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

Nuh Çimento Sanayi A.Ş. and its subsidiaries

Consolidated financial statements at December 31, 2012 together with Independent auditors' report

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

Nuh Çimento Sanayi A.Ş. and its subsidiaries

Table of contents

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Independent auditors' report

To the shareholders of Nuh Çimento Sanayi A.Ş.

Introduction

We have audited the accompanying consolidated balance sheet of Nuh Çimento Sanayi A.Ş. (the Company) and its Subsidiaries (together will be referred to as "the Group") as of December 31, 2012 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

***Management's responsibility for the financial statement*s**

The Group's management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with financial reporting standards published by the Capital Market Board in Turkey (the CMB). This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error and/or fraud; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Independent auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board. Those standards require that ethical requirements are complied and independent audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

An independent audit involves performing independent audit procedures to obtain independent audit evidence about the amounts and disclosures in the financial statements. The independent audit procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error and/or fraud. In making those risk assessments, the Group's internal control system is considered. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design independent audit procedures that are appropriate for the circumstances in order to identify the relation between the financial statements prepared by the Group and its internal control system. Our independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Group's management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained during our independent audit is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

As of December 31, 2012 in the consolidated balance sheet, the Company has joint venture investments in Torgoviy Port Ltd. (Torgoviy) and Kovcheg Ltd (Kovcheg), which are established in Russia and were accounted by using the equity method at the amounts of TL 5.903.919 and TL 0, respectively. As also disclosed in the Note 11 to the consolidated financial statements, as per unaudited financial statements, Torgoviy incurred losses in the first nine months of 2011. After that date, the joint control of the Company on Torgoviy ceased and the application of equity accounting is discontinued. As of December 31, 2012 and December 31, 2011, the net shareholders equity of Kovcheg is negative. On April 8, 2011, a protocol was signed between the Company and the other joint venture partner, in order to end the partnership and split the net investments. As of December 31, 2012, such asset sharing and share transfers in accordance with this protocol have not been realized yet and several lawsuits were filed against these companies and by these companies. No provision has been made in the financial statements for the possible outcome of these lawsuits. As of December 31, 2012 the Company has due dated loans and trade receivables from Torgoviy, Kovcheg and another Company which is related to these companies arising from the sale of goods which could not be collected for more than one year at the total amount of TL 25.065.772 (December 31, 2011 – TL 23.506.835). We could not obtain adequate audit evidence about the recoverable amount of the financial investments in and receivables from these companies carried in the consolidated financial statements as of December 31, 2012 at the total amount of TL 30.969.691 (December 31, 2011 – TL 29.410.754).

The Company’s one of the associates, Tan Kömür Dış Ticaret Limited Şirketi (Tan Kömür), which was established in 2010 and accounted by using the equity method in the consolidated financial statements has a subsidiary having operations in Abhazia, Korçhal Kömür Limited (Korçhal). The financial statements of Korçhal as of and for the year ended December 31, 2012 is unaudited and in the consolidated statement of comprehensive income for 2012, TL 339.368 of the account “share of profits of investments accounted under equity method” and in consolidated balance sheet, TL 10.883.467 (December 31, 2011 - TL 11.222.835 of the account “investments accounted under equity method” and TL 1.276.753 (December 31, 2011 – TL 41.268) of the account “currency translation differences” is related to Korçhal. Korçhal is selling almost all of its lignite production to a company based in U.K. which belongs to a joint investor of Tan Kömür and Korçhal has also been supplying a portion of lignite that is used in cement production from this company.

Qualified opinion

In our opinion, except for the effects of the matters explained in the basis for qualified opinion paragraphs, if any, the accompanying consolidated financial statements present fairly the financial position of Nuh Çimento Sanayi A.Ş. and its Subsidiaries as at December 31, 2012 and their financial performance and cash flows for the year then ended in accordance with financial reporting standards published by the Capital Market Board in Turkey.

Additional paragraph for convenience translation to English:

As at December 31, 2012, the accounting principles described in Note 2 (defined as CMB Accounting Standards) to the accompanying consolidated financial statements differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to not application of inflation accounting for the year 2005 and also for certain disclosures requirement of the CMB. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

Other issue

Without qualifying our opinion with the additional, we draw the attention to the following.

The contractor of investment property construction in progress cost construction in progress carried at TL 74.203.205 in the consolidated balance sheet of the Group as of December 31, 2012 is Haldız Construction Automotive and Trade Limited Company and group companies (Haldız Construction Group). As also disclosed in Note No. 9-iv to the consolidated financial statements, there are advances given to Haldız Construction Group amounting to TL 25.171.631 for the construction projects of i) two hydroelectric power plants, one of which does not possess a power generation license yet and another one of which has a power generation license with ongoing legal disputes, to be offset in the event of the commencement of the constructions (see Note 3-ii and Note 6-d) and ii) for construction of investment properties. The Group management is of the opinion that these transactions are within the Group's operations and strategic business relationships, and there is no impairment on the carrying amounts
.

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

Ertan Ayhan, SMMM
Engagement Partner

06 Mart 2013
İstanbul, Türkiye

Nuh Çimento Sanayi A.Ş. and its subsidiaries

Consolidated balance sheet
as at December 31, 2012
(Amounts expressed in Turkish Lira (TL))

	Notes	Current period (Audited) December 31, 2012	Prior period (Audited) December 31, 2011
Assets			
Current assets		**448.509.996**	386.580.201
Cash and cash equivalents	5	**24.212.874**	24.734.174
Trade receivables		**257.743.685**	226.133.688
Due from related parties	8, 22	**13.642.702**	12.830.865
Other trade receivables	8	**244.100.983**	213.302.823
Other receivables		**24.230.011**	17.361.839
Due from related parties	9, 22	**19.472.983**	16.039.334
Other trade receivables	9	**4.757.028**	1.322.505
Financial investments			2.416.105
Inventories	10	**83.589.462**	60.342.301
Other current assets	16-a	**50.713.679**	49.941.714
Assets classified as held for sale	1, 16-d	**8.020.285**	5.650.380
Non-current assets		**903.179.195**	838.807.237
Trade receivables	8	**1.009.373**	1.935.591
Other receivables	9	**484.139**	458.363
Financial investments	6	**5.710.429**	6.566.359
Investments accounted under equity method	11	**135.293.520**	131.359.498
Tangible assets	12	**599.466.679**	563.042.252
Intangible assets	13	**28.623.556**	29.367.596
Goodwill	3	**24.910.842**	24.910.842
Investment properties	16-e	**74.203.205**	49.968.413
Deferred tax assets	20	**7.039.249**	7.373.670
Other non-current assets	16-b	**26.438.203**	23.824.653
Total assets		**1.351.689.191**	1.225.387.438

The accompanying policies and explanatory notes on pages 9 through 67 form an integral part of these consolidated financial statements.

Nuh Çimento Sanayi A.Ş. and its subsidiaries

Consolidated balance sheet
as at December 31, 2012
(Amounts expressed in Turkish Lira (TL))

	Notes	Current Period (Audited) December 31, 2012	Prior period (Audited) December 31, 2011
Liabilities			
Current liabilities		**327.443.257**	204.372.665
Financial liabilities	7	**208.068.789**	82.882.328
Trade payables	8	**78.310.537**	59.841.009
Other trade payables		**74.781.541**	59.841.009
Due to related parties		**3.528.996**	-
Other payables	9	**10.264.516**	7.502.077
Reserve for employee termination benefits	15	**1.961.538**	1.552.637
Current income tax liabilities	24	**1.948.798**	5.051.619
Provisions	14	**2.797.514**	2.410.834
Other current liabilities	16-c	**24.091.565**	45.132.161
Non-current liabilities		**172.550.822**	184.972.266
Financial liabilities	7	**134.600.304**	151.142.872
Trade payables	8	**-**	-
Reserve for employee termination benefits	15	**16.609.539**	14.510.326
Provisions	14	**6.486.720**	6.611.720
Deferred tax liabilities	20	**14.854.259**	12.707.348
Equity		**851.695.112**	836.042.507
Equity holders of the parent		**851.544.243**	836.173.235
Paid-in share capital	17	**150.213.600**	150.213.600
Adjustment to share capital	17	**39.338.145**	39.338.145
Currency translation differences		**(112.343)**	859.994
Restricted reserves allocated from profits		**109.985.608**	86.239.560
Retained earnings		**487.707.537**	484.014.496
Net income for the year		**64.411.696**	75.507.440
Non-controlling interest		**150.869**	(130.728)
Total liabilities and equity		**1.351.689.191**	1.225.387.438

The accompanying policies and explanatory notes on pages 9 through 67 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income as at December 31, 2012
(Amounts expressed in Turkish Lira (TL))

	Not	Current Period (Audited) December 31, 2012	Prior period (Audited) December 31, 2011
Continuing operations			
Sales	18	**897.378.346**	841.454.063
Cost of sales (-)	18	**(736.816.239)**	(687.797.146)
Gross profit		**160.562.107**	153.656.917
Selling, marketing and distribution expenses (-)	20	**(56.676.990)**	(32.671.793)
General and administrative expenses (-)	20	**(42.525.807)**	(37.392.365)
Research and development expenses (-)	20	**(15.423)**	(64.388)
Other operating income	21	**15.257.152**	14.639.146
Other operating expenses (-)	21	**(22.441.822)**	(10.813.224)
Operating profit		**54.159.217**	87.354.293
Share of profits of investments accounted under equity method		**23.094.537**	32.119.388
Financial income	22	**43.831.987**	22.808.179
Financial expense (-)	23	**(38.591.690)**	(56.162.065)
Net income before taxes from continuing operations		**82.494.051**	86.119.795
Tax expense for continuing operations		**(18.233.258)**	(10.743.083)
- Current tax expense for the year	24	**(15.751.926)**	(16.335.201)
- Deferred tax income/(expense)	24	**(2.481.332)**	5.592.118
Net İncome		**64.260.793**	75.376.712
Other comprehensive income:			
Change in currency translation differences		**(972.337)**	1.068.902
Other comprehensive income (after tax)		**63.288.456**	76.445.614
Total comprehensive income		**63.288.456**	76.445.614
Profit for the year attributable to		**64.260.793**	75.376.712
Non-controlling interest		**(150.903)**	(130.728)
Share of the parent		**64.411.696**	75.507.440
Total comprehensive income attributable to		**63.288.456**	76.445.614
Non-controlling interest		**(150.903)**	(130.728)
Share of the parent		**63.439.359**	76.576.342
Earnings per share	24	**0,43**	0,50

The accompanying policies and explanatory notes on pages 9 through 67 form an integral part of these consolidated financial statements.

Nuh Çimento Sanayi A.Ş. and its subsidiaries

Consolidated statement of changes in equity as at December 31, 2012 (Amounts expressed in Turkish Lira (TL))

	Note	Paid-in share capital	Adjustment to share capital	Currency translation difference	Restricted reserves allocated from profits	Retained earnings	Net income for the year	Non-controlling interest	Total
Balance as of December 31, 2010		150.213.600	39.338.145	(208.908)	64.046.154	498.564.873	52.707.109	-	804.660.973
Transfers		-	-	-	-	52.707.109	(52.707.109)	-	-
Transfer from retained earnings to reserves		-	-	-	22.193.406	(22.193.406)	-	-	-
Dividend payments	16	-	-	-	-	(45.064.080)	-	-	(45.064.080)
Total comprehensive income		-	-	1.068.902	-	-	75.507.440	(130.728)	76.445.614
Balance as of December 31, 2011		150.213.600	39.338.145	859.994	86.239.560	484.014.496	75.507.440	(130.728)	836.042.507
Transfer		**-**	**-**	**-**	**-**	**75.507.440**	**(75.507.440)**	**-**	**-**
Transfer from retained earnings to reserves		**-**	**-**	**-**	**23.746.048**	**(23.746.048)**	**-**	**-**	**-**
Dividend payments	**16**	**-**	**-**	**-**	**-**	**(48.068.351)**	**-**	**-**	**(48.068.351)**
		-	**-**	**(611.480)**	**-**	**-**	**-**		**(611.480)**
Shares without control caused by cotton share purchases		**-**	**-**	**-**	**-**	**-**	**-**	**432.500**	**432.500**
Total comprehensive income		**-**	**-**	**(360.857)**	**-**	**-**	**64.411.696**	**(150.903)**	**63.899.936**
Balance as of December 31, 2012		**150.213.600**	**39.338.145**	**(112.343)**	**109.985.608**	**487.707.537**	**64.411.696**	**150.869**	**851.695.112**

The accompanying policies and explanatory notes on pages 9 through 67 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows as at December 31, 2012 (Amounts expressed in Turkish Lira (TL))

	Note	(Audited) January 1- December 31, 2012-	(Audited) January 1- December 31, 2011
Cash flows from operating activities			
Profit before tax		**82.494.051**	86.119.795
Adjustments to reconcile profit before tax to net cash provided by operating activities:			
Depreciation and amortization	12	**54.435.271**	51.696.461
Reserve for retirement pay, vacation pay and seniority incentive payments		**6.190.648**	2.389.644
Loss on sale of tangible and intangible assets	21	**208.639**	1.155.667
Interest expense	23	**21.535.433**	13.180.530
Interest income (-)	22	**(5.469.957)**	(3.001.506)
Discount on Kudret Enerji purchasing sum	3	**(4.168.576)**	
Provision for impairment on investments accounted under equity method	21	**-**	1.302.393
Share of profits of investments accounted under equity method (-)		**(23.094.537)**	(32.119.388)
Provion for expenses		**261.680**	1.576.495
Operating income before working capital changes		**132.392.652**	122.300.091
Increase (-) / decrease (+) in trade receivables		**(30.683.779)**	(33.904.460)
Increase (-) in other receivables		**(6.893.948)**	(3.122.456)
Increase (-) / decrease (+) in inventories		**(23.247.161)**	(123.097)
Increase (-) / decrease (+) in other current and non-current assets		**(8.067.050)**	(17.602.999)
Increase (-) / decrease (+) in fixed assets held for sale		**(2.369.905)**	(2.727.499)
Increase (+) / decrease (-) in trade payables		**22.638.104**	(6.233.182)
Increase (+) / decrease (-) in other payables		**2.762.439**	(1.825.301)
Increase (+) in other liabilities		**(21.040.586)**	19.026.857
Payments for employment termination benefits and seniority incentive premiums (-)		**(3.682.534)**	(3.795.329)
Income taxes paid (-)		**(18.761.894)**	(11.337.411)
Net cash generated by operating activities		**43.046.338**	60.655.214
Cash flows from investing activities			
Increase (-) / decrease (+) in short term financial investments		**2.416.105**	(2.000.425)
Dividends collected from affiliates		**18.951.658**	18.156.110
Cash paid for acquisition of new participations		**-**	(3.270.402)
Cash paid for acquisition of financial investments / participation to share capital increase in financial investments		**524.940**	(374.838)
Purchase of tangible and intangible assets (-)	12	**(92.994.152)**	(36.580.297)
Proceeds from sale of property and equipment and intangibles	13	**5.909.409**	3.349.282
Cash paid for acquisition of Kudret Enerji, net		**-**	(45.026.506)
Cash paid for expenditures in investment properties		**(27.474.346)**	(19.328.501)
Change in paid advances for investments		**4.588.682**	8.218.237
Interest received	22	**5.469.957**	3.001.506
Net cash used in investing activities		**(82.607.747)**	(73.855.834)
Cash flows from financing activities			
Increase (+) / decrease (-) in financial liabilities, net	7	**108.886.816**	61.380.186
Interest paid		**(21.778.356)**	(14.424.466)
Dividends paid (-)	17	**(48.068.351)**	(45.064.080)
Net cash generated by (used in) financing activities		**39.040.109**	1.891.640
Increase (+) / decrease (-) in cash and cash equivalents		**(521.300)**	(11.308.980)
Cash and cash equivalents at the beginning of the year	5	**24.734.174**	36.043.154
Cash and cash equivalents at the end of the year	5	**24.212.874**	24.734.174

The accompanying policies and explanatory notes on pages 9 through 67 form an integral part of these consolidated financial statements.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

1. Organization and principle activities

Nuh Çimento Sanayi A.Ş. (the Company) and its Subsidiaries are joint stock and limited liability companies and their principal activities are manufacturing various cement, lime, ready-made concrete, gas concrete, machinery and spare parts, electricity, transportation, management of real estate and marketable securities, providing import and export services, and operating in commercial sectors.

