	-	5.002.693
Accumulated depreciation:					
Vehicles	-	(1.314.026)	-	-	(1.314.026)
Concrete plants	-	(851.297)	-	-	(851.297)
	-	(2.165.323)	-	-	(2.165.323)
Net carrying value	5.002.693				2.837.370

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

14. Provisions, contingent assets and liabilities

a) Short-term provisions

	December 31, 2020	December 31, 2019
Legal Claims (*)	**306.915**	302.607
	306.915	302.607

(*) The amount represents the provision booked in relation to lawsuits filed by the Ministry of Treasury and Finance of Turkey. Management estimates that legal claims in questions will not lead to loses greater than the amount recognized as of December 31, 2020.

b) Long-term provisions

As of December 31, 2020 and 2019, the movement of the provision for mine site rehabilitation is as follows:

	December 31, 2020	December 31, 2019
January 1	**10.232.161**	9.008.446
Current year expense, net	**1.761.544**	1.223.715
December 31	**11.993.705**	10.232.161

Provision was booked in order to rehabilitate land which has been impacted by the Group's quarry mining activities. Related expense for the period is included in cost of sales as the cost of rehabilitation.

c) Guarantees-Pledges-Mortgages ("GPM")

The Group's guarantees/pledge/mortgage position as at December 31, 2020 and December 31, 2019 is as follows:

	December 31, 2020	December 31, 2019
A. GPMs given on behalf of its own legal entity	**453.931.930**	278.299.514
B. GPM given on behalf of subsidiaries that are included in full consolidation (*)	**1.617.267.727**	1.218.196.054
C. GPM given in order to guarantee third parties debts for the routine trade operations	**-**	-
D. Total amounts of other GPM given		
i. Total amount of GPMs given on behalf of the majority shareholder	**-**	-
ii. Total amount of GPMs given to on behalf of other group companies which are not in scope of B and C	**-**	-
iii. Total amount of GPMs given on behalf of third parties which are not in scope of C.	**-**	-
Total given GPMs	**2.071.199.657**	1.496.495.568

(*) It consists of the bails given in the amount of EUR 129.060.000 and TL 454.708.153 for bank loans.

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

14. Provisions, contingent assets and liabilities (continued)

The ratio of other GPM to shareholder's equity is 0% as of December 31, 2020 (December 31, 2019 0%)

Guarantees given at 31 December 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Guarantees given	**360.429.412**	270.696.027
Letter of credit	**93.502.518**	7.603.487
Total	**453.931.930**	278.299.514

The details of the bank letters of guarantee given by the Company to financial and non-financial institutions are as follows:

	December 31, 2020	December 31, 2019
Letters of guarantee given for the Eximbank loan	**262.986.631**	228.545.541
Letters of guarantee given to the tax office	**40.157.355**	13.376.454
Letters of guarantee given to suppliers	**18.660.755**	8.938.885
Letters of guarantee given to public institutions	**37.994.084**	19.290.047
Letters of guarantee given to the enforcement office	**630.587**	545.100
Total	**360.429.412**	270.696.027

According to Share Pledge Agreement signed on 1 December 2014, the Group put in pledge the capital of Batıçim Enerji Elektrik Üretim A.Ş. amounting to 83.975.000 TL (83.975 number of shares) with TL 1,000 nominal value in favor of Akbank T.A.Ş. Accordingly, the bank loan amounting to TL 36.025.000 (36.025 number of shares) in order to finance Batıçim Enerji Elektrik Üretim A.Ş, subsidiary Batısöke Söke Çimento Sanayii T.A.Ş have signed this agreement for sharing in favor of Akbank T.A.Ş.

According to the Share Pledge agreement signed on 21 March 2016 the Group put in pledge the capital of Batıliman Liman İşletmeleri A.Ş amounting to TL 57.834.578 (5.783.457.756 number of shares) in favor of Türkiye Sınai Kalkınma Bankası A.Ş. ("TSKB").

Letters of guarantees received

	December 31, 2020	December 31, 2019
Letters of guarantees received (*)	**145.448.662**	103.923.063
	145.448.662	103.923.063

(*) It consists of letters of guarantee received from customers.

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

15. Employee benefits

a) Employee benefit obligations

	December 31, 2020	December 31, 2019
Social security premiums payable	**4.252.470**	4.145.992
Payables to personnel	**3.100.412**	3.635.386
	7.352.882	7.781.378

b) Long-term provisions for employee benefit

	December 31, 2020	December 31, 2019
Provision for employee termination benefit	**31.791.508**	28.738.252
Performance and seniority encouragement		
Premium provision	**7.184.177**	6.221.316
Unused vacation liability	**3.768.408**	3.920.880
	42.744.093	38.880.448

Provision for employee termination benefit:

Under Turkish Labor Law, the Group ,is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, who is called up military service, dies or retires after completing 25 years of service and reaches the retirement age(58 for women and 60 for men).

The amount payable consist of one month's salary limited to a maximum of 7.117,17 TL (December 31, 2019: 6.379,86 TL) of services at 31 December 2020. Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described a follows. The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at December 31, 2020, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective reporting dates have been calculated with the assumption of 4,33% real discount rate calculated by using 8,50% annual inflation rate and 13,20% discount rate (December 31, 2019: %4,55). The drop-out rate for voluntary work for 0-15 year employees is 3,37%. For the employees who work 15 years and over, the rate is taken as 0.

