



AKÇANSA

2017

Annual Report



Together, We Build the Future of Turkey

Turkey's leading cement company Akçansa not only builds the future of cement and ready-mixed concrete, but also the future of economy and employment.

The vision of Akçansa, "sustainable growth beyond all borders", involves a sound, synergistic business cooperation and teamwork philosophy. Akçansa continues creating added value to the Turkish economy with its thousands of employees, business partners, suppliers, and stakeholders without slowing down.

And we know that, as in today, Akçansa will continue be the pioneering company and leader of the cement and ready-mixed concrete sector, and to contribute to the Turkish economy.

Contents

5	Agenda	28	Investments
6	Achievements and Awards	28	Quality
8	Plant Capacities	30	Ready-Mixed Concrete and Aggregate Operations
9	Financial and Operational Indicators	32	Quality Operations
12-13	Chairman's Message	40	Sustainability
14-15	Board of Directors	48	Human Resources
16-17	Executive Committee	58	Corporate Governance Principles Compliance Report
20	Cement Operations	88	Independent Auditor's Report
24	Sales and Marketing	162	Profit Distribution Table
26	Production	164	Contact Information
27	Occupational Health and Safety		

Agenda

Agenda for the Ordinary General Assembly to be held on March 29, 2018 at 14:00 hours

1. Opening and formation of the Presiding Board,
2. Reading and discussion of the 2017 Annual Report of the Board of Directors,
3. Reading the 2017 Auditor's Report,
4. Reading, discussion and approval of the 2017 financial statements,
5. Discharge of Board of Directors from liability for the 2017 financial year,
6. Determining the manner to use the 2017 profits, and the dividend and gain rates,
7. Selecting the Board Members,
8. Determining the salaries of the Board Members,
9. Selecting the auditor,
10. Providing information to the General Assembly regarding donations and grants made in 2017 and approval,
11. Setting the donation limits of the company in 2018,
12. Authorizing the Chairman and Members of the Board of Directors to perform the written procedures stated in Articles 395 and 396 of the Turkish Commercial Code (TCC).

ACHIEVEMENTS AND AWARDS

Aiming to raise the life quality of the society by creating value for its stakeholders, Akçansa achieves this aim, as well as crowns its achievements with the awards won in various fields.

Achievements and Awards in 2017

- Akçansa received the "Turkey's Most Admired Company" award in the cement sector for 16th time in the "Turkey's Most Admired Companies" survey organized by GFK and Capital Magazine.
- In the "Turkey's Biggest 500 Industrial Enterprises" survey conducted by Istanbul Chamber of Industry in 2016, Akçansa ranked 63rd and maintained its leadership in the sector.
- Meeting the requirements of the best international occupational health and safety practices, standards and new occupational safety law, Akçansa Samsun Ready-Mixed Concrete Plant received first place award in "Safe Work Healthy Life Awards" organized by HeidelbergCement. As a result of the individual assessments made for 75 plants, Samsun Ready-Mixed Concrete Plant has received the highest score.
- Akçansa received 5 awards in the Golden Collar Awards organized among the Sabancı Group companies. Akçansa ranked first in "Synergy" category, first in "Market Orientation" individual category, received honorable mention award in "Digitalization" and "Investment to People" categories, and Jury Special Award in "Innovation and Corporate Entrepreneurship" category.
- With its My Neighborhood Social Responsibility Project, Akçansa received Silver Stevie Award in Corporate Social Responsibility Program of the Year in Europe at the "International Stevie Business Awards", as well as received "Best Corporate Social Responsibility Project" award from the JCI Culture Young Leaders and Entrepreneurs Association, and "Qualified Education" award at the "Sustainable Development Academy Awards" organized by the Corporate Social Responsibility Association.
- Joining CDP Climate Change and Water Programs voluntarily since 2011, Akçansa's programs sharing the strategy, targets and roadmap related to climate change and water management has been ranked as B- in this year's climate change program and B in water program.
- Akçansa received 9 awards in total in LACP, which is recognized as one of the most elite public relations and communication competitions of the world, for its "2016 Annual Report" and "4th Sustainability Report".
- At the Campaign Agency & Brand of the Year, which is recognized as one of the most prestigious awards in the world and which selects the brands and agencies of the year by evaluating the awards received during the last one year, Akçansa received the award in Construction Materials & Technologies category.