The address of the Company is İnönü Cad. No:102 Kat:6-7 Kozyatağı – Istanbul

The Company is registered at the Capital Markets Board (CMB) and 12,63% of its shares are being traded on Borsa Istanbul (BIST) since 24 February 2000.

Consolidated financial statements have been authorized for issue by the Board of Directors of the Company on March 6, 2013. The General Board and certain regulatory bodies have the power to amend the statutory financial statements after issuance.

Shareholding structure as of December 31, 2012 and 2012 is as follows:

	Percentage of shares	
Name	**December 31, 2012**	December 31, 2011
Nuh Ticaret ve Sanayi A.Ş.	**%43,73**	%43,34
Partaş Tekstil İnş. San.ve Tic. A.Ş.	**%15,94**	%15,94
Other(*)	**%40,33**	%40,72
	%100,00	%100,00

(*) Represents total of shareholdings less than 5%.

The average number of employees with their categories for respective periods is as follows

	31 Aralık 2012	31 Aralık 2011
White collar	**340**	323
Blue collar	**626**	597
Total	**966**	920

Subsidiaries:

The firm and participations in the context of consolidation will then be defined as “Group”.

<u>Nuh Beton A.Ş.</u>

Nuh Beton A.Ş. which started operating at the Bostanci facility in 1987 as a separate operations entity of Nuh Çimento Sanayi A.Ş., paralel to the developments in concrete industry, new facilities were decided to be established. New facilities in Hereke in 1989, in B. Bakkalköy in 1992, in İkitelli in 1993 started operating. In order to get better organized in the rapid developing ready-mixed concrete sector, the facilities separated from Nuh Çimento Sanayi A.Ş. and Nuh Beton A.Ş. was established in 1995. 39 concrete control rooms, 400 mixers and 90 pumps exist in 29 separate facilities and in the year 2012, 4,1 million m³ (2011 – 4,3 Million m³) ready-mixed concrete was produced and sold. Also,

1. Organization and principle activities (continued)

the bazaar construction part of 90.000 m² of the hotel block construction works, located at the Bostanci land owned by the firm was finalized and it is estimated that hotel block constructions will be finalized in 2013 June.

Nuh Yapı Ürünleri ve Makina Sanayi A.Ş.(Nuh Yapı)

A limestone manufacturing plant and an aerated concrete block (white brick) manufacturing plant were established within the structure of Nuh Çimento Sanayi A.Ş. in 1984 and 1996 with annual production capacities of 160.000 m³/year 160.000 ton/year, respectively.

Nuh Yapı Ürünleri ve Makine Sanayi A.Ş., the legal establishment of which was realized in 1995, was activated in 1998 upon the transfer of the two aforementioned facilities, plus a machine plant which was previously operated by Nuh Çimento Sanayi A.Ş. which mainly served the companies of Nuh Group with maintenance, repairment and equipment production as well as project preparation.

Nuh Yapı Ürünleri ve Makina Sanayi A.Ş. completed the construction of aerated concrete block production facility with an annual capacity of 400.000 m³ which was started in 2007, and the facility started production at the end of 2008. Besides, the limestone production facility whose investment started in 2007 and which was fully financed by equity was completed at the end of 2010 with an annual quicklime production capacity of 212.000 tons. 440.000 m³ /year of aerated concrete block (2011- 386.000 m³) and 166.000 tons/year of quicklime (2011- 150.000 tons) sales was made in 2012.

Nuh Enerji Elektrik Üretim A.Ş. (Nuh Enerji)

Nuh Enerji Elektrik Üretim A.Ş. was established in 2000 to deliver electricity mainly to Nuh Group companies in an economic and safe manner. It started operating in 2004 after transferring a 38 MW power production plant which was established in 1999 for the same purpose within the structure of Nuh Çimento Sanayi A.Ş.. The first unit with 60 MW capacity of the second power plant with a capacity of 120 MW power was established in 2005 and the other unit of the power plant was established in 2009. The operations continued with 3 natural gas power plants with a total capacity of 158 MW. The operations towards investing or acquiring hydroelectric and wind power plants in order to diversify the production resources are also in progress. In this context, “Bangal Regulator and Kuşluk HES” with a capacity of 17 MW located in Trabzon Araklı was included to the portfolio. Additionally, investment works concerning Yanbolu Regulator and Hes with a capacity of 9 MW located in Trabzon Arsin and Hereke Wind Energy Control Station with a capacity of 2 MW located in Kocaeli Harbor are still going on. In the year 2012, 444 million KWH (2011 – 509 million KWH) of prıduction was observed.

Nuh Enerji Elektrik İthalat İhracat ve Toptan Ticaret A.Ş.(Nuh Enerji Toptan)

Nuh Enerji Elektrik İthalat İhracat ve Toptan Ticaret A.Ş. was established in 2006 in order to procure electricity from both local and foreign markets and to sell them in bulk or directly to the free consumer. It started its operations in 2010 due to the economic conditions and its paid-in share capital amounts to TL 1.000.000.

Kudret Enerji Elektrik Üretim A.Ş.(Kudret Enerji)

Kudret Enerji was established in Yağmur River, Araklı, Trabzon. As of 25 February 2011, all of the firm’s shares belong to the group. Kudret Enerji, which owns the 49-year production license of “Bangal Regulator and Kuşluk HES”, which has a capacity of 17 MW, started production in May 2012.

1. Organization and principle activities (continued)

Pamuk Elektrik Üretim Ticaret ve Sanayi Ltd.Şti.

The firm has a license for a capacity of 9.08 MW located at Trabzon Arsin region, Yanboyu river. Investments are going on and it is estimated that the firm will initiate operations in 2015.

Nuh Gayrimenkul İnşaat A.Ş.

The company was established in 1997 for the purpose of ensuring efficient use of the real estate within the structure of the group companies, production and project preparation operations in the construction sector.

Çim-Nak Taşımacılık Limited Şirketi

Çim-Nak Taşımacılık Limited Şirketi was established in 1979 to provide land and sea transportation services, run mineral ore administation opertions and realize sea logistics-transportation operations. Çim-Nak Taşımacılık Limited Şirketi stil provides the mentioned and additional services to Nuh Çimento Sanayi A.Ş.

Navig Holding Trade B.V.

Navig Holding Trade B.V. was established in Netherlands in 1997 with the 100% participation of Nuh Çimento Sanayi A.Ş. to asist the export-import operations of the group's firms, finding long-term external credits for investments and making securities invesments. The company's current capital is 12.039.658 Euro.

Nuh Ay Çimento Sanayi ve Tic. Ltd. Şti (Nuh Ay)

Nuh Ay Çimento Sanayi ve Tic. Ltd. Şti was established in June 2011 in order to render services for manufacturing and trading cement and construction equipments in national and foreign markets. Its current share capital amounts to TL 1.000.000 and the share of the Company in Nuh Ay Çimento Sanayi ve Tic. Ltd. Şti is %70.

Nuh Ay has become a shareholder at %46 in SPA SPCC Production Et Commercialistation De Ciment (SPA) which will establish a grinding facility with a capacity of 720.000 ton per year in Algeria, SPA's share capital amounts to Algerian Dinar 70.000.000. SPA SPCC completed the investment which started in 2010 and started production in the first half of 2012.

On 31 January 2013, 28.000 shares with a nominal value of TL 2700.000 belonging to Nuh Ay Çimento Sanayi ve Tic. Ltd. Şti were sold to Gökay İnşaat Madencilik Nak. Turizm Ltd.Şti. for TL 19.391.900.

The investment of the firm at Nuh Ay was reflected on the financial statements dated 31 December 2012 under as fixed assets held for sale.

Nuh Beton – Torgoviy port Ltd

Torgoviy Port Ltd. was established in 2009 in the Russian Federation in the province of Rostov-on-Don for the purpose of producing products from concrete, plaster and cement. The Group's shareholding rate in the company is 75%.

1. Organization and principle activities (continued)

Joint ventures and associates

<u>Kovcheg Ltd.</u>

Kovcheg Ltd. was established in 2007 in Russian Federation provinces of Rostov-on-Don and Kalach for operating in port administration, cement production and sales, etc., with a total share capital of Ruble 10.257.026. The Company participated in the firm at a 50% share in 2008.
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<u>Torgoviy Port Ltd.</u>

Torgoviy Port Ltd. was established in 2008 in the Russian Federation province of Rostov-on-Don for the purpose of operating in port administration; cement sales, etc., with a total share capital of Ruble 121.732.238 in which the Company has become a shareholder at 50%. As of 31 December 2011, the share capital of Torgoviy Port Ltd. is Ruble 190.526.000 and the Company's shareholding rate is 50%.

<u>Tan Kömür Dış Ticaret Limited Şirketi</u>

Tan Kömür Dış Ticaret Limited Şirketi was established on 5 August 2009 in Istanbul for management and trading of coal mines, cement, plaster, briquette, ready-made concrete in local and foreign markets, and for establishing partnerships with companies operating in related fields with a share capital of TL 20.000.000 and a shareholding rate of 50% in Nuh Çimento Sanayi A.Ş. Tan Kömür continues its coal mine production and investment operations via its subsidiary located abroad.
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<u>Ünye Çimento Sanayi ve Ticaret A.Ş.</u>

Investment of the Group in Ünye Çimento, whose shares are traded at Istanbul Stock Exchange, started in 1997 and currently the share capital of Ünye has a total nominal value of TL 123.586.411. The subsidiaries of the Company namely, Nuh Beton A.Ş. and Nuh Gayrimenkul İnşaat A.Ş. together have a total share of 40% at Ünye.

Ünye was established in Ünye in 1969 for the purpose of production and sales of clinker and cement, and started its operations with an annual production capacity of 0,6 million tons in 1974. Upon the investments made, the clinker production capacity reached 1,5 million tons and the cement grinding capacity reached 2,6 million tons per year. Ünye realizes its exports through Ünye Port and the usage right of the port belongs to Ünye for a period of 49 years.

2. Basis of preparation of consolidated financial statements

i. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the financial reporting standards published by the CMB, namely "CMB Financial Reporting Standards". CMB regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with Communiqué No. XI-29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by

2. Basis of preparation of consolidated financial statements (continued)

the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB which are in line with the aforementioned standards shall be considered.
With the decision taken on 17 March 2005, the CMB announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, IAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the IASB, has not been applied in the financial statements for the accounting year commencing from January 1, 2005.

As of the date of preparation of these consolidated financial statements, the consolidated financial statements have been prepared within the framework of Communiqué XI, No. 29 and related promulgations to this Communiqué as issued by the CMB, in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS. The consolidated financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB, with the announcement dated 14 April 2008 and 9 January 2009, including the compulsory disclosures.

The Group maintains its books of account and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and accounting principles issued by the CMB. The foreign Subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements are based on the statutory records with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards. These consolidated financial statements have been prepared under the historical cost convention except for the financial assets carried at fair values.

Functional and presentation currency

The functional currency of the Group is Turkish Lira (TL) and accompanying consolidated financial statements and explanatory notes are represented in Turkish Lira (TL). The consolidated financial statements have been prepared under the historical cost convention.

Seasonality

Operations of the Group increases in spring and summer months when the construction industry brisks and the demand increases.

Adjustment of financial statements during hyperinflationary periods

In accordance with the CMB's resolution dated March 17, 2005 and numbered 11/367, the financial statements were restated in accordance with International Accounting Standards (IAS) 29 (Financial Reporting in Hyperinflationary Economies) for the last time as of December 31, 2004, since the objective conditions which require the application of restatement of financial statements have not been realized and that based on the existing data CMB has foreseen that the indications whether such conditions are going to be realized in the future is no longer probable. Therefore, non-monetary assets, liabilities and equity items including the share capital as of December 31, 2012 and December 31, 2011 have been restated by applying the relevant conversion factors through December 31, 2004 and carrying additions after December 31, 2004 at their nominal values.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

2. Basis of preparation of consolidated financial statements (continued)

ii. Basis of consolidation

The direct and indirect shareholdings of the Company within its Subsidiaries are as follows:

	December 31, 2011	December 31, 2010
Subsidiaries		
Nuh Beton A.Ş.	**%100,00**	%99,99
Nuh Yapı Ürünleri ve Makine Sanayi A.Ş.	**%100,00**	%100,00
Nuh Enerji Elektrik Üretim A.Ş.	**%100,00**	%99,99
Çim-Nak Taşımacılık Limited Şirketi	**%98,00**	%98,00
Nuh Gayrimenkul İnşaat A.Ş.	**%100,00**	%99,99
Navig Holding Trade B.V.	**%100,00**	%100,00
Naviga Holding N.V. (*)	**-**	%100,00
Nuh Enerji Elektrik İthalat İhracat ve Toptan Ticaret A.Ş.	**%75,00**	%75,00
Kudret Enerji Elektrik Üretim A.Ş.	**%100,00**	%99,99
Nuh Beton Torgoviy Port Ltd (**)	**%100,00**	%100,00
	%80,00	-
Joint ventures and associates accounted under equity method	**%100,00**	-
Torgoviy Port Ltd. (**) (***)		
Kovcheg Ltd.(**)		
Tan Kömür Dış Ticaret Limited Şirketi	**%50,00**	%50,00
Ünye Çimento Sanayi ve Ticaret A.Ş.	**%50,00**	%50,00
Tan Kömür Dış Ticaret Limited Şirketi	**%50,00**	%50,00
Ünye Çimento Sanayi ve Ticaret A.Ş.	**%40,03**	%40,03

(*) Liquidated on January 14, 2011, due to being inactive.

(**) The Company's Board of Directors, with their decision dated May 11, 2011 decided to end their partnership within Nuh Beton Torgoviy Port Ltd., Torgoviy Port Ltd. and Kovcheg Ltd. As a result of this decision, with the joint venture partners, which are the same for the three companies, the Company signed a good faith agreement, and accordingly it was agreed that 50% of the shares of the other partners in Nuh Beton Torgoviy Port Ltd. and Kovcheg Ltd. be transferred to the Company, and 50% of the shares of the Company in Torgoviy Port Ltd. be transferred to the other partners. As of 31 December 2012, the process regarding the termination of the cooperation continues. The mentioned issue is passed to the high court in May and June 2012 and several claims and counter claims were filed (Note 11).

Consolidated financial statements have been prepared on the basis of principles stated below:

Full consolidation method

- All items in the balance sheet except for the paid in capital and the equities of the Parent Company and the subsidiary at the acquisition date are combined and inter-company balances are eliminated. Paid in capital in the subsidiary's financial statements and long term investments within the Parent Company's financials are offset against to each other.