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

15. Employee benefits (continued)

The movement in the provision for employee termination benefits:

	2020	2019
January 1	**28.738.252**	22.710.654
Interest cost	**3.785.775**	3.405.753
Actuarial loss/(gain)	**3.223.664**	4.343.588
Service cost	**2.412.066**	1.932.745
Termination benefits paid	**(6.368.249)**	(3.654.488)
December 31	**31.791.508**	28.738.252

The sensitivity analyzes of the significant assumptions used in calculation of retirement pay liability as of December 31, 2019 are as follows:

	Net discount rate		**Turnover rate to estimate the probability of retirement**	
Sensitivity level	**%0,5 decrease**	**%0,5 increase**	**%0,5 point decrease**	**%0,5 point increase**
Rate (%)	3,83%	4,83%	96,99%	97,99%
Change in the retirement pay liability (TL)	1.623.873	(1.487.387)	(309.735)	325.089

Performance and seniority encouragement Premium provisions

Provision for performance and employment termination benefit is provided to employees in accordance with the Company policy and the present value of the obligation is measured at the reporting date using a net discount rate.

The movement of performance and seniority encouragement premium provision:

	2020	2019
Opening balance 1 January	**6.221.316**	5.274.844
Paid performance and seniority encouragement	**(1.335.140)**	(798.789)
Provision in current year	**2.298.001**	1.745.261
Closing balance, 31 December	**7.184.177**	6.221.316

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

16. Other assets and liabilities

i) Other assets

a) Other current assets:

	December 31, 2020	December 31, 2019
Deferred VAT (*)	**67.141.754**	52.675.299
Other	**39.351**	-
	67.181.105	52.675.299

b) Other non-current assets:

	December 31, 2020	December 31, 2019
Deferred VAT (*)	**15.375.645**	4.285.449
	15.375.645	4.285.449

(*) The amount of VAT transferred has increased due to purchases made within the scope of the Company's new investments. According to the estimations of the Company, the portion to be deducted from the VAT payable within one year is classified as short term in the other current assets account, the portion to be deducted in a longer period than one year is classified as long term.

ii) Other liabilities

a) Other Short-Term Liabilities:

	December 31, 2020	December 31, 2019
Mine tax accruals	**3.255.717**	2.664.669
Other	**3.486.759**	2.412.855
	6.742.476	5.077.524

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

17. Share Capital, reserves and other equity items (continued)

a) Share capital

The Group is subject to the upper limit is TL 400.000.000 as of 31 December 2020 (31 December 2019: TL 400.000.000. Share capital of company consist of A group bearer share and B group bearer shares.

The composition of the A group shareholders (preferred stock) is as follows:

	December 31, 2020		December 31, 2019	
Shareholders	**Share (%)**	**Amount (TL)**	Share (%)	Amount (TL)
Fatma Gülgün Ünal	**12,53**	**6.014**	12,53	6.014
Belgin Egeli	**9,96**	**4.782**	9,96	4.782
Yıldız İzmiroğlu	**9,75**	**4.681**	9,75	4.681
Fatma Meltem Günel	**7,85**	**3.768**	7,85	3.768
Mehmet Mustafa Bükey	**7,85**	**3.768**	7,85	3.768
Sülün İlkin	**7,72**	**3.704**	7,72	3.704
Other	**44,34**	**21.283**	44,34	21.283
Rearranged share capital	**100**	**48.000**	100	48.000

Group A shareholders have the following rights:

- All members of the board of governors have to be appointed from among the candidates chosen by holders of Group A transferable shares.
- Group A shareholders have the right to 15 (fifteen) votes. Whereas Group B shareholders have the right to 1 (one) vote during general assemblies.
- Without prejudice to the first dividend, Group A shareholders receive %10 of the total net earnings, to be distributed in proportion to their stake.
- In order to: amend articles numbered 7 (expect for paragraph 1 specifying the number of members of the Administrative Board),8,9,10,15,18,19,24,25 and 27; divide to dissolve the Company; increase capital by issuing more than number of bearer shares stated in article 6 or by issuing new name shares; change the type, group or number of Group A shares; convert already issued or to be issued Group B bearer or name shares to Group A shares or to Exchange with Group a name or bearer shares, 3/4 (three quarters) of the votes of Group A bearer shareholders must be obtained.

