

## **AKÇANSA ÇİMENTO SANAYİ TİCARET AŞ.**

### **REPORT ON RELATED PARTY TRANSACTIONS FOR THE YEAR OF 2011**

#### **General Information**

This report has been prepared in accordance with the Communiqué Serial: IV, No: 52 of the Capital Market Board and 5<sup>th</sup> Article of the Communiqué on Principles to be Obeyed by Joint Stock Companies Subject to the Capital Market Law Serial: IV, No: 41. In the event that amount of asset, service and liability transfer transactions which are continuous and widespread within an accounting period between the companies, of which shares are traded on the Istanbul Stock Exchange, and related parties, reaches to 10 % or more of total assets or total of gross sales in the annual financial statements to be publicly announced in accordance with relevant article, it has been obliged to prepare a report in relation to the conditions of the transactions and comparison with market conditions by the company's board of directors.

The purpose of this report is to disclose the conditions of the transactions which Akçansa Çimento San. Ve Tic. A.Ş. has executed with the related parties as defined in the International Accounting Standard number: 24 (IAS 24) defined in CMB legislation, provided that they are not included in the scope of trade secret, and to indicate that it does not result against Company shares and minority interests in comparison with market conditions.

Detailed information on the transactions, which we have executed with the related parties, has been disclosed in the footnote no: 37 which we have publicly announced in the financial statement and footnotes dated 31.12.2011 of Akçansa Çimento San. Ve Tic. A.Ş. This report includes only the transactions exceeding the limit of 10 % in accordance with above mentioned communiqués.

#### **Information on Akçansa Çimento Sanayi Tic. A.Ş.**

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi "Akçansa" was established in September 30, 1996 with the merger of Akçimento Ticaret Anonim Şirketi "Akçimento" which was established in 1967 and Çanakkale Çimento Sanayi Anonim Şirketi "Çanakkale" which was established in 1974. Mortelmaattschappij Eindhoven B.V. (Mortel), which was owned by Cimenteries CBR S.A. "CBR" completely, acquired 97,7%

share of Çanakkale in January 12, 1996. CBR exchanged its shares in Çanakkale with 30 % of Akçimento shares held by the companies affiliated with Hacı Ömer Sabancı Holding Anonim Şirketi by majority in July 24, 1996.

Akçimento merged with Çanakkale and ceased to exist as effective from October 1, 1996, and name of Çanakkale was changed as Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi. Shares of Akçansa have been traded in the Istanbul Stock Exchange since 1986. All shares of Akçansa Çimento Sanayi ve Ticaret A.Ş. at the rate of 39,72% owned by CBR International Holdings B.V. which is a subsidiary of HeidelbergCement A.G. at the rate of 100% were transferred to HeidelbergCement Mediterranean Basin Holdings S.L. which is also a subsidiary of HeidelbergCement A.G. at the rate of 100% in November 27, 2006.

The company, of which main area of activity is production and sale of cement, clinker, concrete and aggregate, operates in Marmara, Aegean and Black Sea regions and produces cement and clinker at its three plants in Istanbul-Büyükçekmece, Çanakkale and Samsun-Ladik. The company has also five cement terminals located at Istanbul-Ambarlı, İzmir-Aliağa, Yalova, Yarımca and Hopa.

Akçansa started to provide services with the brand of “Betonsa” as a result of its merger with its subsidiary, Betonsa, in 1998 and produces ready-mixed concrete in more than 35 plants which spread over Marmara and Aegean regions.

The company merged with another subsidiary Agregasa Agregas in 2002 and maintains its aggregate production activities in 4 plants under the brand of “Agregasa”.

### **Information on Conditions of Transactions Executed with Related Parties and Their Conformity with Market Conditions**

Sales which appear as exceeding 10 % of the sales made between the dates of 01.01.2011-31.12.2011 are related to HC Trading Malta and they are stated in the footnote no: 37 of the independent audit report dated 31.12.2011.

Akçansa exports the most of cement and clinker produced through HC Trading Malta. Our company sells most of its production to its local customers in Turkey and exports the balance part. Idle capacity in the cement sector is a sectoral problem because closing a production plant and then putting into operation again is quite costly. Therefore, Akçansa continues its production activities without interruption. This condition creates overstock in terms of Akçansa and surplus production is exported through HC Trading Malta. Thus, export volume is subject to the extent of demand in the domestic market. If sufficient demand has not occurred in the domestic market, it increases the

export of Akçansa. Akçansa does not have any commitment for quantity of sales it has made to HC Trading.

HC Trading Malta sells cement and clinker which it has purchased from Akçansa, to third parties in the abroad. Gross sale amount of Akçansa in 2011 is 1.029.904.601 TL. Cement and clinker sales volume for HC Trading Malta is 116.850.294 TL in 2011 and ratio of sales made to gross total sales has realized as 11%.

Akçansa exports its products to HC Trading Malta, and HC Trading Malta sells exported goods to its customers. HC Trading creates significant value to products in terms of persistence of export markets and marketing activities.. HC Trading does not apply any other process for the products or does not make them more complicated products. It sells them directly to its own customers. Akçansa exports its products on FOB price basis to HC Trading. HC Trading Malta informs Akçansa about acceptable prices for the customers. Akçansa has final decision about whether products are sold or not. HC Trading Malta does not make any agreement with the customers without approval of Akçansa. Akçansa calculates its own export price by deducting an agreed and international generally accepted definite sales commission, and issues invoice on the basis of such amount to HC Trading. "Resale Price Management" has been preferred in the sales to the company.

### **Information on the Company Subject to Report**

HC Trading Malta operates as Malta branch of HC Trading company. HC Trading is 100% subsidiary of Heidelberg Cement AG which holds shares of our Company indirectly at the rate of 39,72%. HC Trading was established in order to conduct the commercial activities of Group companies around the world, to meet the requirements of other companies with increasing quality and to provide services in all their commercial activities in 1996. HC Trading trades notably clinker, white cement, oil well cement, blast furnace slag, plaster, lime and other materials required by cement sector.

HC Trading is the foreign trade unit of Heidelberg Cement Group having offices in Dubai, Florida, Istanbul, Malta, Shanghai and Singapore. More than 800 ships operated by HC Trading call at approximately 130 ports in 80 countries.

HC Trading has divided its activities into east and west. Western regions are Mediterranean, Black Sea, Europe, America and Middle East. Eastern regions are Asia Pacific, Far East and Africa.

## **CONCLUSION**

Due to the fact that amount of Akçansa Çimento's product sales transactions, which are continuous and widespread with HC Trading Malta within an accounting period, reaches to more than 10 % of total assets or total of gross sales in the annual financial statements publicly announced in accordance with the Communiqué Serial: IV, No: 41 of the Capital Market Board, information on condition of transactions against market conditions has been provided by explaining conditions of transactions executed with HC Trading Malta by the Company, price determination management and reasons in this report. Transactions executed with HC Trading Malta are at arm's length in accordance with related party disclosures in relevant communiqué of CMB.