- As of the acquisition date, the acquisition cost of the Parent Company's shareholding in its subsidiaries is offset against the portion of share capital it owns in the subsidiary's equity for one time. The equity of the subsidiary at the acquisition date should be drawn up according to the fair value of the subsidiary's net assets at that date. If the cost value of the Parent Company's shareholding in its subsidiary is more than the nominal value of the part of the share capital in the subsidiary's equity, the difference is recorded as positive goodwill in the asset side of the consolidated balance sheet as a separate item. If the difference is negative, it is reflected to the consolidated in income statement

2. Basis of preparation of consolidated financial statements (continued)

- Non-controlling interests are deducted from all equity account group items including the paid in/issued share capital of subsidiaries included in the consolidation and are recognized as "Non-controlling interests" in the consolidated balance sheet before the equity account group and in the consolidated in income statement.

- The purchases and sales among the Parent Company and its Subsidiaries and the profit or losses arising from these transactions are eliminated in the consolidated in income statement. Furthermore, profits or losses arising from the purchase or sale of marketable securities, stocks, tangible and intangible assets, long term financial assets and other assets among the consolidated group companies are also eliminated.

Equity method

- Affiliates are stated at the acquisition cost.

- For the period starting as of the acquisition date of the affiliate until the reporting date, the Parent Company's share of the increases and decreases in the affiliate's equity are either added to or deducted from the acquisition cost of the affiliate. The increases and decreases corresponding to the equity share in comparison with the acquisition cost are stated in the consolidated in income statement as profit or loss, respectively. In case the differences arise from equity items other than profit and loss, adjustments in the relevant items need also to be made in the shareholders' equity of the Parent Company. The dividends received from affiliates are deducted from the related investments.

iii. Adjustments

The accompanying consolidated financial statements are prepared in accordance with the TAS/TFRS and include the following adjustments which are not included in the statutory books.

- Consolidation accounting and elimination of inter-group balances and transactions
- Rediscount calculation on post-dated cheques, notes receivable, customers, notes payable, and suppliers
- Depreciation adjustment on tangible and intangible assets for prorate depreciation calculation
- Employee benefits in accordance with IAS 19
- Deferred tax adjustment
- Provision for impairment in financial investments
- Recognizing the effects of equity method of accounting
- Adjustment of provision for doubtful receivables
- Provisional accounting in accordance with IAS 37
- Loan discount as per the effective interest method
- Calculation of goodwill in accordance with IAS 3

iv. Comparative information and re-classification of the prior period financial statements

In the consolidated balance sheet, presented for comparison purposes, as of december 31, 2011; in order to comply with the presentation of the current period, as investment property and ongoing fixed assets investments the amount of TL 2,665,083 are classified in tangible fixed assets.

2. Basis of preparation of consolidated financial statements (continued)

v. Changes and errors in the accounting policies and estimates:

Group accounting policies are applied in consistence with the prior year. Material changes in accounting policies or material errors are corrected, retrospectively; by restating the prior periods' consolidated financial statements. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

vi. Changes in accounting policy and disclosures

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2011 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of January 1, 2011. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

New standards, changes and interpretations applicable to the financial statements as of January 1, 2012::

IAS 12 Income Taxes: Recovery of Underlying Assets (Amendment)

IAS 12 has been updated to include i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and ii) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after January 1, 2012 and has been no effect on the Group's financial position, performance or its disclosures.

IFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets (Amended)

The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. Comparative disclosures are not required. The amendment affects disclosures only and has no impact on the financial position or performance of the Group.

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, after the new standards and interpretations become in effect.

IAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income

The amendments are effective for annual periods beginning on or after July 1, 2012, but earlier application is permitted. The amendments to IAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The

2. Basis of preparation of consolidated financial statements (continued)

amendments will be applied retrospectively. The amendment affects presentation only and will have no impact on the financial position or performance of the Group.

IAS 19 Employee Benefits (Amended)

Amended standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among these numerous amendments, the most important changes are removing the corridor mechanism and recognizing actuarial gain/loss on defined benefit plans under other comprehensive income, and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement The Group has noted that the amendment will have a impact on presentation of actual differences which has been accounted under income statement, but is in the process of quantifying the effect.

IAS 27 Separate Financial Statements (Amended)

As a consequential amendment to IFRS 10 and IFRS 12, the IASB also amended IAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Transitional requirement of this amendment is similar to IFRS 10. This standard does not affect the consolidated financial statements of the Group.

IAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to IFRS 11 and IFRS 12, the IASB also amended IAS 28, which has been renamed IAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to IFRS 11. This standard does not affect the consolidated financial statements of the Group.

IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amended)

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amended)

New disclosures would provide users of financial statements with information that is useful in (a) evaluating the effect or potential effect of netting arrangements on an entity’s financial position and (b) analysing and comparing financial statements prepared in accordance with IFRSs and other generally accepted accounting standards. The amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. The amendment effects disclosures only and will have no impact on the financial position or performance of the Group.

2. Basis of preparation of consolidated financial statements (continued)

IFRS 9 Financial Instruments – Classification and Measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after January 1, 2015. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to IFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. This standard has not yet been endorsed by the EU. The Group does not expect that this amendment will have any impact on the financial position or performance of the Group.

IFRS 10 Consolidated Financial Statements

The standard is effective for annual periods beginning on or after January 1, 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This standard does not affect the consolidated financial statements of the Group.

IFRS 10 Consolidated Financial Statements (Amendment)

IFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. The amendment applies for annual periods beginning on or after January 1, 2014 with earlier application permitted. The amendment has not yet been endorsed by the EU. The amendment is not applicable for the Group and will not have any impact on the financial position or performance of the Group.

IFRS 11 Joint Arrangements

The standard is effective for annual periods beginning on or after January 1, 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities should be also adopted early.

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This standard will not have any impact on the Group.

IFRS 12 Disclosure of Interests in Other Entities

The standard is effective for annual periods beginning on or after January 1, 2013 and is applied on a modified retrospective basis. This new Standard may be adopted early, but IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements should be also adopted early.

IFRS 12 includes all of the disclosures that were previously in IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 Interests in Joint Ventures and IAS 28 Investment in Associates.

2. Basis of preparation of consolidated financial statements (continued)

These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. Under the new standard the Group will provide more comprehensive disclosures for interests in other entities.

IFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under IFRS but does not change when an entity is required to use fair value. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. IFRS 13 is effective for annual periods beginning on or after January 1, 2013 and will be adopted prospectively. Early application is permitted. The new disclosures are only required for periods beginning after IFRS 13 is adopted — that is, comparative disclosures for prior periods are not required. This standard does not affect the consolidated financial statements of the Group.

IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

The Interpretation is effective for annual periods beginning on or after January 1, 2013 with earlier application permitted. Entities will be required to apply its requirements for production phase stripping costs incurred from the start of the earliest comparative period presented. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The interpretation is not applicable for the Group and will not have any impact on the financial position or performance of the Group.

Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

The guidance is effective for annual periods beginning on or after January 1, 2013. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This standard does not affect the consolidated financial statements of the Group.

Improvements to IFRSs

The IASB has issued the Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to its standards. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The effective date for the amendments is for annual periods beginning on or after January 1, 2013. Earlier application is permitted in all cases, provided that fact is disclosed. This project has not yet been endorsed by the EU. The Group does not expect that the project will have a significant impact on the financial position or performance of the Group.

IAS 1 Financial Statement Presentation:
Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

IAS 16 Property, Plant and Equipment:
Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

2. Basis of presentation of the financial statements (continued)

IAS 32 Financial Instruments: Presentation:
Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

IAS 34 Interim Financial Reporting:
Clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

vii. Summary of significant accounting policies:

Financial instruments

Financial instruments constituted of financial assets and liabilities below:

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits at banks and highly liquid short-term investments, with maturity periods of less than three months, which has insignificant risk of change in fair value (Note 5).

Bank accounts consist of time and demand deposit accounts and the related interest accrued. The Turkish Lira balances are stated at face values and the foreign currency balances are translated into Turkish Lira at the foreign currency rate issued by the Central Bank as at the report date. Time deposit accounts are stated as calculated by adding accrued interest as of balance sheet date on the principle amount.

Post dated cheques received with maturity dates exceeding the balance sheet date are classified in trade receivables and are rediscounted using the interest rates determined for government debt securities by considering the interest levels arising in the stock exchanges or other organized markets.

Other current assets include the credit card slips obtained through credited sales.

Trade receivables

Trade receivables are financial assets created by the Company and its subsidiaries through selling goods and services directly to the customers. Trade receivables and notes and post-dated checks classified within trade receivables which are recognized at original invoice amount are measured at amortized cost using the effective interest rate method. Short term trade receivables without specified interest rate, are measured at invoice amount when the interest accrual effect is immaterial.

2. Basis of preparation of consolidated financial statements (continued)

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

The allowance for doubtful receivables is established through a provision charged to expenses. The allowance is an estimated amount that management believes to be adequate to absorb possible future losses on existing receivables that may become uncollectible due to current economic conditions and inherent risks in the receivables. Bad debts are written off when identified.

If the impairment amount decreases due to an event occurring after the write-down, the release of the provision is credited to other income in the current period (Note 8).

Financial investments

Financial assets held for trading are financial assets for which the fair value differences are reflected to the income statement. Financial investments are carried at cost when no market price in the stock exchange market is available, the fair value cannot be estimated reliably since the methods to be used in determining the fair value are not appropriate or they do not operate properly or the fair value cannot be assessed reliably.

Impairment in financial assets

Except for financial assets held for trading for which the fair value differences are reflected to the income statement, financial asset are assessed at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that had occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. For loans and receivables impairment loss has been incurred the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows.

Except for trade receivables, which is reduced through the use of an allowance account, impairment on all other financial assets are directly written off in the related account. In case trade receivables cannot be collected, the related amount is written off from allowance account. The change in allowance account is accounted in the consolidated income statement.

Trade payables

Trade payables are financial liabilities created by the Company and its Subsidiaries through purchasing goods directly from the suppliers. Trade payables are subject to rediscount.

2. Basis of preparation of consolidated financial statements (continued)

Short and long term bank loans

Short and long term bank loans are stated at the value computed through addition of the principal amount and the interest expenses accrued as of the balance sheet date.

Borrowings are recognized initially at proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between the proceeds and redemption value is recognized in the income statement over the period of the borrowings. Borrowing costs arising from bank loans are charged to the income statement when they are incurred (Note 7).

Derecognition of financial assets and liabilities

The Group recognizes a financial asset or financial liability in its balance sheet when only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of it only when the control on rights under the contract is discharged. The Group derecognizes a financial liability when the obligation under the liability is discharged or cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

Business combinations and goodwill

A business combination is evaluated as the bringing together of separate entities or businesses into one reporting entity.

Business combinations have been accounted for by using the purchase method in the scope of IFRS 3 “Business combinations”. The cost of a business combination is the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree and in addition, any costs directly attributable to the business combination.

Any excess of the cost of acquisition over the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities is accounted for as goodwill in the consolidated financial statements. All transaction costs are expensed and the changes in the fair value of the contingent considerations are reflected to the consolidated comprehensive income.

Goodwill recognized in business combinations is tested for impairment annually or more frequently if events or changes in circumstances indicate impairment, instead of amortization. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

2. Basis of preparation of consolidated financial statements (continued)

Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard 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).

The shareholders of the Company and the subsidiaries, the executive management personnel including the members of the Board and the General Manager, subsidiaries controlled by close family members, participations are defined as related parties. The Group’s key management personnel and close family members of the parties mentioned above, the parties representing the benefits plans provided to the personnel who left the Company or a related party of the Company are also defined as related parties.

Financial lease assets and lease commitments

The Group records the fixed assets acquired through financial leasing with the present value of the minimum lease payments as of the balance sheet date. The discount rate used to calculate the present value of the minimum lease payments is the rate that equalizes -present value of the total of minimum lease payments and the uncertain residual value at the initial period of the lease contract- to the fair value of the leased asset and any direct initial costs of the lessor. As of the balance sheet date, leasing liabilities have been classified in the balance sheet as short or long term based on their payment terms and the interest expenses related with the current year are reflected to the consolidated income statement.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the moving weighted average method and includes materials, labor and a reasonable amount of factory overhead costs.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

2. Basis of preparation of consolidated financial statements (continued)

Assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuous use and depreciation and amortization charges for those assets are ceased. Non-current assets classified as held for sale are measured at the lower of carrying amounts and their fair values less costs to sell. Non-current assets classified as held for sale of the Group includes properties acquired as collaterals during the credit risk management of trade receivables and Nuh Ay company, which has been sold after the balance sheet date.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation as of December 31, 2012. Tangible assets have been restated using the measuring unit current at December 31, 2004 from the dates of acquisition. Acquisitions subsequent to January 1, 2005 are stated at nominal values.

Depreciation is provided on cost or revalued amount of property, plant and equipment on a straight-line basis. Estimated useful lives are as follows:

Buildings	5-50 years
Land improvements	5-25 years
Machinery and equipment	5-25 years
Vehicles	4-15 years
Furniture and fixtures	3-25 years

Intangible assets

Intangible assets are stated at cost less accumulated depreciation as of December 31, 2012.

The acquisition values of intangible assets are considered in the restatement of intangible assets as at December 31, 2004. Depreciation is provided on cost or revalued amount of intangible assets on a straight-line basis with respect to the estimated useful lives stated as follows:

Rights	4 - 48 years
Leasehold improvements	3 - 10 years
Other intangible assets	1,5 - 10 years

Assets and liabilities in foreign currencies

Assets and liabilities in foreign currencies stated in balance sheet are translated into Turkish Lira using the buying rate of Turkish Central Bank as of balance sheet date. Transactions in foreign currencies during the period have been translated into Turkish Lira at the exchange rates prevailing at the dates of the transactions. Exchange gains or losses arising from those transactions are recognized in the consolidated income statement.

2. Basis of preparation of consolidated financial statements (continued)

Investment properties

Buildings or real estate constructions in progess held for rental yields or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as “investment property”.

Group’s investment properties comprise the cost of construction of mall and hotel blocks which are in progress in Bostancı on a 90.000 m² land. As of December 31, 2011, investment properties ready for their intended use are carried at cost less accumulated depreciation. Useful lives for buildings are determined as 50 years.

Impairment of assets

When recoverable amount of an asset (or a cash generating unit) is lower than its carrying value, the asset’s carrying value is reduced to its recoverable amount. An impairment loss is recognized immediately in income statement.

Recoverable amount is the higher of net selling price or value in use. Net selling price is determined by deducting any expenses to be incurred for the sale of an asset from the fair value of the asset. Value in use is calculated as the discounted value of the estimated future cash flows the entity expects to receive from the asset.

Borrowing costs

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

Current and deferred income tax

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

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

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

Furthermore, provisional corporate taxes are paid at 20% over profits declared for interim periods in order to be deducted from the final corporate tax.

As of December 31, 2012 and 2011, income tax provisions have been accrued in accordance with the prevailing tax legislation.

2. Basis of preparation of consolidated financial statements (continued)

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

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

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

(a) Employee Benefits:

Provision for retirement pay liability

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

In the consolidated financial statements, the Group has recognized a liability using the “Projected Unit Credit Method” based upon factors derived using the experience of personnel terminating and being eligible to receive benefits, discounted by using the current market yield at the balance sheet date on government bonds. All actuarial gains and losses are recognized in the income statement.