The composition of the B group shareholders (ordinary shareholders) is as follows:

	December 31, 2020		December 31, 2019	
Shareholders	**Share (%)**	**Amount (TL)**	Share (%)	Amount (TL)
Çimko Çimento ve Beton Sanayi Ticaret A.Ş.	**24,21**	**43.571.795**	24,21	43.571.795
Fatma Gülgün Ünal	**9,98**	**17.949.951**	9,98	17.949.951
Sülün İlkin	**8,20**	**14.746.820**	8,20	14.746.820
Yıldız İzmiroğlu	**8,17**	**14.704.168**	8,17	14.704.168
Belgin Egeli	**7,64**	**13.748.981**	7,64	13.748.981
Fatma Meltem Günel	**6,63**	**11.922.153**	6,63	11.922.153
Mehmet Mustafa Bükey	**5,85**	**10.521.905**	5,85	10.521.905
Other	**29,34**	**52.786.227**	29,34	52.786.227
Rearranged share capital	**100**	**179.952.000**	100	179.952.000

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

17. Share Capital, reserves and other equity items (continued)

	December 31, 2020	December 31, 2019
Rearranged share capital	**118.749.217**	118.749.217
	118.749.217	118.749.217

"Paid-in capital", "Restricted reserves" and "Share premiums" in accordance with "Communiqué on Financial Reporting Standards in Capital Market" numbered II-14.1 and published in the Official Gazette No: 28676 dated June 13, 2013 must be shown in the legal records. The valuation differences (such as inflation adjustment differences) shall be disclosed as follows:

-If the difference is arising from the valuation of "Paid-in capital" and has not yet been transferred to capital, it should be classified under the "Inflation adjustment capital";
-If the difference is arising from valuation of "Restricted reserves" and "Share Premium" and the amount has not been subject to dividend distribution or capital increase, it shall be classified under "Retained earnings"

Capital adjustment differences have no use other than adding to capital.

Listed companies processes their profit distributions according to the II-19.1 numbered CMB profit distribution declaration become effective on or after February 1, 2014.

Shareholders distributes their profits within the frame of profit distribution policies determined by general assembly and according to the related declaration by the approval of general assembly. Within the mentioned declaration, minimum rate of distribution is not determined. Companies distribute their profits according to the predetermined terms in their articles of incorporation or profit distribution policies.

In accordance with the Turkish Commercial Code, unless the required reserves and the dividend for shareholders as determined in the Articles of Association or in the dividend distribution policy of the company are set aside; no decision may be taken to set up other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct shares, to the members of the board of directors or to the employees; and no dividend can be distributed to these people unless the determined dividend for shareholders is paid in cash.

Inflation adjustment differences of shareholders' equity and bonus share capital increase of extraordinary reserves; cash profit distribution or loss deduction. However, equity inflation adjustment differences will be subject to corporation tax if used for cash profit distribution.

Legal reserves and share premiums that are subject to statutory reserve in accordance with Article 466 of the Turkish Commercial Code are stated in the legal books. In this context, the differences arising from the inflation adjustments that are not included in dividend distribution or capital increase arising in the TFRS basis are attributed to previous years' profit / loss.

(Currency – In Turkish Lira (“TL”), unless otherwise indicated)

17. Share Capital, reserves and other equity items (continued)

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (“TCC”). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company’s paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

b) Other comprehensive income and expenses not to be classified to profit or loss

Represents the difference between the nominal amount and the sales amount of newly issued shares due to capital increase as of December 31, 2020 is 414.213 (December 31, 2019: 414.213).

c) Other comprehensive income and expenses to be reclassified to profit or loss

Movements related to value increase / (decrease) transferred directly to equity without being associated with profit or loss table are as follows:

Tangible assets re-valuation increase fund:

	2020
Opening balance, January 1	337.123.974
Effect of tangible asset sale	(1.779.003)
Deferred tax effect	177.900
Closing balance, December 31	**335.522.871**

Actuarial gain / (loss) fund related to defined benefit plans:

	2020	2019
Opening balance, January 1	**(3.469.709)**	(315.317)
Current year remeasurement effect	**(2.745.048)**	(3.942.991)
Deferred tax effect	**547.610**	788.599
Closing balance, December 31	**(5.667.147)**	(3.469.709)

d) Prior years' profits / (losses):

The net distributable profit for the period included in the statutory records as of the reporting date of the Group and other sources subject to profit distribution are given below.

	December 31, 2020	December 31, 2019
Profit/Loss for period	**(435.664.338)**	(217.602.194)
Extraordinary reserves	**343.062.662**	327.928.785
Special Funds	**5.463.273**	876.296
Retained earnings	**(294.228.751)**	(54.378.271)
	(381.367.154)	56.824.616

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

18. Revenue and cost of sales

a) Revenue

	January 1 – December 31, 2020	January 1 – December 31, 2019
Domestic sales	**681.729.485**	547.985.574
Export sales	**481.525.742**	243.503.312
Other revenue	**23.443.316**	12.672.113
Sales returns (-)	**(749.761)**	(3.511.098)
Sales discounts (-)	**(1.139.176)**	(1.812.091)
Other discounts (-)	**(24.281.012)**	(15.246.000)
	1.160.528.594	783.591.810

b) Cost of sales

	January 1 – December 31, 2020	January 1 – December 31, 2019
Raw materials used	**(373.306.495)**	(284.983.711)
Production overheads	**(199.174.653)**	(145.767.090)
Cost of trade goods	**(143.357.287)**	(135.239.925)
Payroll expenses	**(78.445.569)**	(80.407.400)
Depreciation expenses	**(76.123.194)**	(76.016.863)
Cost of services rendered	**(73.451.641)**	(46.152.782)
Provision for employee termination benefits	**(5.612.280)**	(3.884.817)
Amortization expenses	**(3.682.331)**	(3.700.987)
Reversal of provision /charges related to rehabilitation provision	**(1.761.544)**	(1.223.715)
Provision for performance and seniority encouragement Premium	**(2.087.468)**	(1.436.110)
Change in work-in process and finished goods (Note:10)	**(32.333.916)**	25.171.837
	(989.336.378)	(753.641.563)