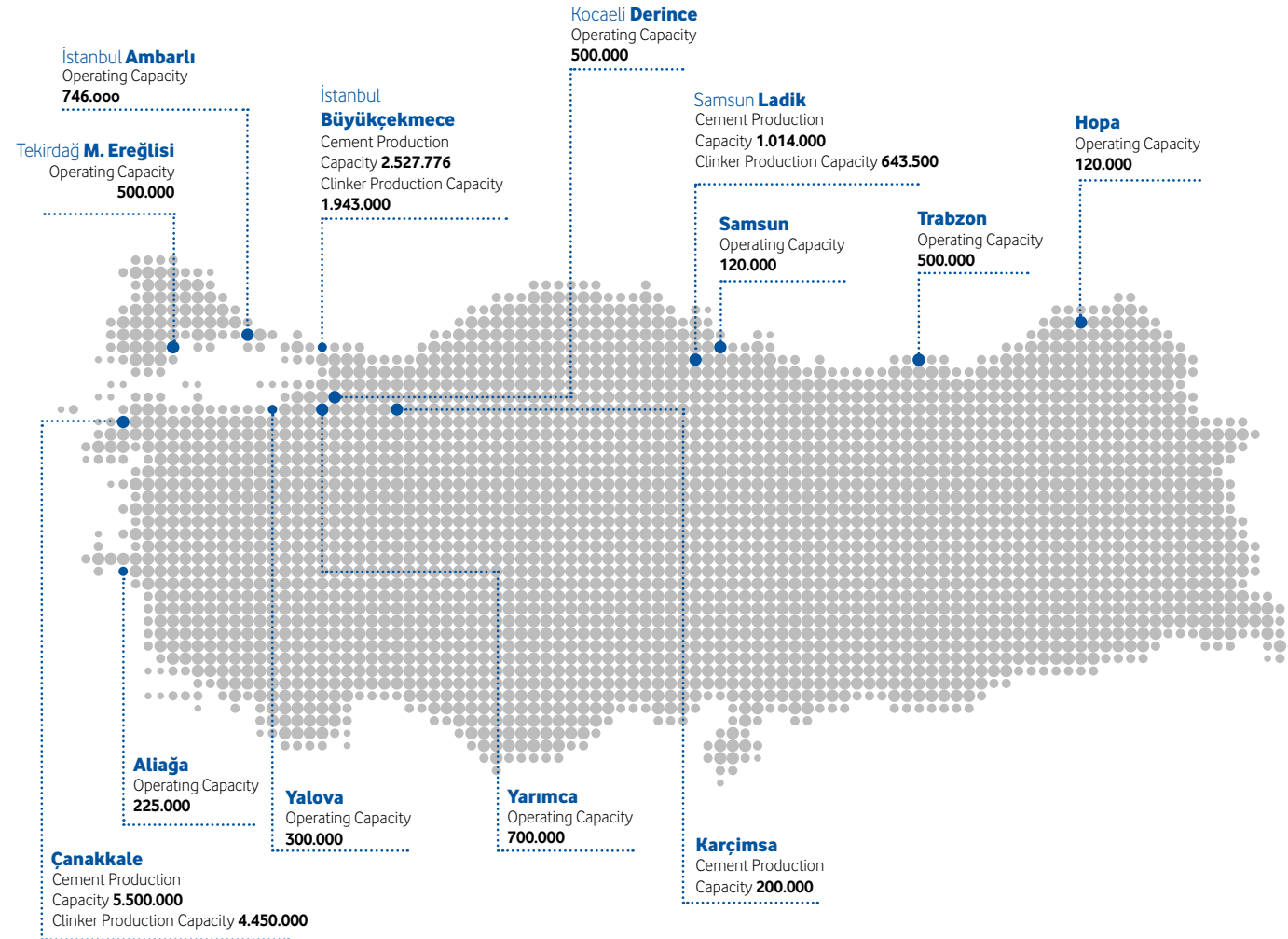
BEĞENİLERİNİZ 16 YILDIR BİZİ İŞARET EDİYOR



İş ve ekonomi dergisi Capital tarafından üst düzey şirket yöneticileriyle gerçekleştirilen "Türkiye'nin En Beğenilen Şirketleri 2017" araştırması sonucunda Akçansa ailesi olarak, sektörde 16. kez üst üste "Türkiye'nin En Beğenilen Şirketi" seçilmenin gururunu yaşıyoruz.



PLANT CAPACITIES Metric Tons/Year



Financial operational indicators

Sales (million metric tons)	2013	2014	2015	2016	2017
Total Cement-Clinker	7,7	7,5	7,6	7,9	8,0
Cement - Total	6,8	6,8	6,9	7,5	7,6
Domestic	5,9	6,2	6,2	6,4	6,6
Abroad	0,9	0,6	0,7	1,1	1,0

Clinker - Total	0,9	0,7	0,7	0,4	0,4
Domestic	0,0	0,1	0,0	0,0	0,1
Abroad	0,9	0,6	0,6	0,4	0,3
Ready-Mixed Concrete (million m3)	4,8	4,7	4,4	3,9	3,4