Provision for seniority incentive premiums

In accordance with the employee benefit named “seniority incentive premiums” provided by some subsidiaries of the Group and the Company to their employees having certain working seniority in order to enhance their loyalty to the jobs and employers; the benefits are provided as follows; employees with 5 year work experience are paid for their 30 days wage, those with 10 year work experience are paid for their 55 days of their gross wage, those with 20 year work experience are paid for their 70 days wage, those with 25 or 30 year work experience are paid for their 75 days wage, for each level of payment with their actual working wage in the month they complete the respective seniority level in the mentioned range.

To calculate the provision for seniority incentive payments, the Group has considered the duration passed for each employee as of the balance sheet date since their job entrance dates and booked a liability for the discounted amount of the future payments as of the balance sheet date.

(b) Defined contribution plans:

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

2. Basis of preparation of consolidated financial statements (continued)

Provisions

Provisions are recognised when an entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are revised at each balance sheet date and amended in order to reflect management’s recent estimations.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the sale of goods is recognized when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods, when the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, when the amount of revenue can be measured reliably, when it is probable that the economic benefits associated with the transaction will flow to the entity, and when the costs incurred or to be incurred in respect of the transaction can be measured reliably. Net sales are invoiced amounts of delivered goods excluding sales returns. When the arrangement effectively includes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized on an accrual basis as financial income.

Interest income is recognised using the effective interest method.

Dividend income is assumed to be accrued when the shareholders gain their right to collect dividends.

Revenue and expenses

Accruals basis accounting is applied for the recognition of revenue and expenses. The accrual concept requires that revenue, income and profits should be matched with costs, expenses and losses belonging to the same period.

Earnings per share

Earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding.

Companies in Turkey can increase their share capital through distributing shares (bonus shares) from retained earnings and differences arising from inflation adjustment in changes in equity to their current shareholders on a prorate basis. When calculating profit/(loss) per share, these bonus shares are recognized as issued shares. Therefore, the weighted average of shares used in the calculation of profit/(loss) per share is derived through retrospective application with respect to bonus shares.

Contingent assets and liabilities

Assets and liabilities that originate from past incidents and whose presence is not fully under the entity’s control as it can only be confirmed through the realization of one or more indefinite incidents to take place in the future are not included in the financial statements and are considered as contingent liabilities and assets.

2. Basis of preparation of consolidated financial statements (continued)

Subsequent events

The Group updates its consolidated financial statements and respective disclosures that relate to conditions that existed at the end of the reporting period to regarding any new information that they receive after the reporting period which require amendment. Non-adjusting events are solely disclosed if they are of such importance.

Cash flow statement

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Segment reporting

The operating segments of the Group are based on the revenue generating operations whose financial information is available. Accordingly, the financial information of entities operating in the production and trade of cement, concrete, and construction material is classified under the "Construction and construction materials" account group whilst the financial information of those operating in generation and sales of electrical energy is stated under the "Energy Operations" account group. Other than these segments, some entities which provide construction-related transportation and services have been also classified under "Construction and construction materials" since their assets do not exceed 10% of the total assets.

viii. Significant accounting judgments and estimates

The preparation of financial statements require management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known. However, actual results may vary from these results.

Significant estimates used in the preparation of these financial statements and the significant judgments with the most significant effect on amounts recognized in the financial statements are as follows:

a) Reserve for retirement pay is determined by using actuarial assumptions (discount rates, future salary increases and employee turnover rates) (Note 15)

b) Provision for doubtful receivables is an estimated amount that management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than related parties, are assessed with their prior year performances, their credit risk in the current market, their individual performances after the balance sheet date up to the issuing date of the financial statements and furthermore, the renegotiation conditions with these debtors are considered (Note 8).

c) Provision for restoration costs of mining land arises from the obligation of the Company to spread soil to restore and green the lands currently used by the Company in the mining facilities. To calculate the restoration cost provision for lands with mining licenses, the Company considers the estimated restoration costs as of the balance sheet date (Note 14).

2. Basis of preparation of consolidated financial statements (continued)

d) Deferred tax asset is recognised to the extent that taxable profit will be available against which the deductible temporary differences can be utilized. When taxable profit is probable, deferred tax asset is recognised for all temporary differences. The Group management, based on their evaluations, has recognized deferred tax assets for the portion of tax losses carried forward that they relied to have utilized in the foreseeable future in the pre-expiration period. Such evaluation is based on the assumption that the respective subsidiaries will have taxable profits in the future (Note 20).

e) Inventory price lists after discount is used to calculate impairment for inventories. In such cases that sales price cannot be predicted, inventory aging and physical status are considered together with technical personnel's opinion. If anticipated expected net realizable value is less than the cost, impairment for the difference is provided for (Note 10).

g) When allocating provision for legal risks, the probabilities of failure in the cases and the possible liabilities to be arisen in the case of failure are evaluated by the management through begin counseled by legal advisors of the Company or the subsidiaries. The management determines the amount of the provisions based on their best estimates (Note 14).

h) In determining the fair value of the electricity production license acquired during the business combination, when calculating the expected discounted cash flows from this project, certain assumptions and estimates were made and used (Note 3).

3. Business combinations

i) Kudret Enerji

On 25 February 2011, the Group acquired Kudret Enerji Elektrik Üretim A. Ş. (Kudret Enerji) the owner of the production license of “Bangal Regulator and Kuşluk Hydroelectricity Plant” project with the capacity of 17 MW on Yağmur Stream in the region of Araklı in Trabzon by paying 36.000.000 U.S. Dollars for all of the shares having a nominal value of TL 3.800.000.

The acquisition of Kudret Enerji is accounted in the scope of IFRS 3 “Business combinations”. The fair value of electricity production license and the tangible assets investments of Kudret Enerji is determined by the independent valuation experts.The electricity production license is acccounted by using the “greenfield” method by discounting the expected future cash flows from this project, other identifiable assets and liabilities were accounted in the consolidated financial statements in accordance with the IFRS 3 by assuming that the costs or discounted costs to be close to their fair values.The difference between the cost of acquisition and the fair value of identifiable net asssets of Kudret Enerji is accounted on provisional basis as goodwill in the scope of IFRS 3 in the consolidated financial statements as of December 31, 2011.

At 31 March 2011, the Company management has increased the share capital of Kudret Enerji by TL 5.200.000, from TL 3.800.000 at the date of acquisition to TL 9.000.000.

The fair value of identifiable assets and liabilities are as follows:

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

3. Business combinations (continued)

	Fair value
Total purchase price (*)	**53.459.624**
Consolidated identifiable assets and liabilities	
Cash and cash equivalents	**35.414**
Trade receivables	**25.000**
Other short term receivables	**487.035**
Other current assets	**3.039.117**
Other long term receivables	**17.288**
Tangible assets	**42.741.360**
Intangible assets (**)	**28.034.564**
Other tangible assets	**37.695**
Short term financial borrowings	**(1.843.831)**
Trade payables	**(5.552.467)**
Other payables	**(2.452.018)**
Long term financial borrowings	**(24.548.894)**
Deferred tax liability	**(7.302.905)**
The fair value of identifiable net assets	**32.717.358**
Goodwill	**24.910.842**
Total	**57.628.200 (***)**

(*) As of December 31, 2012, TL 5.634.826 (December 31, 2011 - 14.451.758 TL) (Note 7) (historical value TL 12.566.280) has not yet been paid to the former shareholders of Kudret Enerji and is accounted in trade payables. The acquisition cost amounting to TL 4.168.576, dated December 30, 2012 by the former shareholders of Kudret Energy, was recognized in the consolidated comprehensive income statement.

(**) The value determined for the production license.

(***) The Group purchased all of the shares of Kudret Enerji with a nominal value of TL 3.800.000 amounting to USD 36.000.000, the subject amount represents the equivalent for Turkish Lira. A discount amounting to TL 4.168.576 has been applied to the shareholders of Kudret Enerji. This amount is recognized in the consolidated comprehensive income statement.

ii) Pamuk Elektrik

On April 2, 2012 the group acquired 80% of the shares of Pamuk Elektrik Üretim Ticaret ve Sanayi Ltd. Şti. amounting TL 400.000, which has the electricity production license from the hydroelectric power plant with a capacity 9,08 MW which was planned t be established in the province of Trabzon. The total sale cost of the total of Pamuk Elektrik's shares owned by the former shareholders Kudret Enerji with a paid-in capital of TL 500.000 and and total nominal capital of TL 1.850.000 was determined to be TL 500.000 which is the paid-in capital. As of December 31, 2012, no payment was made by the Group to the former shareholders regarding this acquisition. The company and its other minority shareholder at Pamuk Elektrik paid their share of unpaid share capital amounting to TL 1.800.000 and TL 270.000 respectively on June 14, 2012 and the minority share in the total capital share of Pamuk Elektrik became TL 370.000. With the decree of the board of directors dated 12 June 2012, Pamuk 's share capital was increased from TL 1.850.000 to TL 3.100.000. Since Pamuk Elektrik only had the electricity production license and the investment of the hydroelectric power plant was still in progress as of the purchase date, Pamuk Elektrik's share purchase process was evaluated under IFRS 3 – "Business Combinations" and the transaction was recognized as purchase of an asset.

3. Business combinations (continued)

iii) Tekkale Elektrik

The Group purchased all of the shares of Tekkale Elektrik Üretim Ticaret Sanayi A.Ş. which is the production license holder of the "Tekkale HES project to be established with a capacity of 17,48 MW in the province of Artvin, with a nominal value of TL 4.848.000 amounting to TL 250.000 in July 2011. As of December 31, 2012 the capital commitment regarding Tekkale amounts to TL 4.561.920.

Regarding the motion for stay of execution filed by Yusufeli Municipality against Ministry of Environment and Urbanization on the subject of "Environment Impact Assessment (EIA) not required" certificate given for Tekkale HEPP Project, the Administrative Court of Rize ruled stay of execution on July 4, 2012 with a right for appeal to Trabzon Regional Administrative Court within 7 days upon the communication of the decision. The Group's management is in the process of working on the application to come up with a decree that the EIA report is favorable rather than the decision that the EIA report given in the previous years is not necessary.

As Tekkale has only electric generation license as of purchase date and its activities and investment in hyroelectric power plan have not started yet, Tekkale share purchasing has not been evaluated within the framework of IFRS 3 –"Business Combinations" standard and was accounted as an asset purchase.

Since Tekkale Elektrik only had the electricity production license and the investment of the hydroelectric power plant was still in progress as of the purchase date, Tekkale Elektrik's share purchase process was evaluated under IFRS 3 – "Business Combinations" and the transaction was recognized as purchase of an asset.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

4. Segment reporting

As of December 31, 2012, segment reporting is as follows:

January 1 – December 31, 2012	Construction and construction materials	Energy	Consolidation adjustments	Consolidated
Non-group sales, net	759.215.412	138.162.934	-	897.378.346
Group sales	130.799.944	72.858.980	(203.658.924)	-
Total sales, net	890.015.356	211.021.914	(203.658.924)	897.378.346
Cost of sales	(729.726.521)	(208.610.417)	201.520.699	(736.816.239)
Gross profit / (loss) from main operations	160.288.835	2.411.497	(2.138.225)	160.562.107
Operating expenses	(79.143.192)	(21.897.176)	1.822.148	(99.218.220)
Other operating income	17.181.343	1.285.243	(3.209.434)	15.257.152
Other operating expense	(20.383.519)	(2.676.600)	618.297	(22.441.822)
Operating profit / (loss)	77.943.467	(20.877.036)	(2.907.214)	54.159.217
Shares of profits of investments accounted under equity method	23.094.537		-	23.094.537
Financial income / (expense), net	16.835.873	6.154.941	(17.750.517)	5.240.297
Net income/ (expense) before taxes from continuing operations	117.873.877	(14.722.095)	(20.657.731)	82.494.051
Current tax income / (expense)	(15.241.508)	(3.336.826)	345.076	(18.233.258)
Current period income / (expense) from continuing operations	102.632.369	(18.058.921)	(20.312.655)	64.260.793
Depreciation and amortisation expenses	(46.725.980)	(8.037.001)	327.710	(54.435.271)
Balance sheet data				
Total assets	1.097.941.481	253.747.710	-	1.351.689.191
Total liabilities	324.941.385	175.052.694	-	499.994.079

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

4. Segment reporting (continued)

As of December 31, 2011, segment reporting is as follows:

January 1 – December 31, 2011	Construction and construction materials	Energy	Consolidation adjustments	Consolidated
Non-group sales, net	754.253.075	87.200.988	-	841.454.063
Group sales	118.195.254	65.353.888	(183.549.142)	-
Total sales, net	872.448.329	152.554.876	(183.549.142)	841.454.063
Cost of sales	(347.080.560)	(159.098.772)	(181.617.814)	(687.797.146)
Gross profit / (loss) from main operations	525.367.769	(6.543.896)	(365.166.956)	153.656.917
Operating expenses	(64.239.884)	(7.624.680)	1.736.018	(70.128.546)
Other operating income	11.532.681	395.958	2.710.507	14.639.146
Other operating expense	(9.415.187)	(219.358)	(1.178.679)	(10.813.224)
Operating profit / (loss)	463.245.379	(13.991.976)	(361.899.110)	87.354.293
Shares of profits of investments accounted under equity method	32.119.388	-	-	32.119.388
Financial income / (expense), net	(16.125.928)	(17.227.958)	-	(33.353.886)
Net income/ (expense) before taxes from continuing operations	479.238.839	(31.219.934)	(361.899.110)	86.119.795
Current tax income / (expense)	(7.371.314)	(3.371.769)	-	(10.743.083)
Current period income / (expense) from continuing operations	471.867.525	(34.591.703)	(361.899.110)	75.376.712
Depreciation and amortisation expenses	(44.433.272)	(7.263.189)	-	(51.696.461)
	-	-	-	-
Balance sheet data	-	-	-	-
Total assets	1.030.135.459	195.251.979	-	1.225.387.438
Total liabilities	256.224.177	133.120.754	-	389.344.931

5. Cash and cash equivalents

Cash and cash equivalents are as follows:

	December 31, 2012	December 31, 2011
Cash	**117.742**	78.204
Banks		
-Demand deposits	**1.761.727**	1.303.931
-Time deposits	**12.950.841**	14.744.788
Cheques and notes received	**8.864.542**	7.829.685
Other cash equivalents	**518.022**	777.566
	24.212.874	24.734.174

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

5. Cash and cash equivalents (continued)

Details of time deposit accounts are as follows:

	December 31, 2012		December 31, 2011	
	Amount (TL equivalent)	**Annual interest Rate (%)**	Amount (TL equivalent)	Annual interest rate (%)
TL	**12.950.841**	**6,70 – 8,25**	4.307.754	11,25
USD	-	-	10.437.034	-
Total	**12.950.841**		14.744.788	

As of December 31, 2012 maturities of time deposits vary between 2 and 100 (December 31, 2011 - 1 and 31) days. Interest rates of time deposits are fixed.