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

19. General administrative expenses, marketing, sales and distribution expenses

a) Administrative expenses:

	January 1 – December 31, 2020	January 1 - December 31, 2019
Payroll expenses	**(23.077.651)**	(20.747.033)
Real estate tax expenses	**(7.359.475)**	(11.856.490)
Outsource expenses	**(2.594.814)**	(3.442.521)
Consultancy expenses	**(4.746.676)**	(2.541.466)
Security expenses	**(2.869.033)**	(2.446.987)
Depreciation expenses	**(4.813.866)**	(4.398.368)
Provision of employee termination benefits	**(462.891)**	(1.223.090)
Cleaning expenses	**(897.518)**	(723.336)
Fuel expenses	**(389.266)**	(545.733)
Amortization expenses	**(130.209)**	(225.278)
Taxes and duties	**(421.942)**	(207.753)
Provision for performance and seniority encouragement Premium	**(167.984)**	(206.198)
Other	**(1.169.161)**	(1.881.776)
	(49.100.486)	(50.446.029)

b) Marketing expenses:

	January 1 – December 31, 2020	January 1 - December 31, 2019
Transportation and loading expenses	**(108.681.615)**	(53.662.638)
Payroll expenses	**(4.980.694)**	(4.878.314)
Guarantees expenses	**(834.658)**	(2.171.375)
Advertisement expenses	**(170.815)**	(297.521)
Provision employee termination benefits	**(122.671)**	(293.610)
Provision for performance and seniority encouragement Premium	**(42.550)**	(102.953)
Depreciation expenses	**(42.069)**	(84.525)
Other	**(345.911)**	(262.549)
	(115.220.983)	(61.753.485)

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

20. Expenses by nature

	January 1 – December 31, 2020	January 1 - December 31, 2019
Raw material used	**(373.306.495)**	(284.983.711)
Production overheads	**(199.174.653)**	(145.767.090)
Cost of trade goods sold	**(143.357.287)**	(135.239.925)
Payroll expenses	**(106.503.914)**	(106.095.766)
Transportation and loading expenses	**(108.681.615)**	(53.662.638)
Depreciation expense	**(80.979.129)**	(78.253.222)
Service production expense	**(73.451.641)**	(46.152.782)
Change in work-in process and finished goods	**(32.333.915)**	25.171.837
Real estate tax expenses	**(7.359.475)**	(11.856.490)
Consultancy expenses	**(4.746.676)**	(2.541.466)
Outsource expenses	**(2.594.814)**	(5.626.037)
Provision of employee termination benefits	**(6.197.841)**	(5.338.498)
Amortization expense	**(3.812.540)**	(3.926.265)
Security expenses	**(2.869.033)**	(2.446.987)
Reversal of provision/charges related to rehabilitation provision	**(1.761.544)**	(1.223.715)
Provision for performance and seniority encouragement Premium	**(2.298.001)**	(1.745.261)
Cleaning expenses	**(897.518)**	(723.336)
Guarantees expenses	**(834.658)**	(2.171.375)
Taxes and dues	**(421.942)**	(207.753)
Fuel expenses	**(389.265)**	(545.733)
Advertisement expenses	**(170.815)**	(297.521)
Other cost of sales	**(1.516.478)**	(2.207.343)
	(1.153.659.249)	(865.841.077)

21. Other income from operating activities/ (expenses)

a) Other income from operating activities

	January 1 – December 31, 2020	January 1 – December 31, 2019
Foreign Exchange income from operating activities	**64.861.043**	25.529.933
Rediscount interest income	**16.596.234**	22.664.644
Port services income	**1.941.722**	800.351
Income from scrap sales	**1.005.443**	1.158.065
Recycling income	**649.558**	866.390
Income from insurance	**194.517**	802.993
Other income	**2.328.631**	6.817.019
	87.577.148	58.639.395

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

21. Other income from operating activities/ (expenses) (continued)

b) Other expenses from operating activities

	January 1 – December 31, 2020	January 1 – December 31, 2019
Foreign exchange losses from operating activities	**(34.309.550)**	(33.957.636)
Rediscount interest expense	**(19.160.944)**	(23.699.439)
Other	**(900.651)**	(2.844.982)
	(54.371.145)	(60.502.057)

22. Income from investing activities

	January 1 – December 31, 2020	January 1 – December 31, 2019
Income from investing activities:		
Gain on sale of property, plant and equipment	**5.373.115**	4.956.762
Interest income	**2.947.156**	2.234.009
	8.320.271	7.190.771

	January 1 – December 31, 2020	January 1 – December 31, 2019
Expense from investing activities:		
Loss on sale of property, plant and equipment	**-**	(20.000)
	-	(20.000)