(million TL)					
Net Sales	1.202,2	1.410,9	1.468,5	1.461,1	1.519,0
EBITDA	270,2	389,8	429,8	407,9	308,5
EBITDA Margin (%)	22,48	27,6	29,3	27,9	20,3
EBIT	206,8	324,4	358,8	332,8	225,5
EBIT Margin (%)	17,2	23,0	24,4	22,8	14,8

Profitability					
Net Profit (million TL)	157,9	248,8	281,1	286,4	148,7
Earnings per Share	0,82	1,30	1,5	1,5	0,8
Dividend Rate per Share (Gross) (%)	75,43	118,2	134,6	123,9	66,9
Net Financial Borrowing (million TL)	163,5	85,0	91,1	185,1	332,7
Shareholders' Equity (million TL)	987,6	1.143,0	1.187,2	1.215,0	1.096,9
Total Assets (million TL)	1.477,2	1.602,5	1.705,1	1.843,2	1.916,2

Shareholding Structure



39,72%

Hacı Ömer Sabancı Holding A.Ş.

39,72%

HeidelbergCement Mediterranean

20,56%

Other - Public

Production Capacity

9,2 (million metric tons) Cement

7 (million metric tons) Clinker

1.916,2

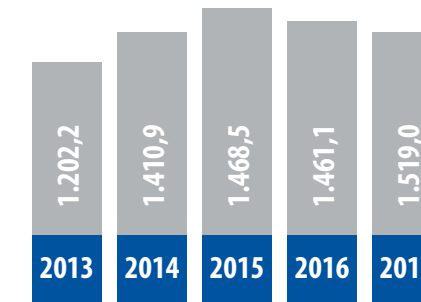
Total Assets (million TL)

1.519,0

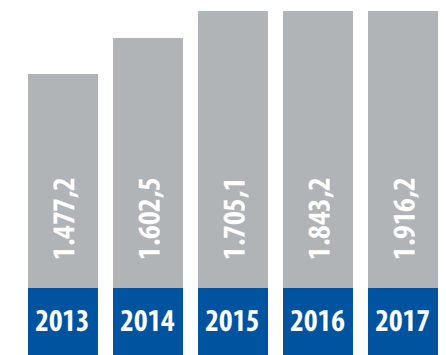
Net Sales (million TL)

With its successful performance, Akçansa continues creating value for its stakeholders.

Net Sales
(million TL)



Total Assets
(million TL)





**We work in
harmony**
with the strength we
get from each other

Chairman's Message



Dear stakeholders,

The Turkish economy has progressed with a growth despite some negative geopolitical reflections during the year 2017, where the economic recovery has accelerated especially in the developed countries. It's been anticipated that the reflections of global effects will continue to be effective once again in 2018. However, in order to contribute to the development of our country with the incentives and measures taken, it's projected that our tourism and export revenues will increase and the efforts will continue for attracting more foreign investment.

Considering the Turkish cement market in such an ecosystem, the domestic cement consumption has increased by 8,1 percent to 72,2 million metric tons last year. Including players outside the members of the Turkish Cement Manufacturers' Association, the total consumption reaches to 74,2 million metric tons. Exports of the sector has realized as 7,9 million metric tons with an increase compared to the previous year.

In 2017, we created added value to our sector with innovative products and services. While our turnover has amounted to 1 billion 519 million TL, we have broken a domestic sales record with 6,5 metric tons in cement. We maintained and even reinforced our strong position in this market with the Low Alkali Cement, which we developed for the USA. We have left behind a very productive year in terms of R&D and new products. Betonsa, which sold 3,3 million cubic meters of ready-mixed concrete in 2017, continues to be a solution partner in important projects.

We have developed our "1803 Çimento" product as a result of long-term R&D efforts for the ongoing 1915 Çanakkale Bridge in Çanakkale. With this product, we will be one of the most important suppliers of the bridge that will link Gelibolu and Lapseki and have the title of "world's largest medium span suspension bridge".

We also launched Wintermix and Solidcem, which we developed in line with the customer needs and demands, to the market. Port operation is a business that we attach great importance to and have made progress in recent years. With Akçansa Port brand, we are endeavoring to answer all the demands of our customers, and we continue with our investments.

We emphasize at every opportunity that the only criteria for our company is not the financial performance. For us, the social value we create and the appreciation we receive from our people, our business partners and our customers is equally important. In fact, we are proud for being elected as the "Most Admired Company" consecutively for 16 years in the cement sector in the "Turkey's Most Admired Companies 2016" survey.

The awards we have received are also pleasing. Our Samsun Ready-Mixed Concrete Plant has received the highest score among 75 plans in the "Safe Work Healthy Life Awards" competition organized by HeidelbergCement. Thus, it has once again proved that it properly meets the requirements of the best international occupational health and safety practices, standards and new occupational safety law.