6. Financial investments

Long term financial investments consist of the followings:

	Participation rates	**December 31, 2012**	Participation rates	December 31, 2011
Nuh Beton L.L.C. (c)	**%100,00**	**2.827.698**	%100,00	2.827.698
Cementos Esfera S.A. (b)	**%10,00**	**2.433.760**	% 10,00	2.433.760
Nuh Ay Çimento San. ve Tic. Ltd. (Nuh Ay) (c)	**-**	**-**	%70,00	570.000
Tekkale Elektrik Üretim Ticaret San. A.Ş. (Tekkale) (c), (d)	**-**	**-**	%100	310.025
Aslan Çimento Sanayi A.Ş. (a)	**Less than 1%**	**100.282**	Less than 1%	84.396
Çimpaş Çimento ve İnşaat Mlz. Paz. A.Ş. (b)	**%12,10**	**90.900**	% 12,10	90.900
Nuh Cement BG Jsc (c)	**%75,00**	**190.314**	% 75,00	190.314
Kosbaş Kocaeli Serbest Bölgesi (b)	**Less than 1%**	**37.500**	Less than 1%	37.500
T. Garanti Bankası A.Ş. (a)	**Less than 1%**	**22.048**	Less than 1%	13.839
Antalya Güç Birliği (b)	**Less than 1%**	**7.805**	Less than 1%	7.805
NST Limited (c)	**%50,00**	**122**	% 50,00	122
		5.710.429		6.566.359

(a) The Company has defined its shares in Aslan Çimento Sanayi A.Ş. and T. Garanti Bankası A.Ş. as financial instruments held for trading purposes, and associates the difference between their carrying value and the best ISE closing purchase-price with the income statement.

(b) As of December 31, 2012 and December 31, 2011, Çimpaş Çimento ve İnşaat Mlz. Paz. A.Ş., Cementos Esfera S.A., Antalya Güç Birliği and Kosbaş Kocaeli Serbest Bölgesi which are financial assets held for sales, are carried at cost in the consolidated balance sheet since these investments have no significant effect on the consolidated financial statements and a reasonable calculation of their fair value is also not possible.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

6. Financial investments (continued)

(c) As of December 31, 2012 and December 31,2011, Nuh Cement BG Jsc in which the Company owns 75% shares, NTS Limited in which the Company owns 50% shares, Nuh Beton L.L.C. in which the Company owns 100% shares,and Nuh Ay in which the Company owns 70% shares, are carried at cost in the consolidated financial statements since their initial investments have not yet been completed and they have not started operations yet, and since these investments have no significant and material effect on Group financial statements due to their total asset value which are seperately and in total less than 1% of the total consolidated assets.

(d) The Group purchased all the shares of Tekkale Elektrik Üretim Ticaret Sanayi A.Ş., which is production license holder of the Project 17,48 MW “Tekkale HES” will be established in the province of Artvin, with a nominal value of TL 4.848.000 for the transfer price of TL 250.000 on July, 2011. As of December 31, 2012 the capital commitment on Tekkale is amounting to TL 4.561.920.

Regarding the motion for stay of execution filed by Yusufeli Municipality against Ministry of Environment and Urbanization on the subject of “EIA not required” certificate given for Tekkale HEPP Project, the Administrative Court of Rize ruled stay of execution on July 4, 2012 with a right for appeal to Trabzon Regional Administrative Court within 7 days upon the communication of the decision. The Group’s management is in the process of working on the application to come up with a decree that the EIA report is favorable rather than the decision that the EIA report given in the previous years is “not required”.

7. Financial liabilities

	31 Aralık 2012	31 Aralık 2011
Short term		
Short term bank loans	**165.818.551**	50.950.537
Factoring liabilities	**8.461.976**	-
Financial leasing liabilities		346.343
Short term portion of long term financial liabilities	**33.788.262**	31.585.448
	208.068.789	82.882.328
Long term		
Long term bank loans	**134.600.304**	151.142.872
	134.600.304	151.142.872

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

7. Financial liabilities (continued)

As of December 31, 2012, details of short and long term loans are as follows:

				December 31, 2012
	Maturity	**Interest rate (%)**	**Original currency**	**TL**
Short term bank loans				
EURO loans	**02.01.2013–30.11.2013**	**2,3 - 5,5**	**5.504.670**	**12.945.333**
USD loans	**02.01.2013–23.11.2013**	**0,09 - 3,92**	**36.039.453**	**64.243.928**
TL loans	**02.01.2013–17.06. 2013**	**5,75 - 7,25**	**122.417.551**	**122.417.552**
Factoring liabilities				**8.461.976**
Total				**208.068.789**

				December 31, 2012
	Maturity	**Interest rate (%)**	**Original currency**	**TL**
Long term bank loans				
EURO loans	**31.03.2014 - 23.05.2020**	**2,75-5,5**	**13.226.424**	**31.104.582**
USD loans	**05.01.2014 - 23.05.2020**	**0,09 - 3,92**	**58.058.859**	**103.495.722**
Total				**134.600.304**

As of December 31, 2011, details of short and long term loans are as follows:

				December 31, 2011
	Maturity	Interest rate (%)	Original currency	TL
Short term bank loans				
EURO loans	02.01.2012-23.11.2012	2,75-5,5	8.106.996	19.811.877
USD loans	02.01.2012-02.09. 2012	0,48-3,46	12.687.331	23.965.099
Ruble loans	31.12. 2012	9	16.929.097	984.426
TL loans	02.01.2012 -30.04. 2012	Faizsiz-11	38.120.926	38.120.926
Total				82.882.328

				December 31, 2011
	Maturity	Interest rate (%)	Original currency	TL
Long term bank loans				
EURO loans	31.03.2013 –23.05.2020	2,75-5,5	15.882.539	38.813.748
USD loans	05.01.2013– 02.03.2020	0,51- 3,48	59.468.010	112.329.124
Total				151.142.872

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

7. Finansal borçlar (devamı)

Summary of repayment plans for long term loans is as follows:

	December 31, 2012	December 31, 2011
2013	**-**	25.821.660
2014	**27.966.239**	26.287.950
2015	**26.299.864**	24.522.205
2016 and onwards	**80.334.201**	74.511.057
	134.600.304	151.142.872

8. Trade receivables and payables

Short term trade receivables are as follows:

	December 31, 2012	December 31, 2011
Trade receivables	**144.763.730**	119.418.291
Notes receivables	**132.769.828**	126.763.541
Rediscount on receivables (-)	**(2.992.107)**	(5.606.793)
Trade receivables from related parties (Note 26)	**13.642.702**	12.830.865
Allowance for doubtful trade receivables (-)	**(30.654.274)**	(27.272.216)
Other trade receivables	**213.806**	-
	257.743.685	226.133.688

Movement of allowance for doubtful receivables for the year ended December 31, 2012 and 2011 is as follows;

	2012	2011
Opening allowance for doubtful receivables	**27.272.216**	28.597.494
Collections and write-offs	**(93.372)**	(2.189.874)
Current year allowance for doubtful receivables	**3.475.430**	864.596
Ending allowance for doubtful receivables	**30.654.274**	27.272.216

Long term trade receivables are as follows:

	December 31, 2012	December 31, 2011
Notes receivables	**1.060.092**	2.242.066
Rediscount on receivables (-)	**(50.719)**	(306.475)
	1.009.373	1.935.591

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

8. Trade receivables and payables (continued)

Trade payables are as follows:

	31 Aralık 2012	31 Aralık 2011
Supplier balances	**74.608.339**	46.022.094
Payables due to the acquisition of Kudret Enerji (Note 3) (*)	**5.634.826**	14.451.758
Rediscount on payables (-)	**(1.932.628)**	(632.843)
	78.310.537	59.841.009

(*)The amount which is related to purchasing of the stocks of Kudret Enerji is occurred from the debts which are not paid to the old shareholders of Kudret Enerji.

As of December 31, 2012 and 2011, there is no long term commercial debt which is belonged to the company

9. Other receivables and payables

i) Short term other receivables:

	December 31, 2012	December 31, 2011
Financial receivables from related parties (Not 26)	**19.472.983**	16.039.334
Due from personnel	**694.477**	532.757
Other current receivables (*)	**2.669.203**	781.163
Deposits and guarantees given	**1.393.348**	8.585
	24.230.011	17.361.839

(*) The amount of 1.960.860 TL is consisted of the letters of credit which is opened but, not used yet by the company for the import.

ii) Long term other receivables:

	December 31, 2012	December 31, 2011
Deposits and guarantees given	**484.139**	458.363

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

9. Other receivables and payables (continued)

iii) Short term other payables:

	December 31, 2012	December 31, 2011
Taxes, duties and other withholding taxes payable	**4.991.342**	4.216.737
Social security premiums payable	**1.464.056**	2.209.537
Deposits and guarantees received	**3.672.070**	909.433
Dividend payables	**-**	56.524
Expense accruals	**41.461**	31.811
Other payables to related payables (Note 26)	**40.438**	-
Other miscellaneous payables	**55.149**	78.035
	10.264.516	7.502.077

10. Inventories

	December 31, 2012	December 31, 2011
Raw materials and supplies	**77.108.592**	53.556.082
Work in progress	**4.558.992**	3.416.601
Finished goods	**1.875.486**	2.810.038
Merchandises	**46.392**	559.580
	83.589.462	60.342.301

11. Investments accounted under equity method

	December 31, 2012	December 31, 2011
Ünye Çimento	**109.054.316**	104.932.926
Tan Kömür	**20.335.285**	20.522.653
Torgoviy Port Ltd.	**5.903.919**	5.903.919
Kovcheg Ltd.	**-**	-
	135.293.520	131.359.498

Details of financial statements of investments accounted under equity method are as follows (amounts stated as 100%):

	Torgoviy Port Ltd.		Kovcheg Ltd.	
	December 31, 2012 (**)	**December 31, 2011 (*)**	**December 31, 2012**	December 31, 2011
Assets	**(**)**	12.517.988	**21.204.195**	15.921.887
Liabilities	**(**)**	710.149	**27.382.397**	24.816.725
Net Sales	**(**)**	775.974	**382.954**	458.356
Net profit/(loss)	**(**)**	(42.651)	**(116.102)**	(185.260)

11. Investments accounted under equity method (continued)

(*) As stated in note 2 of the consolidated financial statements, with the Board of Directors decision on May 11, 2011 the Company has decided to end its partnerships with the Nuh Beton Torgoviy Port Ltd., Torgoviy Port Ltd. and Kovcheg Ltd. and according to memorandum of understanding and per the agreement between these three companies, it has been decided that 50% shares of Nuh Beton Torgoviy Port Ltd and Kovcheg Ltd will be transfered to the company and the company will transfer its 50% share in Torgoviy Port Ltd to other companies. As of December 31, 2012, in addition to finalization tasks of the partnership, on May and June, 2012 the company sued the partners and was sued by the partners. operations for desistence of the partnership have continued. The control of the company on Torgoviy Port Ltd. was actually ended and this company has been included in consolidation with equity method lastly on September 30, 2011.

(**) The financial statements, dated on December 31, 2012, of Torgoviy Port Ltd have not been obtained and presented.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

11. Investments accounted under equity method (continued)

	Tan Kömür		Ünye Çimento	
	31 December 2012	31 December 2011	**31 December 2012**	31December 2011
Assets	**65.621.825**	41.059.999	**315.048.153**	292.980.036
Liabilities	**29.752.160**	14.694	**42.631.807**	30.858.866
Net sales	**40.031.931**	25.122.194	**242.748.348**	225.141.203
Net profit/(loss)	**(562.504)**	22.327.841	**58.537.445**	52.346.236

As of December 31, 2012 and 2011, the shares of Unye Çimento are listed in Istanbul Stock Exchange and market value of shares held by the Group amounts to respectively TL 265.167.992 and TL 185.023.935. As of December 31, 2012 and 2011, Unye Çimento has obtained a cash dividend, TL 18.951.658 and TL 18.156.110 respectively.

As of December 31, 2012 and December 31, 2011, since equity of Kovcheg Ltd. has a negative value, for the whole carrying value of this total investment provision for impairment loss is booked amounting to TL 2.930.750 in the consolidated financial statements.

12. Tangible assets

The movement of tangible assets for the year ended December 31, 2012 is as follows:

	Opening 1 January 2012	**Additions**	**Disposals**	**Transfetrs**	**Closing 31 December 2012**
Cost					
Land (*)	**78.531.370**	**9.208.652**	**(1.862.122)**	**-**	**85.877.900**
Land improvements	**61.950.476**	**1.774.779**	**(187.393)**	**2.631.180**	**66.169.042**
Buildings	**137.885.637**	**936.905**	**-**	**9.915.130**	**148.737.672**
Machinery and equipment	**718.160.212**	**22.502.449**	**(7.197.107)**	**85.339.834**	**818.805.388**
Vehicles (**)	**90.375.715**	**3.194.315**	**(3.524.769)**	**-**	**90.045.261**
Furniture and fixtures	**37.044.318**	**1.356.758**	**(25.979)**	**32.407**	**38.407.504**
Other tangible assets	**515.876**	**-**	**-**	**-**	**515.876**
Construction in progress	**47.267.686**	**52.644.586**	**-**	**(95.253.468)**	**4.658.804**
Leasehold improvements	**12.534.528**	**1.241.866**	**(289.144)**	**-**	**13.487.250**
Total	**1.184.265.818**	**95.525.393**	**(13.086.514)**	**2.665.083**	**1.266.704.697**
Accumulated Depreciation (-)					
Land improvements	**(31.904.513)**	**(2.841.801)**	**70.901**	**-**	**(34.675.413)**
Buildings	**(57.082.381)**	**(3.865.120)**	**-**	**-**	**(60.947.501)**
Machinery and equipment	**(431.534.902)**	**(33.578.392)**	**3.380.588**	**-**	**(461.732.706)**
Vehicles	**(67.273.713)**	**(9.389.314)**	**3.438.604**	**-**	**(73.224.423)**
Furniture and fixtures	**(26.912.499)**	**(1.974.872)**	**-**	**-**	**(28.887.371)**
Other tangible assets	**(436.500)**	**(17.004)**	**-**	**-**	**(453.504)**
Leasehold improvements	**(6.079.058)**	**(1.316.415)**	**78.373**	**-**	**(7.317.100)**
Total	**(621.223.566)**	**(52.982.918)**	**6.968.466**	**-**	**(667.238.018)**
Net Book Value	**563.042.252**	**42.542.475**	**(6.118.048)**	**2.665.083**	**599.466.679**

(*) As of December 31, 2012 mortgage on land amounts to TL 22.650.079 .

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

12. Tangible assets (continued)

(**) Vehicles with a net book value amounting to TL 16.888 (December 31, 2011 - TL 579.514) are purchased through financial leasing.

As of December 31, 2012 the capitalized borrowing costs amount to TL 3.019.944.

The movement of tangible assets for the year ended December 31, 2011 (reclassified) is as follows:

	Opening, 1 January 2011	Acquisition of Kudret Energy	Additions	Disposals	Transfers	Closing 31 December 2011
Cost						
Land (*)	75.672.308	-	5.526.857	-	(2.667.795)	78.531.370
Land improvements	58.675.350	-	1.772.148	-	1.502.978	61.950.476
Buildings	138.431.291	-	361.041	(2.390.000)	1.483.305	137.885.637
Machinery and equipment	701.167.948	188.232	10.312.837	(1.180.470)	7.671.665	718.160.212
Vehicles (**)	91.160.566	-	1.836.412	(2.621.263)	-	90.375.715
Furniture and fixtures	35.555.686	191.643	948.467	(85.213)	433.735	37.044.318
Other tangible assets	607.568	-	21.384	(113.076)	-	515.876
Construction in progress	4.463.251	42.361.485	14.991.939	(1.249.735)	(13.299.254)	47.267.686
Leasehold improvements	13.215.682	-	579.143	(1.260.297)	-	12.534.528
	-					
Total	1.118.949.650	42.741.360	36.350.228	(8.900.054)	(4.875.366)	1.184.265.818
Accumulated Depreciation (-)						
Land improvements	(29.263.112)	-	(2.641.401)	-	-	(31.904.513)
Buildings	(53.136.702)	-	(4.061.429)	115.750	-	(57.082.381)
Machinery and equipment	(401.918.961)	-	(30.718.531)	1.102.590	-	(431.534.902)
Vehicles	(59.766.342)	-	(9.933.738)	2.426.367	-	(67.273.713)
Furniture and fixtures	(25.177.238)	-	(1.812.203)	76.942	-	(26.912.499)
Other tangible assets	(519.466)	-	(27.825)	110.791	-	(436.500)
Leasehold improvements	(5.234.602)	-	(1.407.120)	562.664	-	(6.079.058)
Total	(575.016.423)	-	(50.602.247)	4.395.104	-	(621.223.566)
Net book value	543.933.227	42.741.360	(14.252.019)	(4.504.950)	(4.875.366)	563.042.252

(*) As of December 31, 2012 mortgage on land amounts to TL 178.715.712.
(**) Vehicles with a net book value amounting to TL 579.514 (December 31, 2010 - TL 1.944.071) are purchased through financial leasing.