23. Financial income

	January 1 – December 31, 2020	January 1 – December 31, 2019
Foreign exchange gains	**15.778.073**	11.102.282
Gain on derivative instruments	**466.334**	394.369
	16.244.407	11.496.651

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

24. Financial expenses

	January 1 – December 31, 2020	January 1 – December 31, 2019
Interest expense related to bank loans	**(117.644.629)**	(78.995.226)
Foreign exchange losses	**(359.900.134)**	(98.654.629)
Guarantee letter commission expenses	**(3.571.349)**	(2.435.929)
Other	**(123.332)**	(516.554)
	(481.239.444)	(180.602.338)

25. Corporation tax (included deferred tax assets and liabilities)

Corporation tax

Statutory corporate income tax rate in Turkey is 20%. However, according to the Provisional Article 10 added to the Corporate Tax Law, the corporate tax rate of 20% will be applied as 22% for the corporate earnings for the taxation periods of the years 2018, 2019 and 2020 (for the accounting periods that start within the related year for the institutions that are designated as special accounting period).

	January 1 – December 31, 2020	January 1 – December 31, 2019
Current tax expense	**(6.984.631)**	(5.524.965)
Deferred tax income	**8.258.220**	19.341.248
	1.273.589	13.816.283

	December 31, 2020	December 31, 2019
Current corporate tax provision	**(6.984.631)**	(5.524.965)
Less: Prepaid taxes and funds	**5.004.555**	4.573.182
Current tax assets, (net)	**(1.980.076)**	(951.783)

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

25. Corporation tax (included deferred tax assets and liabilities) (continued)

	Taxable temporary differences		**Deferred tax assets / /(liabilities)**	
	December 31, 2020	December 31, 2019	**December 31, 2020**	December 31, 2019
Revaluation of tangible assets	**(389.008.700)**	(390.787.710)	**(38.900.871)**	(39.078.772)
Adjustment on inventories	**(3.648.364)**	(2.283.721)	**(729.673)**	(456.744)
Taxable losses	**-**	-	**25.937.643**	28.102.656
Cash capital increase interest incentive	**-**	-	**32.504.430**	20.487.180
Concession-based intangible assets difference between registered values and tax bases	**54.792.862**	54.761.485	**10.958.573**	10.952.297
Provisions for employee benefits	**42.744.093**	38.880.448	**8.548.820**	7.776.091
Tangible and intangible assets	**33.281.720**	37.604.594	**6.656.344**	7.520.919
Inventory Impairment	**1.348.340**	14.311.015	**269.668**	2.862.203
Investment incentives	**-**	-	**3.410.124**	2.283.847
Provision for mine site rehabilitation	**11.993.705**	10.232.161	**2.398.741**	2.046.432
Litigation provisions	**306.915**	302.607	**61.383**	60.521
The effect of the amortized cost method on receivables and payables	**645.290**	456.492	**129.058**	96.551
Other	**3.215.675**	1.656.199	**643.134**	331.240
Deferred tax asset/(liability), net			**51.887.374**	42.984.421
Deferred tax asset			**83.222.395**	74.746.908
Deferred tax liabilities			**31.335.021**	31.762.487

The expiry dates of the financial losses carried forward that are subject to deferred tax are as follows:

	December 31, 2020	December 31, 2019
December 31, 2021	**-**	11.018.332
December 31, 2022	**13.110.589**	23.830.965
December 31, 2023	**37.510.567**	58.087.292
December 31, 2024	**66.614.932**	47.565.271
December 31, 2025	**12.452.126**	-
	129.688.214	140.501.860

The maturity breakdown of deductible financial losses for which deferred tax assets are not calculated is as follows:

	December 31, 2020	December 31, 2019
December 31, 2021	**13.786.630**	2.768.297
December 31, 2022	**14.022.041**	3.301.666
December 31, 2023	**20.576.725**	-
December 31, 2024	**190.667.650**	209.717.311
December 31, 2025	**457.759.714**	470.211.841
	696.812.760	685.999.115

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

25. Income taxes (including deferred tax assets and liabilities) (continued)

Within the scope of the "Law Amending the Laws of Some Laws and Amendments to Laws" numbered 6637 published in the Commercial Gazette dated April 7, 2015, the capital increases of the capital companies as of July 1, 2015 and the cash contributions of the capital invested in newly established capital companies 50% of the amount calculated up to the end of the relevant accounting period will be deductible from the corporate tax base considering the weighted average annual interest rate applied to commercial loans. With the resolution numbered 2015/7910 published in the Commercial Gazette dated December 31, 2017, 50%.

a) For publicly traded capital companies whose shares are traded in the stock exchange, the nominal amount of the shares that are listed as shares in the stock exchange in the Central Registry Agency as of the last day of the year in which the deduction is utilized is 50% or less of the registered or registered capital registered in the trade register 25 points, 50 points for those who are above 50%.

b) If the capital raised in cash is to be used in investments of production and industrial facilities with investment incentive certificates and machinery and equipment investments belonging to these facilities and / or land and land investments allocated to the construction of these facilities, 25 points shall be added to the fixed investment amount stated in the investment incentive certificate the discount will be applied.

The Group has deferred tax assets of TL 32.504.430 as of December 31, 2020, within the framework of the projection of future taxable profits regarding the cash-capital increase interest incentive, which are considered to be indefinite within the scope of the relevant legislation.

The movement of the deferred tax assets/ (liabilities), net for the years ended December 31, 2020 and 2019 are as follows:

	January 1 – December 31, 2020	January 1 – December 31, 2019
Opening balance	**42.984.421**	22.774.455
Recognized in statement of profit or loss	**8.258.220**	19.341.248
Charged to other comprehensive (loss) / income	**644.734**	868.718
December 31	**51.887.375**	42.984.421

Reconciliation between tax deductions on which the statutory tax rate before tax is applied and the tax deduction on the total income statement including deferred tax deductions:

	January 1 – December 31, 2020	January 1 – December 31, 2019
Pretax income from continuing operations	**(416.598.016)**	(246.046.845)
The current effective statutory tax rate	**22%**	22%
Calculated tax income (expense)	**91.651.564**	54.130.306
Cash capital increase interest incentive	**12.017.250**	6.648.651
The effect of non-deductible expenses	**(1.326.380)**	(1.416.575)
Effect of tax losses	**(100.707.137)**	(46.170.741)
Effect of investment incentive	**1.126.277**	-
Effect of other adjustments	**(1.487.985)**	624.642
Taxation income (expense) reported in the statement of profit or loss)	**1.273.589**	13.816.283

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

26. Earnings per share / (loss)

Earnings per share	**January 1 – December 31, 2020**	January 1 – December 31, 2019
Net profit for the year attributable to owners	**(327.011.521)**	(181.873.877)
Weighted average number of the shares outstanding	**18.000.000.000**	18.000.000.000
100 unit earnings per share, nominal value is 1 TL	**(1,8167)**	(1,0104)

Earnings per share is calculated by dividing net profit by weighted average number of shares in the related year. Companies may increase capital by distributing shares ("No par shares") from its retained earnings to the existing shareholders. Therefore weighted average number of shares used in earnings per share calculation, get by retrospective application of no par share calculation.

27. Derivative financial instruments

The Group uses foreign currency derivatives to hedge its future significant transactions and cash flows from financial loss. The Group is party to various forward contracts and options depending on the management of fluctuations in exchange rates. Derivative instruments purchased are principally denominated in the currency of the market in which the Group operates.

These contracts are related to foreign currency risks for the period of December 31, 2020 and are renewed when necessary. As of December 31, 2020, the Group does not have foreign currency derivatives (December 31, 2019: none).

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

28. Nature and level of risks arising from financial instruments

a) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties

Trade receivables consist of a large number of customers, mainly from construction industry. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

Allowances for doubtful receivables are recognized against financial assets based on estimated irrecoverable amounts determined by reference to past experiences.

Details of credit risk of the Company as of 31 December 2020 and 2019 are as follows:

December 31, 2020

	Receivables						
	Trade receivables		Other receivables				
	Related parties	Third parties	Related parties	Third parties	Financial investment	Deposits at bank	Total
Maximum credit risk as of reporting date (A+B+C+D+E) (*)	-	216.151.542	-	11.473.686	10.000	112.370.775	340.006.003
- Secured portion of the maximum credit risk by guarantees (**)	-	145.448.662	-	-	-	-	145.448.662
A. Net book value of financial assets that are neither overdue not impaired	-	216.151.542	-	11.473.686	10.000	112.370.775	340.006.003
B. Net book value of financial assets with renegotiated conditions that are otherwise considered as overdue or impaired	-	-	-	-	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	-	-	-	-	-	-
D. Net book value of the impaired assets							
- Overdue (gross book value)	-	1.793.993	-	-	-	-	1.793.993
- Impairment (-)	-	(1.793.993)	-	-	-	-	(1.793.993)
E. Off-balance-sheet items include credit risk	-	-	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantees received are not considered in the determination of the balance.
(**) Guarantees consist of the guarantee letters, obtained from customers

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

28. Nature and level of risks arising from financial instruments (continued)

December 31, 2019

	Receivables						
	Trade receivables		Other receivables				
	Related parties	Third parties	Related parties	Third parties	Financial investment	Deposits at bank	Total
Maximum credit risk as of reporting date (A+B+C+D+E) (*)	-	146.835.007	-	8.790.572	10.000	80.525.762	236.161.341
- Secured portion of the maximum credit risk by guarantees (**)	-	103.923.063	-	-	-	-	103.923.063
A. Net book value of financial assets that are neither overdue not impaired	-	146.835.007	-	8.790.572	10.000	80.525.762	236.161.341
B. Net book value of financial assets with renegotiated conditions that are otherwise considered as overdue or impaired	-	-	-	-	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	-	-	-	-	-	-
D. Net book value of the impaired assets							
- Overdue (gross book value)	-	1.817.657	-	-	-	-	1.817.657
- Impairment (-)	-	(1.817.657)	-	-	-	-	(1.817.657)
E. Off-balance-sheet items include credit risk	-	-	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantees received are not considered in the determination of the balance.
(**) Guarantees consist of the guarantee letters, obtained from customers

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

28. Nature and level of risks arising from financial instruments (continued)

b) Liquidity risk

The ultimate responsibility for liquidity risk management belongs the Board of Directors, which has built an appropriate liquidity risk management framework for the management of Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group's can be required to pay. The table includes both interest and principal cash flow.