As of December 31,2011 capitalized borrowing costs amounts to 2.494.675 TL

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

12. Tangible assets (continued)

For the years 2012 and 2011, the allocation of depreciation and amortisation expense of tangible and intangible assets has been as follows:

	2012	2011
Cost of goods sold and inventories on hand	**45.700.923**	42.218.950
General administrative expenses	**1.794.053**	2.072.518
Selling and marketing expenses	**6.877.770**	6.932.581
Other expenses	**62.525**	472.412
	54.435.271	51.696.461
Depreciation of tangible assets	**52.982.918**	50.602.246
Depreciation of investment property	**574.471**	239.363
Amortisation of intangible assets	**877.882**	854.852
	54.435.271	51.696.461

Insurance coverage on assets of the Group is as follows:

	31 December 2012	31 December 2011
Insurance amount	**1.895.672.039**	1.587.428.517

13. Intangible assets

The movement of intangible assets for the year ended December 31, 2012 is as follows:

	Opening 1 January 2012	**Addition**	**Disposals**	**Closing 31 December 2012**
Cost				
Rights	**32.745.917**	**117.404**	**-**	**32.863.321**
Other intangible assets	**216.794**	**16.438**	**-**	**233.232**
Total	**32.962.711**	**133.842**	**-**	**33.096.553**
Accumulated amortisation (-)				
Rights	**(3.416.332)**	**(859.291)**	**-**	**(4.275.623)**
Other intangible assets	**(178.783)**	**(18.591)**	**-**	**(197.374)**
Total	**(3.595.115)**	**(877.882)**	**-**	**(4.472.997)**
Net book value	**29.367.596**	**(744.040)**	**-**	**28.623.556**

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

13. Intangible assets (continued)

The movement of intangible assets for the year ended December 31, 2011 is as follows:

	Oepning 1 January 2011	Acquisition of Kudret Energy	Additions	Disposals	Closing 31 December 2011
Cost					
Rights	4.516.716	28.034.564	194.637	-	32.745.917
Other intangible assets	184.429	-	35.435	(3.070)	216.794
Total	4.701.145	28.034.564	230.072	(3.070)	32.962.711
Accumulated amortisation (-)					
Rights	(2.575.753)	(542.495)	(298.084)	-	(3.416.332)
Other intangible assets	(167.580)	-	(14.273)	3.070	(178.783)
Total	(2.743.333)	(542.495)	(312.357)	3.070	(3.595.115)
Net book value	1.957.812	27.492.069	(82.285)	-	29.367.596

14. Provisions, conditional assets and liabilities

Provision for short term liabilities:

	31 December 2012	31 December 2011
Accruals for costs	**44.005**	84.601
Provision for litigations	**2.753.509**	2.326.233
	2.797.514	2.410.834

Changes in provision for litigations for the years 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
1 January	**2.326.233**	1.301.357
Paid and closed Provisions	**(944.393)**	-
Current year provisions	**1.371.669**	1.024.876
31 Aralık	**2.753.509**	2.326.233

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

14. Provisions, conditional assets and liabilities (continued)

Provision for long term liabilities:

Provision for land restoration:

As of December 31, 2012, the Company owns mines in which the ownership belongs to the Company and mines in which the company owns operating license, but the ownership belongs to the Treasury. To comply with the Communiqué of Ministry of Environment named as “Mining Operations and Recovery of Damaged Land” which became effective after being published in the Official Gazette on 14 December 2007 and was revised on 23 January 2011, the Company has booked a provision amounting to TL 6.486.720 for restoration costs, to spread soil and to restore green the lands, related to the portion used until the balance sheet date. In accordance with the Communiqué, the land shall be restored in two years’ period after the termination of the mining operations. After the completion of such activities, the license holder is permitted to leave the land in the following five years’ period.

Conditional assets and liabilities:

a) Breakdown of the guarantees, mortgage and pledges given by the Group for the respective periods is as follows:

		31 December 2012	31 December 2011
A.	Total amount of guarantees, pledges and mortgages given on behalf of the legal entity	**56.650.715**	90.746.934
B.	Total amount of guarantees, pledges and mortgages given in favor of the parties which are included in the scope of full consolidation	**119.487.736**	168.077.730
C.	Total amount of guarantees, pledges and mortgages given to third parties for their liabilities in the purpose of conducting the ordinary operations	**-**	-
D.	Total amount of other guarantees, pledges and mortgages (*)	**60.503.396**	41.544.600
Total		**236.641.847**	300.369.264

(*) As of December 31, 2012 the Company has given guarantee amounting to EUR 22.000.000 for the loans used by the affiliate of the Company’s subsidiary Nuh Ay (at the shareholding % of 70%), namely SPA SPCC located in Cezayir (31 December 2011 – 17.000.000 Euro). In addition, the company has given guarantee for the 1-year term loan, valued USD 3 million, of the joint venture of the Company which is a subsidiary of Tan Kömür.

As of December 31, 2011, the ratio of the other guarantees, mortgage and pledges given by the Parent Company and its subsidiaries to their equities is 7% (December 31, 2010 - %5).

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

14. Provisions, conditional assets and liabilities (continued)

b) Guarantees given to third parties by the Group are as follows:

	31 December 2012	31 December 2011
Guarantee letters given	**39.685.554**	17.134.982
Mortgages and collaterals given	**196.956.293**	283.234.282
Total	**236.641.847**	300.369.264

	Original currency		**TL değeri**	
	31 December 2012	31 December 2011	**31 December 2012**	31 December 2011
Guarantee letters given				
TL	**39.685.554**	17.134.982	**39.685.554**	17.134.982
Mortgages and collaterals given				
EURO	**37.613.669**	77.979.000	**88.456.065**	190.565.080
USD	**55.415.965**	17.000.000	**98.784.499**	32.111.300
JPY	**-**	699.618.225	**-**	17.028.707
TL	**9.715.729**	43.529.194	**9.715.729**	43.529.195
			236.641.847	**300.369.264**

c) As of December 31, 2012, the ongoing legal proceedings commenced by third parties against the Parent Company and its subsidiaries amount to TL 2.769.131 (December 31, 2011- 14.005.081 TL).
Provisions booked in the accompanying consolidated financial statements for such risk amount to TL 2.753.509 (December 31, 2011-2.326.233 TL). The Company management does not estimate any cash outflows related to ongoing cases.

d) As of December 31, 2012, in both of their facilities, Nuh Enerji has realized the purchase of 80.8 million m³ and 22.7 million m³ natural gas, respectively from Botaş A.Ş, in order to fulfill their commitment to Botaş A.Ş for the year 2012, which is about the purchase of 64.3 million m³ and 17.8 million m³ natural gas, excluding the compelling reasons in 2012. Likewise, related with the purchase of natural gas from Botaş A.Ş, Nuh Enerji could not fulfill its commitment for the year 2010 and has deficient purchases amounting to 13 million m³ and 9.4 million m³, respectively. The Company has actualized its purchase commitment for the year 2012 in its both facilities; and for the incomplete purchase commitment in its second facility for the year 2010, the Company has booked cost allowance amounting to TL 1.774.427 in its consolidated financial statements. (Note 16)

e) As of December 31, 2012, total amount of checks and notes endorsed by the Group to third parties amount to TL 94.564.300 (December 31, 2011 – 65.988.654 TL).

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

15. Employee benefits

i. Short term employee benefits

	31 December 2012	31 December 2011
Provision for unused vacation days	**1.364.611**	1.278.755
Provision for reserve for retirement pay(current portion)	**596.927**	273.882
	1.961.538	1.552.637

ii. Long term employee benefits

	31 December 2012	31 December 2011
Reserve for retirement pay	**13.743.200**	11.790.708
Bonus provisions (non-current portion)	**2.866.339**	2.719.618
	16.609.539	14.510.326

In the period ended December 31, 2012 and 2011, the provision for seniority incentive bonus are as follows:

	31 December 2012	31 December 2011
1 January	**2.993.500**	2.726.644
Current year provision	**765.045**	480.694
Payments	**(295.279)**	(213.838)
	3.463.266	2.993.500

Reserve for retirement pay

There are no agreements for pension commitments other than the legal requirements as explained below..

Under the Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age.

The amount payable consists of one month's salary limited to a maximum of TL 3.034 for each year of service as of December 31, 2012 (December 31, 2011 - TL 2.732).

The liability is not funded, as there is no funding requirement. 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..

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

The CMB Accounting Standards require actuarial valuation methods to be developed to estimate the enterprises' obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

15. Employee benefits (continued)

	31 December 2012	31 December 2011
Discount rate (%)	**3,43**	4,66
Turnover rate to estimate the probability of retirement (%)	**99**	99

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

As of January 1, 2013, the retirement pay liability ceiling is increased to TL 3.129 (January 1, 2012 – 2.805).

The movements of reserve for retirement pay of the Group as of December 31, 2012 and 2011 is as follows:

	31 December 2012	31 December 2011
1 January	**11.790.708**	13.595.097
Interest expense	**1.014.001**	1.359.510
Current year provision	**4.325.746**	417.592
Payments	**(3.387.255)**	(3.581.491)
31 December	**13.743.200**	11.790.708

16. Other assets and liabilities

Other current assets

	31 December 2012	31 December 2011
Advances given	**26.065.616**	31.905.789
Income accruals (**)	**5.170.478**	8.244.731
VAT receivables	**14.534.435**	5.737.032
Prepaid expenses	**4.491.091**	3.091.300
Other VAT	**-**	456.807
Prepaid taxes and funds	**147.578**	240.431
Job advances	**118.723**	128.053
Other	**185.758**	137.571
	50.713.679	49.941.714

(*) As of December 31, 2012, income accruals amounting TL 4.831.072 is related to electricity sales done to Türkiye Elektrik İletim A.Ş. in December (December 31, 2011 - TL 8.204.384).

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

16. Other assets and liabilities (continued)

	31 December 2012	31 December 2011
Advances given (*)	**26.375.590**	21.786.908
Prepaid expenses	**62.613**	1.727.647
Other miscellaneous non-current assets	**-**	310.098
	26.438.203	23.824.653

(*) As of December 31, 2012 , advances amounting TL 23.869.812 (December 31 2011 - 21.153.956 TL) are given to Haldiz Insaat Otomotiv and Ticaret Limited for investing activities related to energy investments and real estate construction investment plans of Nuh Enerji San. ve Tic. A.Ş. in order to be reduced from the future project costs.

As of December 31, 2012, advances given amounting to TL 10.432.212 TL are paid for investing activities related with hotel instruction (December 31 2011-10.061.550 TL) and TL 9.420.000 (December 31 2011 - 6.245.093 TL) is for hydroelectric and wind power station investment plans of Nuh Enerji San. ve Tic. A.Ş. in order to diversify its resources

Other short term liabilities

	31 December 2012	31 December 2011
Advances taken	**19.444.404**	40.095.062
Expense accruals (*)	**3.243.018**	3.585.259
Due to the personel	**1.330.317**	1.041.200
VAT payable	**-**	408.461
Other payables	**73.826**	2.179
	24.091.565	45.132.161

(*) As of December 31, 2012, expense accruals amounting to TL 598.925 (December 31 2011 – TL 3.079.827) are related with the cost accruals of electricity purchases made in December from Türkiye Elektrik İletim A.Ş.

As of December 31, 2012, expense accrual amounting to TL 1.774.427 is due to the gas usage lower than the committed gas usage stated in the agreement regarding to the period of 01.01.2012-31.12.2012 signed between Nuh Energy and BOTAS.

a. Assets classified as held for sale

	31 December 2012	31 December 2011
Residential property	**7.320.285**	5.960.520
Impairment	**-**	(310.140)
Nuh Ay (*)	**700.000**	-

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

	8.020.285	5.650.380

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16. Other assets and liabilities (continued)

(*) On January 31, 2013 Nuh Ay Çimento Sanayi ve Tic. Ltd. Şti.'s 28.000 shares with a nominal amount of TL 700.000 was sold to Gökay İnşaat Madencilik Nak. Turizm Ltd. Şti, and as of 31 January 2012 the obtained amount was classified under non-current assets.

b. Investment properties

	31 December 2012	31 December 2011
1 January	**49.968.413**	**26.003.910**
Transfer from tangible assets	**-**	**4.875.365**
Transfer to tangible assets	**(2.665.083)**	**-**
Current period depreciation	**(574.471)**	**(239.362)**
Current year construction costs	**27.474.346**	**19.328.501**
31 December	**74.203.205**	**49.968.413**

The fair value of completed mall building, carried with a net cost value of TL 32.337.009 in the consolidated financial statements is TL 121.905.000 to be determined by the independent valuation experts as of December 31, 2012 .

17. Equity

a) Share Capital

As of December 31, 2012 and 2011, the share capital of the Parent Company consists of the following:

	31 January 2012		31 January 2011	
Name	**Shareholding**	**Book value**	Shareholding	Book value
Nuh Ticaret ve Sanayi A.Ş.	**%43,34**	**64.986.052**	%43,34	64.986.052
Partaş Tekstil İnş. San.ve Tic. A.Ş.	**%15,94**	**23.943.978**	%15,94	23.943.978
Other (*)	**%40,72**	**61.283.570**	%40,72	61.283.570
		150.213.600	%100,00	150.213.600
Share capital adjustments (**)		**39.338.145**		39.338.145
Total share capital		**189.551.745**		189.551.745

(*) Represents total of shareholdings less than 5%.
(**) Adjustment to share capital" represents the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with the CMB Financial Reporting Standards. "Adjustment to share capital" has no use other than being transferred to paid-in share capital.

The Company is subject to authorized capital system. The paid-in capital amounts to TL 150.213.600 comprising 150.213.600 shares of TL 1 nominal value each.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

17. Equity (continued)

The capital adjustment differences may be used in capital increase or loss deduction. Furthermore, the inflation adjustment differences arising from legal reserves bearing no annotation to disable profit distribution may be used in profit distribution.

(b) Restricted reserves

As of December 31, 2012 and 2011, the restricted reserves consist of the legal reserves..

Legal reserves, which are divided as First Legal Reserve and Second Legal Reserve as per the Turkish Commercial Code, are appropriated as below:

a) First legal reserve: Appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital.

b) Second legal reserve: Appropriated out of the net profit at the rate of 10% of distributions after providing for First Legal Reserve and an amount equal to 5% of capital as dividends.