December 31, 2020

Expected terms	**Book value**	**Contracted cash outflow (I+II+III)**	**Less than 3 months (I)**	**3 - 12 months (II))**	**1 – 5 years and more (III)**	**More than 5 years (IV)**
Non-derivative financial Liabilities						
Financial borrowings	**1.753.431.159**	**1.892.451.624**	**90.486.718**	**750.349.742**	**845.278.182**	**206.336.982**
Trade payables	**314.206.960**	**317.019.143**	**317.019.143**	**-**	**-**	**-**
Other payables and liabilities	**2.053.603**	**2.053.603**	**2.053.603**	**-**	**-**	**-**
Lease liabilities	**7.268.821**	**7.778.561**	**3.085.585**	**-**	**4.692.976**	**-**
	2.076.960.543	**2.219.302.931**	**412.645.049**	**750.349.742**	**849.971.158**	**206.336.982**

December 31, 2019

Expected terms	Book value	Contracted cash outflow (I+II+III)	Less than 3 months (I)	3 - 12 months (II))	1 – 5 years and more (III)	More than 5 years (IV)
Non-derivative financial Liabilities						
Financial borrowings	1.423.743.889	1.703.220.834	45.118.331	511.278.350	927.713.386	219.110.767
Trade payables	148.460.502	149.427.187	149.427.187	-	-	-
Other payables and liabilities	1.860.359	1.860.359	1.860.359	-	-	-
Lease liabilities	3.189.174	3.817.457	2.882.378	-	935.079	-
	1.577.253.924	1.858.325.837	199.288.255	511.278.350	928.648.465	219.110.767

28. Nature and level of risks arising from financial instruments (continued)

c) Market risk

Foreign currency risk management

The Company carries foreign exchange risk due to its assets and liabilities denominated in USD and Euro. The following table details the Company's sensitivity to every 10% increase and decrease in the US Dollars, Euro. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss and other equity where the TL strengthens against the relevant currency.

	December 31, 2020			December 31, 2019		
	TL	**USD**	**Euro**	TL	ABD	Euro
1. Trade receivables	**31.582.341**	**4.302.478**	**-**	9.893.743	1.665.557	-
2a. Monetary financial assets (including cash and bank accounts)	**108.767.765**	**6.919.670**	**6.435.899**	74.743.033	791.933	10.531.199
2b. Non-monetary other liabilities	-	-	-	-	-	-
3. Other	**1.201.977**	**1.650**	**132.091**	475.507	2.445	69.315
4. Current assets (1+2+3)	**141.552.083**	**11.223.798**	**6.567.990**	85.112.283	2.459.935	10.600.514
5. Trade payables	-	-	-	-	-	-
6a. Monetary other liabilities	-	-	-	-	-	-
6b. Non-monetary other liabilities	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-	-	-
9. Total assets (4+8)	**141.552.083**	**11.223.798**	**6.567.990**	85.112.283	2.459.935	10.600.514
10. Trade payables	**110.238.431**	**14.420.540**	**486.735**	35.615.868	3.312.984	2.396.187
11. Financial liabilities	**442.780.903**	**11.498.697**	**39.784.491**	403.779.726	5.003.909	56.243.873
12a. Monetary other liabilities	**2.792**	**-**	**310**	-	-	-
12b. Non-monetary other liabilities	-	-	-	-	-	-
13. Short term liabilities (10+11+12a+12b)	**553.022.126**	**25.919.237**	**40.271.536**	439.395.594	8.316.893	58.640.060
14. Trade payables	-	-	-	-	-	-
15. Trade payables	**776.423.566**	**7.973.489**	**79.696.063**	680.769.073	12.703.791	91.015.248
16a. Monetary other liabilities	-	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-	-
17. Long term liabilities (14+15+16a+16b)	**776.423.566**	**7.973.489**	**79.696.063**	680.769.073	12.703.791	91.015.248
18. Total liabilities (13+17)	**1.329.445.692**	**33.892.726**	**119.967.599**	1.120.164.667	21.020.684	149.655.308
19. Net asset/(liability)position of off-balance sheet derivative instruments (19a-19b	-	-	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-	-	-
19b. Off-balance sheet foreign currency deriva assets	-	-	-	-	-	-
20. Net foreign currency asset/(liability) position (9-18+19)	**(1.187.893.609)**	**(22.668.928)**	**(113.399.609)**	(1.035.052.384)	(18.560.749)	(139.054.794)
21. Net foreign currency asset/(liability)positio monetary items (TFRS7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(1.189.095.586)**	**(22.670.578)**	**(113.531.700)**	(1.035.527.891)	(18.563.194)	(139.124.109)
22.Total fair value of financial instruments use for foreign currency hedging	- -	- -	- -	-	-	-
23. Hedged amount for current assets				-	-	-
24. Hedged amount for current liabilities	-	-	-	-	-	-

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

28. Nature and level of risks arising from financial instruments (continued)

Table of foreign currency sensitivity analysis

		December 31, 2020
		Profit / (loss) effect before tax
	Foreign currency appreciation	**Foreign currency depreciation**
When USD changes by 10% against TL		
1- USD net asset/liability	**(16.641.338)**	16.641.338
2- Amount hedged from USD risk (-)	**-**	-
3- USD net effect (1 +2)	**(16.641.338)**	16.641.338
When Euro changes by 10% against TL		
4- Euro net asset/liability	**(102.268.220)**	102.268.220
5- Amount hedged from Euro risk (-)	**-**	-
6- Euro net effect (4+5)	**(102.268.220)**	102.268.220
Total (3 + 6)	**(118.909.558)**	118.909.558

		December 31, 2019
		Profit / (loss) effect before tax
	Foreign currency appreciation	Foreign currency depreciation
When USD changes by 10% against TL		
1- USD net asset/liability	(11.026.909)	11.026.909
2- Amount hedged from USD risk (-)	-	-
3- USD net effect (1 +2)	(11.026.909)	11.026.909
A When Euro changes by 10% against TL		
4- Euro net asset/liability	(92.525.880)	92.525.880
5- Amount hedged from Euro risk (-)	-	-
6- Euro net effect (4+5)	(92.525.880)	92.525.880
Total (3 + 6)	(103.552.789)	103.552.789

(Currency – In Turkish Lira ("TL"), unless otherwise indicated)

28. Nature and level of risks arising from financial instruments (continued)

Interest rate risk

Group is exposed to interest rate risk as entities in the group borrow funds at both fixed and floating interest rates. Hedging activities are evaluated regularly to align with interest rate views and defined risk aptitude; ensuring optimal hedging strategies are applied, by either positioning the statement of financial position or protecting interest expense through different interest rate cycles.

As of 31 December 2020, and 2019 table of sensitivity analysis for foreign currency risk is as follows:

	2020	2019
Fixed rate instruments		
Financial assets	**104.320.683**	76.078.529
Financial liabilities	**1.677.839.324**	1.327.571.775
Floating rate instruments		
Financial liabilities	**75.591.834**	96.172.114

If there is a change of +/- 1% in interest rates on variable rate loans, the interest expenses will change +/(-) 755.918 TL (December 31, 2019 – 961.721 TL).

d) Capital Management

The Group manages its capital to Group will be able to continue a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consist of debt, which includes the borrowing disclosed in Note cash and cash equivalents and equity attributable to equity holders of parent, comprising issued capital, reserves and retained earnings.

The Group's board of directors review the capital structure semi-annually. The Group management considers the cost of capital and the risks associated with each class of capital. The management of the Group aims to balance its overall capital structure through new share issues, and by issue of new debt or the redemption of existing debt.

In parallel with the other entities in the sector, the Company monitors its debt/equity ratios for capital management purposes. This ratio is calculated as net debt divided by total equity. Net debt is calculated as the total liability (total amount of short and long term liabilities in the statement of financial position) less cash and cash equivalents. Total share capital is the sum of all equity items recognized in the statement of financial position

	December 31, 2020	December 31, 2019
Total financial liabilities	**1.760.699.980**	1.426.933.063
Cash and cash equivalents (-)	**(112.394.733)**	(80.557.840)
Net financial liabilities	**1.648.305.247**	1.346.375.223
Total capital	**2.537.196.065**	2.429.931.032
Net liabilities / total equity ratio	**0,65**	0,55

29. Fair value

Fair value is the amount for which an asset could be exchanged or a liability settled in an arm's length transaction between knowledgeable willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, where one exists.

The Company has determined the estimated values of its financial instruments by using the available market information and best practices for valuation. However, fair value measurement requires interpretation and reasoning. Accordingly, the estimates arrived at may not always be the indicators of values that the Company would obtain from a current market operation.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which fair value could be determined:

Financial assets

The carrying amounts of foreign currency denominated monetary assets which are translated at year end exchange rates are considered to approximate their fair values. Cash and cash equivalents are measured at fair value. Trade receivables and receivables from related parties are carried at their amortized cost and considered to approximate their respective carrying values.

Financial liabilities

Trade payables and receivables, payables to related parties and other monetary liabilities are estimated to be presented with their discounted carrying amounts and they are considered to approximate to their fair values and the fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate carrying values

The fair values of short-term bank loans and other monetary liabilities are estimated to approximate their carrying values due to their short-term nature. Since long-term floating rate bank loans are updated with regard to the changing market conditions, it is considered that the fair value of these loans represents the value they bear. When the long-term fixed interest rate borrowings are valued at the fixed interest rate as of the balance sheet date, fair value is found to be close to the carrying value.

Levels of fair value measurement

The Company classifies the fair value measurement of each class of financial instruments according to their sources, using a three-level hierarchy as follows:

Level 1: Based on registered (uncorrected) prices in active markets;
Level 2: Either directly (through the prices in the active market) or indirectly (by deriving from the prices in active markets);
Level 3: Not based on observable market data.

30. Subsequent events

None.

31. Disclosure of other matters

Convenience translation to English:

As at December 31, 2020, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the POA/CMB. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.