Historical values of legal and extraordinary reserves in the statutory financial statements are as follows

	31 December 2012	31 December 2011
Legal reserves	**130.171.061**	67.801.494
Extraordinary reserves	**276.213.368**	199.746.095
Total	**406.384.429**	267.547.589
Dividends distributed during year based on previous year's net income per statutory financial statements	**48.068.351**	45.064.080
Dividend paid per share (TL)	**0,32**	0,30

(c) Retained earnings

As per the Communiqué Nr. XI/29, "Paid-in Capital, Issue Premiums and Restricted Reserves" are recognized over the totals stated in the legal books, and the differences arising upon valuations made in accordance with TAS/TFRS are associated with the retained earnings/accumulated losses. As per the same Communiqué, retained earnings/accumulated losses other than the net profit for the period, are stated in the "Retained Earnings" account together with the extraordinary reserves regarded in essence as retained earnings/accumulated losses..

Dividend distribution

Listed companies are subject to dividend requirements regulated by CMB as follows:

It was announced in the CMB decision dated January 9, 2009, number 1/6 that without considering the fact that a profit distribution has been declared in the general assemblies of the subsidiaries, joint ventures and associates, which are consolidated into the parent company's financial statements, the net income from these companies that are consolidated into the financial statements of the parent company can be considered when calculating the distributable amount, as long as the statutory reserves of these entities are sufficient for a such profit distribution. After completing these requirements, the parent company may distribute profit by considering the net income included in the consolidated financial statements prepared in accordance with Communiqué No. XI-29 of CMB.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

17. Equity (continued)

Based on the decision of CMB dated January 27, 2010, it is decided not to determine any minimum dividend payment distribution requirement for publicly held companies

Inflation adjustments to issued capital and historical amount of extraordinary reserves can be used for in kind capital increase, dividend distribution in cash or the net loss deduction. In case inflation adjustment to issued capital is used as dividend distribution in cash, it is subject to corporation tax.

The net income of the Group as of the balance sheet date amounts to TL 64.260.793 (December 31, 2011 – TL 75.376.712) in the consolidated financial statements prepared in accordance with the communiqué Seri XI, No:29. However, in the statutory financial statements of the Company, the net profit for the year is TL 58.045.431 (2011 – TL 60.808.307). Furthermore, there are extraordinary reserves of TL 207.222.652 in the legal records which may be subject to profit distribution (December 31, 2011 – TL 198.679.520).

d) Currency translation differences

As of December 31, 2012 the currency translation differences are related to the Company's share in the currency translation differences of the associates accounted under equity method (Note 11).

18. Sales and cost of sales

	1 January – 31 December 2012	1 January – 31 December 2011
Domestic sales	**821.029.186**	765.406.400
Export sales	**83.429.148**	77.790.687
Other sales	**(1.900.084)**	726.542
Sales returns (-)	**(1.799.896)**	(886)
Sales discounts (-)	**(593.195)**	(369.008)
Other deductions (-)	**(2.786.813)**	(2.099.672)
	897.378.346	841.454.063

	1 January – 31 December 2012	1 January – 31 December 2011
Cost of goods sold	**636.196.050**	594.868.902
Cost of merchandises sold	**83.092.825**	77.052.773
Cost of services sold	**14.116.881**	12.755.335
Cost of other sales	**3.410.483**	3.120.136
	736.816.239	687.797.146

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

19. Operating expenses

	1 January – 31 December 2012	1 January – 31 December 2011
Selling and marketing expenses	**56.676.990**	32.671.793
General administrative expenses	**42.517.962**	37.392.365
Research and development expenses	**15.423**	64.388
	99.210.375	70.128.546

20. Expenses by nature

	1 January – 31 December 2012	1 January – 31 December 2011
General overheads and change in finished goods and work in progress	**592.488.433**	539.141.736
Personnel expenses (Note 19)	**58.955.836**	54.202.433
Depreciation and amortisation expenses (Note 11)	**54.435.271**	51.696.461
Outsourced services	**49.960.582**	44.075.237
Subcontractor labor expenses	**19.956.666**	21.185.397
Sales transportation expenses	**34.650.963**	32.280.883
Other operating expenses	**20.385.613**	12.106.191
Taxes and duties	**5.201.095**	3.237.354
	836.034.459	757.925.692
Cost of sales	**736.816.239**	687.797.146
Selling, marketing and distribution expenses	**56.676.990**	32.671.793
General and administrative expenses	**42.525.807**	37.392.365
Research and development expenses	**15.423**	64.388
	836.034.459	757.925.692

Personnel expenses

For the years 2011 and 2010, the allocation of personnel expenses is as follows:

	1 January – 31 December 2012	1 January – 31 December 2011
Cost of sales	**36.649.874**	32.431.187
General and administrative expenses	**18.161.426**	17.500.702
Selling, marketing and distribution expenses	**4.144.536**	4.270.544

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

	58.955.836	54.202.433

For the years 2011 and 2010, employee benefits comprise the following:

20. Expenses by nature (continued)

	1 Ocak – 31 Aralık 2012	1 Ocak – 31 Aralık 2011
Wages and salaries	**44.433.047**	45.123.855
SSK employer contributions	**7.151.566**	6.199.316
Other social benefits	**1.266.431**	621.466
Employee termination benefits (Note 14)	**5.339.747**	1.777.102
Seniority incentive payments	**765.045**	480.694
	58.955.836	54.202.433

21. Other operating income and expense

Other operating income comprises the following:

	31 December 2012	31 December 2011
Reversal of provisions for doubtful receivables (Note 7)	**1.050.620**	2.189.874
Rent Income	**7.539.205**	7.287.389
Export investment sales to SPA SPCC	**1.590.135**	2.157.774
Real estate sale income	**2.636.220**	-
Other operating income	**2.440.972**	3.004.109
	15.257.152	14.639.146

Other operating expenses consist of the following

	31 December 2012	31 December 2011
Provision for impairment in affiliates	**-**	1.302.393
Loss on sale of fixed assets, net	**208.639**	1.155.667
Donations	**3.613.005**	1.522.440
Provision for doubtful receivables (Note 7)	**3.475.430**	864.596
Idle capacity expenses	**10.462.257**	43.707
Provision for litigation	**791.669**	-
Natural gas commitment difference expense	**-**	1.820.694
Other expenses and losses	**3.890.822**	4.103.727
	22.441.822	10.813.224

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

22. Financial income

Financial income consists of the following:

	31 Aralık 2012	31 Aralık 2011
Foreign exchange gains	**26.322.144**	15.243.298
Rediscount income	**7.830.435**	4.556.597
Interest income	**5.469.957**	3.001.506
Discount amount due to acquisition of Kudret Enerji	**4.168.576**	-
Dividend income from affiliates	**40.875**	6.778
	43.831.987	22.808.179

23. Financial expense

Financial expenses consist of the following:

	31 December 2012	31 December 2011
Foreign exchange losses	**13.127.889**	35.422.872
Rediscount expenses	**3.928.368**	7.558.663
Interest expenses	**21.535.433**	13.180.530
	38.591.690	56.162.065

24. Tax assets and liabilities

a) Corporation tax

The Group is subject to taxation in accordance with the tax regulation and the legislation effective in Turkey

In Turkey, the corporate tax rate is 20% (2010 - 20%). This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their interim income. Advance tax is payable on 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. Overpaid taxes, if any, may be refunded or used to offset against other liabilities to the government.

The tax legislation provides for a temporary tax of 20% (2010 - 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

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

24. Tax assets and liabilities (continued)

15% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax. Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. As of December 31, 2011 and 2010, current income tax payables have been offset against the prepaid taxes in entity basis but such offset amounts have been classified in gross basis in the consolidated financial statements. Prepaid taxes and the current income tax liabilities have been demonstrated as follows:

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. As of December 31, 2012 and 2011, current income tax payables have been offset against the prepaid taxes in entity basis but such offset amounts have been classified in gross basis in the consolidated financial statements. Absorbed taxes and the current income tax liabilities have been demonstrated as follows:

	31 December 2012	31 December 2011
Current income tax liabilities	**(15.751.926)**	(16.335.201)
Prepaid taxes in current year	**13.803.128**	11.283.582
Tax receivables/(tax liabilities), net	**(1.948.798)**	(5.051.619)

The breakdown of total tax expense for the years ended December 31 2012 and 2011 is as follows:

	1 January – 31 December 2012	1 January – 31 December 2011
Deferred tax income/(expense)	**(2.481.332)**	5.592.118
Current income tax expense	**(15.751.926)**	(16.335.201)
Total tax expense	**(18.233.258)**	(10.743.083)

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

24. Tax assets and liabilities (continued)

b) Deferred Tax

Temporary differences creating a basis for deferred tax calculations and deferred tax assets/liabilities and deferred tax income/expenses are as follows:

	Total temporary differences		Deferred tax asset/ (liability)	
	31 December 2012	31 December 2011	**31 December 2012**	31 December 2011
Adjustment of rediscount on receivables	**(944.749)**	5.866.749	**(188.950)**	1.173.350
Provision for doubtful receivables	**16.177.914**	16.828.613	**3.235.583**	3.365.723
Unused investment incentives	**128.007.832**	109.439.305	**1.495.202**	1.365.296
Tax loss carry forward	**47.144.670**	34.107.418	**9.428.934**	6.821.484
Retirement pay liability	**13.743.200**	11.790.708	**2.748.640**	2.358.142
Accrual for unused vacation pays	**4.250.180**	1.278.755	**850.036**	255.751
Provision for seniority incentive premiums	**3.463.266**	2.993.500	**692.653**	598.700
Provision for land restoration costs	**6.486.720**	6.611.720	**1.297.344**	1.322.344
Impairment in financial assets	**129.949**	154.045	**25.990**	30.809
Provision for litigations	**-**	488.442	-	97.688
Rediscount for supplier balances and notes given	**(1.932.627)**	(901.002)	**(386.525)**	(180.200)
Amortisation of loans	**(405.116)**	(1.159.801)	**(81.023)**	(231.962)
Temporary differences in tangible and intangible assets	**(108.560.381)**	(105.148.239)	**(21.874.410)**	(21.191.980)
Temporary differences in inventories	**2.039.998**	1.709.056	**407.998**	341.811
Provision for the purchase of natural gas	**1.795.912**	-	**359.182**	-
Impairment of deferred tax asset	**(29.128.322)**	(7.303.170)	**(5.825.664)**	(1.460.634)
Total temporary differences	**82.268.446**	76.756.099		
Deferred tax asset			**7.039.249**	7.373.670
Deferred tax liability			**(14.854.259)**	(12.707.348)
Deferred tax liability, net			**(7.815.010)**	(5.333.678)

The movements of deferred tax liability for the years ended December 31, 2012 and 2011 are as follows:

	December 31, 2012	December 31, 2011
January 1	**(5.333.678)**	(3.622.891)
Deferred tax income/(expense)	**(2.481.332)**	5.592.118
Business combinations (Note 5- iii)	**-**	(7.302.905)
	(7.815.010)	(5.333.678)

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

24. Tax assets and liabilities (continued)

The reconciliation of profit before tax to total tax expense is as follows:

	January 1 – December 31, 2012	January 1 – December 31, 2011
Profit before tax	**82.494.051**	86.119.795
Income tax charge at effective tax rate %20	**(16.498.810)**	(17.223.959)
Exemptions due to participation income	**1.551.391**	6.423.878
Other permanent differences including disallowable expenses	**(3.285.839)**	56.998
Total tax expense	**(18.233.258)**	(10.743.083)

25. Earnings per share

Earnings per share are calculated by dividing net profit by the weighted average number of shares that have been outstanding during the year concerned..

Companies can increase their share capital by making a pro rata distribution of shares (Bonus Shares) to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings. For the purpose of the earnings per share calculation such Bonus Share issues are regarded as stock dividends. Dividend payments, which are immediately reinvested in the shares of the Company, are regarded similarly.

Earnings per main share are determined by dividing net income of the shareholders by the weighted average number of shares that have been outstanding during the related year concerned.

	December 31, 2012	December 31, 2011
Net income for the year	**64.260.793**	75.376.712
Weighted average number of ordinary shares (per share of TL 1 nominal value)	**150.213.600**	150.213.600
Earnings per share (TL)	**0,43**	0,50

Besides the company paid dividends per share of 0,32 TL in current period (December 31, 2011 - 0,30 TL).

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

26. Related party disclosures

Short term trade receivables from related parties consist of the following ;

	December 31, 2012	December 31, 2011
Kovcheg Ltd.(1)	**8.677.794**	8.075.210
Çimpaş Çimento İnşaat Mlz. Paz. A.Ş. (2)	**1.617.323**	2.001.230
Nuh Cement BG Jsc (1)	**1.284.797**	1.313.992
SPA SPCC (4)	**877.698**	1.164.946
Cementos Esfera (2)	**9.811**	7.005
Torgoviy Port Ltd. (1)	**234.935**	226.052
Nuh Çimento Eğitim ve Sağlık Vakfı (5)	**79.173**	42.430
Nuh Beton LLC (3)	**861.171**	-
	13.642.702	12.830.865

Receivables from related parties are consisted of the sales of cement, supplies and fixed asset which are sold by the company and subsidiaries to related parties.

Short term other receivables from related parties:

	December 31, 2012	December 31, 2011
Kovcheg Ltd. (1) (*)	**16.387.978**	12.795.124
Nuh Çimento Eğitim ve Sağlık Vakfı (4)	**2.992.630**	3.148.212
Nuh Beton LLC (3)	**92.375**	95.993
Other	**-**	5
	19.472.983	16.039.334

(*) Interest bearing loans provided by the Company or subsidiaries to affiliates

(1) Joint ventures
(2) Financial investments of company
(3) Subsidiaries
(4) Affiliate of a subsidiary
(5) Foundation which was established as in beneficial to public statute by the decision of Council of Ministers.

Short term payables from related parties:

None (December 31 2011 – None).

For the years 2012 and 2011, sales to related parties consist of the following:

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

26. Related party disclosures (continued)

	December 31, 2012	December 31, 2011
SPA SPCC (1)	**1.958.195**	19.781.608
Çimpaş Çimento İnşaat Mlz Paz. A.Ş. (2)	**4.345.860**	5.006.816
Nuh Cement BG Jsc (1)	**2.757.877**	2.660.394
Kovcheg.(1)	**1.886.744**	-
Nuh Çimento Eğitim ve Sağlık Vakfı (3)	**31.138**	232.918
	10.979.814	27.681.736

For the years 2012 and 2011, other incomes from related parties:

	December 31, 2012	December 31, 2011
SPA SPCC (1) (*)	**-**	239.120
	-	239.120

(*) Through the transfer of the investment equipments which were related to the investments of the SPA SPCC in Algeria was occurred the gross profit margin amount of the company

For the years 2012 and 2011, purchases from related parties consist of the following:

	December 31, 2012	December 31, 2011
Çimpaş Çimento İnşaat Mlz. Paz. A.Ş.(2)	**102.007**	114.526
Nuh Cement BG Jsc (1)	**8.152**	-
	110.159	114.526

For the years 2011 and 2010, interest income charged to related parties consist of the following:

	December 31, 2012	December 31, 2011
Nuh Beton – Torgoviy Port Ltd. (1)	**17.403**	267.940
Kovcheg (1)	**1.018.651**	-
	1.036.054	267.940

(1) Joint ventures
(2) Financial investments of company
(3) Foundation which was established as in beneficial to public statute by the decision of Council of Ministers.

As of December 31, 2012, remunerations provided to top managing executives of the Group such as CEO, members of the Board, General Manager and Deputy General Managers amount to TL 4.652.079 . (December 31, 2011 – 4.586.450 TL).

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

27. Nature and level of risks arising from financial instruments

The Group is exposed to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. These risks are market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Financial and Risk Management Board holds monthly meetings for the purpose of implementing a risk efficient management at the Group wide. In this meeting, the Group's financial performance and its commercial and financial risks are evaluated.

Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by limiting the aggregate risk from any individual counterparty (excluding related parties) and by receiving guarantees from customers when considered necessary. Credit risk of the Group mainly arises from trade receivables. The Group manages this risk that may arise from its dealers or from other customers by restricting the credit limits determined for the dealers according the amount of guarantees received. Credit limits are regularly monitored by the Group and the customers' credit quality are regularly evaluated by considering the customer's financial position, past experiences and other factors.

Trade receivables are evaluated by the Group Management based on their past experiences and current economic conditions and are presented net of provision for doubtful receivables in the consolidated financial statements (Note 7).

	Trade receivables		Other receivables			
December 31, 2012	**Related party**	**Other party**	**Related party**	**Other party**	**Bank deposits**	**Other (1**
Maximum credit risk exposure as of reporting date (A+B+C+D)	**13.642.702**	**244.100.983**	**19.472.983**	**4.757.028**	**14.712.569**	**9.382.563**
- Maximum risk secured by guarantees (2)	**-**	**(110.023.853)**	**-**	**-**	**-**	**-**
A. Net book value of financial assets neither overdue nor impaired	**7.024.525**	**225.682.187**	**-**	**4.757.028**	**14.712.569**	**9.382.563**
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	**-**	**-**	**16.479.911**	**-**	**-**	**-**
C. Net book value of assets overdue but not impaired	**6.618.177**	**18.418.796**	**2.993.072**	**-**	**-**	**-**
- Secured portion by guarantees, etc		**(2.083.832)**				
D. Net book value of impaired assets	**-**	**-**	**-**	**-**	**-**	**-**
- Overdue (gross book value)	**-**	**27.272.216**	**-**	**-**	**-**	**-**
- Impairment (-) (Note 7)	**-**	**(27.272.216)**	**-**	**-**	**-**	**-**
- Net value under guarantee	**-**	**-**	**-**	**-**	**-**	**-**

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

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

	Trade receivables		Other receivables			
December 31, 2011	Related party	Other party	Related Party	Other party	Bank deposits	Other (1)
Maximum credit risk exposure as of reporting date (A+B+C+D)	12.830.865	221.151.682	16.039.334	1.780.868	16.048.719	8.607.251
- Maximum risk secured by guarantees (2)	-	(102.224.79)	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	(497.966)	197.257.261	-	1.780.868	16.048.719	8.607.251
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	3.244.210	-	-	-
C. Net book value of assets overdue but not impaired	13.328.831	23.894.421	12.795.124	-	-	-
- Secured portion by guarantees, etc	-	(4.024.694)	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	27.272.216	-	-	-	-
- Impairment (-) (Note 7)	-	(27.272.216)	-	-	-	-
- Net value under guarantee	-	-	-	-	-	-

(1) Comprise checks and notes received which are included in cash and cash equivalents.
(2) Guarantees received fully comprise letter of guarantees.

Credit risk

Aging analysis of the receivables which are overdue but not impaired is as follows:

December 31, 2012:	**Trade receivables(*)**	**Other receivables**
1-30 days past due	**12.115.068**	**-**
1-3 months past due	**10.732.492**	**-**
3-12 months past due	**1.647.391**	**16.479.911**
1-5 years past due	**542.023**	**2.993.072**
More than 5 years past due	**-**	**-**
	25.036.974	**19.472.983**
Secured portion by guarantees (-)	**(2.083.832)**	

December 31, 2011:	Trade receivables(*)	Other receivables
1-30 days past due	10.275.427	-
1-3 months past due	5.585.734	-
3-12 months past due	4.131.990	-
1-5 years past due	15.167.437	12.795.124
More than 5 years past due	-	-
	35.160.588	12.795.124
Secured portion by guarantees (-)	(4.024.694)	

(*) The amount of 14.054.071 TL (December 31, 2011 – 11.266.167 TL) are receivables from related companies.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

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

The credit risk of the Group is mainly attributable to its trade receivables.

Overdue trade receivables are valued by the Group management taking into account the past experiences and the current economic outlook, and are presented in the consolidated balance sheet net of necessary provisions for doubtful receivables. The cheques received classified under liquid assets and maturing earlier than the balance sheet date are shown as “Other”. The Group Management does not foresee any risk related to recoverability of its receivables other than the provisions provided for (Note 7).

Liquidity risk

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

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by limiting the aggregate risk from any individual counterparty (excluding related parties) and by receiving guarantees from customers when considered necessary.

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

As of December 31, 2012 and December 31, 2011, maturities of gross trade payables and financial liabilities are as follows:

December 31, 2012:

Maturities per agreements	**Book value**	**Total cash outflow per agreement (=I+II+III+IV))**	**Less than 3 month (I)**	**Between 3-12 month (II)**	**Between 1-5 year (III)**	**Over 5 years (IV)**
Non-derivative financial liabilities						
Bank loans (*)	**342.669.093**	**365.223.904**	**188.254.679**	**21.909.709**	**109.414.279**	**45.645.237**

Expected maturities	**Book value**	**Total expected cash outflow**	**Less than 3 month**	**Between 3-12 month**	**Between 1-5 year**	**Over 5 years**
Non-derivative financial liabilities						
Other payables	**74.781.541**	**76.714.169**	**76.541.628**	**172.541**	**-**	**-**

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

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

December 31, 2011:

Maturities per agreements	Book value	Total cash outflow per agreement (=I+II+III+IV)	Less than 3 month (I)	Between 3-12 month (II)	Between 1-5 year (III)	Over 5 years (IV)
Non-derivative financial liabilities						
Bank loans(*)	234.025.200	249.466.838	53.325.058	24.423.142	104.033.550	67.685.089

Expected maturities	Book value	Total expected cash outflow	Less than 3 month	Between 3-12 month	Between 1-5 year	Over 5 years
Non-derivative financial liabilities						
Other payables	59.841.009	60.473.851	60.360.315	113.536	-	-

Interest rate risk

The interest position as of December 31, 2012 and 2011 is as follows:

	December 31, 2012	December 31, 2011
Financial instruments with fixed interest rates		
Time deposits, denominated in TL	**12.950.841**	4.307.754
Foreign currency time deposits	**-**	10.437.034
Bank loans, denominated in TL (*)	**130.879.527**	37.978.905
Bank loans, denominated in foreign currencies	**81.300.270**	48.644.073
Financial instruments with variable interest rates		
Bank loans, denominated in TL	**-**	-
Bank loans, denominated in foreign currencies	**130.489.295**	147.402.223

As of December 31, 2012, if the variable interest rate in USD and Euro were higher / lower by 50 basis points when all other variables remained constant, the profit before tax would have been lower/higher by 351.687 TL (December 31, 2011 – TL 397.270).

As of December 31, 2012 and 2011, there are no financial instruments denominated in TL with variable interest.

Foreign currency risk

As the short and long term loans are denominated in foreign currency, the payments to be made in foreign currency leads to a foreign currency risk at times when changes in foreign exchange are against the Turkish Lira. Furthermore, the Group is exposed to foreign exchange risk through the rate changes at the translation of foreign currency denominated liabilities to local currency since the Group trades with foreign companies. These risks are monitored and limited through analysis of the foreign currency position. The Company follows a policy of diversifying its foreign currency position in order to manage the foreign currency risk that may arise due to future operations and recognized assets and liabilities.

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(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

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

The accompanying table represents the foreign currency risk of the Company as of December 31, 2012 and 2011:

	December 31, 2012							December 31, 2011					
	TL Equivalent (functional currency)	**U.S. Dollars**	**Euro**	**GBP**	**Yen**	**CHF**	**Ruble**	TL Equivalent (functional currency	U.S. Dollars	Euro	GBP	CHF	Ruble
1. Trade receivables	**12.707.725**	**4.677.438**	**1.828.476**	**-**	**-**	**-**	**1.200.000**	17.310.263	5.338.146	2.957.296	-	-	-
2a. Monetary financial assets (including cash, bank accounts)	**1.386.547**	**733.029**	**33.497**	**280**	**1**	**-**	**4.500**	11.397.204	6.006.325	20.829	280	-	2.370
2b. Non-monetary financial assets	**37.299.098**	**18.258.434**	**1.326.312**	**-**	**-**	**-**	**28.108.217**	25.887.453	13.654.222	39.280	-	-	-
3. Other	**95.322**	**17.634**	**0**	**-**	**-**	**-**	**1.100.000**	2.459.198	0	1.006.301	-	-	-
4. Current assets (1+2+3)	**51.488.692**	**23.686.535**	**3.188.285**	**-**	**-**	**-**	**30.412.717**	57.054.118	24.998.693	4.023.706	280	-	2.370
6a. Monetary financial assets	**2.535.437**	**23.520**	**1.060.301**	**280**	**1**	**-**	**0**	12.317.919	5.600.000	637.306	-	63.671	944.000
8. Non-current assets (5+6+7)	**2.535.437**	**23.520**	**1.060.301**	**-**	**-**	**-**	**0**	12.317.919	5.600.000	637.306	-	63.671	944.000
9. Total assets(4+8)	**54.024.129**	**23.710.055**	**4.248.586**	**-**	**-**	**-**	**30.412.717**	69.372.037	30.598.693	4.661.012	280	-	946.370
10. Trade payables	**883.394**	**456.316**	**23.222**	**-**	**-**	**7.902**	**-**	17.398.978	8.141.806	661.827	138.000	-	-
11. Financial liabilities	**89.048.950**	**38.149.532**	**8.948.248**	**-**	**-**	**-**	**-**	43.777.649	12.687.687	8.106.996	-	-	-
12a. Monetary other liabilities	**3.599.535**	**2.010.000**	**7.020**	**-**	**-**	**-**	**-**	803.978	16.000	316.620	-	-	-
13. Current liabilities (10+11+12)	**93.531.879**	**40.615.849**	**8.978.489**	**-**	**-**	**7.902**	**-**	61.980.605	20.845.493	9.085.443	138.000	-	-
15. Financial liabilities	**128.750.887**	**58.058.859**	**10.739.110**	**-**	**-**	**-**	**-**	152.347.884	60.100.938	15.886.415	-	-	-
16 a. Monetary other liabilities	**6.126.463**	**118.132**	**2.515.577**	**-**	**-**	**-**	**-**	719.432	309.067	55.502	-	-	-
17. Non-current liabilities (14+15+16)	**134.877.350**	**58.176.990**	**13.254.687**	**-**	**-**	**-**	**-**	153.067.316	60.410.005	15.941.917	-	-	-
18. Total liabilities (13+17)	**228.409.229**	**98.792.839**	**22.233.176**	**-**	**-**	**7.902**	**-**	215.047.921	81.255.499	25.027.361	138.000	-	-
20. Net foreign currency asset/(liability) position (9+18)	**(174.385.100)**	**(75.082.784)**	**(17.984.590)**	**280**	**1**	**(7.902)**	**(30.412.717)**	(145.675.884)	(50.656.806)	(20.366.348)	(137.720)	-	946.370
21. Net foreign currency asset/(liability) position of monetary items (1+2a+6a-10-11-12a-14-15-16a)	**(211.684.198)**	**(93.358.852)**	**(19.310.902)**	**280**	**1**	**(7.902)**	**1.204.500**	(171.563.337)	(64.311.028)	(20.405.629)	(137.720)	63.671	946.370
23. Export (*)	**85.193.886**	**45.234.490**	**1.938.548**	**-**	**-**	**-**	**-**	108.288.403	43.909.629	10.326.592	-	-	1.915.375
24. İmport (*)	**166.202.550**	**92.074.553**	**880.407**	**-**	**-**	**-**	**-**	120.095.267	62.443.263	878.218	-	-	-

(*) Import and export amounts were converted to Turkish Lira by using weighted average exchange rates.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

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

The following table demonstrates the sensitivity to a possible change of 10% in the U.S. Dollars, Euro and other exchange rates, with all other variables held constant, on the Group's income before tax as of December 31, 2012 and 2011:

	December 31, 2012		December 31, 2011	
		Profit/loss		Profit/loss
	Value increase in foreign currency	**Value increase in foreign currency**	Value increase in foreign currency	Value decrease in foreign currency
In case 10% appreciation of USD against TL:				
1- USD net asset/liability	**(13.384.257)**	**13.384.257**	(9.568.564)	9.568.564
2- Amount hedged for USD risk(-)				
3- USD net effect (1+2)	**(13.384.257)**	**13.384.257**	(9.568.564)	9.568.564
In case 10% appreciation of EUR against TL:				
4- EUR net asset/liability	**(4.229.436)**	**4.229.436**	(4.977.128)	4.977.128
5- Amount hedged for EUR risk (-)				
6- EUR net effect (4+5)	**(4.229.436)**	**4.229.436**	(4.977.128)	4.977.128
In case average 10% appreciation of other currencies against TL				
7- Other currency net asset/liability	**175.183**	**(175.183)**	(21.896)	21.896
8- Amount hedged for other currency risk (-)				
9- Other currency rates net effect (7+8)	**175.183**	**(175.183)**	(21.896)	21.896
Toplam (3+6+9)	**(17.438.510)**	**17.438.510**	(14.567.588)	14.567.588

Capital risk management

For proper management of capital risk, the Company aims;

- to maintain continuity of operations so as to provide earnings to partners and benefits to other shareholders
- to increase profitability through determining a service pricing policy that is commensurate with the level of risks in the market.

The Group determines the amount of share capital in proportionate to the risk level. The equity structure is arranged in accordance with the economic outlook and the risk features of assets.

The Group monitors capital management by using the debt/equity ratio. This ratio is calculated by dividing the debt, net, by the total share capital. The net debt is calculated by deducting the value of cash and cash equivalents from the total debt (the sum of short and long term liabilities stated in the consolidated statement of financial position). The total share capital is the sum of all equity items stated in the consolidated statement of financial position.

The Group monitors capital management by using the debt/equity ratio. This ratio is calculated by dividing the debt, net, by the total share capital. The net debt is calculated by deducting the value of cash and cash equivalents from the total debt (the sum of short and long term liabilities stated in the consolidated statement of financial position). The total share capital is the sum of all equity items stated in the consolidated statement of financial position.

(Currency - amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

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

	December, 31 2012	December 31, 2011
Total debt	**451.914.091**	346.500.447
Less: Cash and cash equivalents	**(24.212.874)**	(24.734.174)
Net debt	**427.701.217**	321.766.273
Total equity	**851.695.112**	836.042.507
Total debt/equity ratio	**50%**	38%

28. Financial instruments (fair value explanations and disclosures within the framework of hedge accounting)

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The carrying amounts of foreign currency denominated monetary assets which are translated at year end exchange rates are considered to approximate their fair values.

The carrying values of cash and cash equivalents including bank deposits, cheques received and other cash equivalents are estimated to be at their fair values since they have short term maturities and have little impairment risk.

The carrying value of trade receivables which are both discounted and provided provision for doubtful receivables are estimated to be at their fair values.

The fair values of short and long-term bank borrowings are assumed to approximate their book values which are calculated by adding the accrued interest as of the balance sheet date (calculated by effective interest rate method) on the principle.

Discounted values of trade payables are assumed to approximate their respective carrying values.

29. Other matters which are significant to the financial statements or which should be disclosed for the purpose of true and fair interpretation of the financial statements

None.