Last year was full of awards for our social responsibility project My Neighborhood. The project we carry out with

the insight "happy society starts with happy families" received the Silver Stevie Award at the International Stevie Business Awards, as well as received "Best Corporate Social Responsibility Project" award from the JCI Culture Young Leaders and Entrepreneurs Association, and "Sustainable Development Academy Award" from the Corporate Social Responsibility Association.

Akçansa was the star of the Golden Collar Awards organized among Sabancı Group companies. We ranked first in "Synergy" and "Market Orientation" categories, received honorable mention award in "Digitalization" and "Investment to People" categories, and Jury Special Award in "Innovation and Corporate Entrepreneurship" category. I truly believe that these achievements will grow every year.

While thanking all my colleagues for the efforts they have shown and the values they have added, I also would like to extend my gratitude to our business partners sharing the same path with us, to our customers who always support and appreciate us, and to our stakeholders who always trust us.

Sincerely yours,

Mehmet Hacıkamiloğlu

Board of Directors



Mehmet Hacıkamiloğlu
CEO

26.03.2016-24.03.2018

Date of Birth: 1969

Undergraduate: Boğaziçi University, Civil Engineering Department

Graduate: İstanbul University, International Business Management, and Sabancı University, Management Program

Professional Experience: Having started his career at the Sabancı Group as a Facility Manager at Betonsa, Mr. Hacıkamiloğlu worked as Strategy Development and Planning Manager at Akçansa (1997-1999) and as Company Manager at Agregasa (1999- 2001). Following his two-year tenure at Akçansa as Finance Coordinator, he joined Çimsa as Assistant General Manager of Financial and Administrative Affairs. Mehmet Hacıkamiloğlu was appointed as the General Manager of Çimsa on July 1, 2006, in which position he served until September 1, 2014 when he was assigned as the General Manager of Akçansa Çimento Sanayi ve Ticaret A.Ş. On February 17, 2016, he resigned from his position as the Company's General Manager and was appointed as the Chairman of the Board of Directors. He still serves as the Chairman of Sabancı Holding Cement Group.



Daniel Gauthier
Vice Chairman of the Board of Directors

24.03.2015-24.03.2018

Date of Birth: 1957

Undergraduate: Mons Polytechnic University, Mining Engineering Department

Professional Experience: Daniel Gauthier started working at CBR, a subsidiary of HeidelbergCement, in 1982. Holding a seat on the Board of Directors of HeidelbergCement since 2000, Mr. Gauthier is responsible for Africa, the Mediterranean, Northern Europe and Western Europe, as well as sustainable environment and group services.



Serra Sabancı
Board Member

29.03.2017-24.03. 2018

Date of Birth: 1975

Undergraduate: Portsmouth University - İstanbul Bilgi University, Economy Department

Professional Experience: Serra Sabancı has worked in Temsa company, and has received education on Company Mergers and Board Membership at the Institute of Directors in London. Serra Sabancı still acts as a Board Member in Sabancı Holding and various group companies, and also as a Member of Board of Regents in the Sabancı Foundation. She has been elected as a Board Member as of 27.12.2016, to be approved by the first General Assembly.



Hayrullah Hakan Gürdal
Board Member

26.03.2016-24.03.2018

Date of Birth: 1968

Undergraduate: Yıldız Technical University, Mechanical Engineering Department
Graduate: İstanbul University (Business Administration and Economics)

Professional Experience: Experience: Professional Experience: Having started working at Çanakkale Çimento in 1992, Hayrullah Hakan Gürdal was appointed as Strategy and Business Development Manager in 1996 and as Assistant General Manager in charge of Trade in 1997 at Akçansa. He has served as Akçansa General Manager from 1 August 2008 and was named the Chairman of the Board on 1 September 2014. He was assigned as a member of the Executive Committee in charge of Africa and the Mediterranean in HeidelbergCement Group on 1 February 2016.



Yavuz Ermiş
Independent Board Member

24.03.2015-24.03.2018

Date of Birth: 1951

Undergraduate: Middle East Technical University, Mechanical Engineering Department

Graduate: University of Miami (School of Business)

Professional Experience: Having started his career as a Marketing Manager at Japan Construction Equipment producer, Komatsu Ltd. in Turkey where he worked from 1975 to 1979, Yavuz Ermiş was appointed as the facility director of Çanakkale Cement Co. in 1980. He served in various positions at CBR from 1996 until 2006, and then at HeidelbergCement Group.



Atıl Saryal
Independent Board Member

24.03.2015-24.03.2018

Date of Birth: 1938

Undergraduate: University of Texas, Engineering Department

Professional Experience: Having worked in the Turkish banking industry, Atıl Saryal then joined the Sabancı Group and served as the General Manager of Adana Sasa and Marsa, while also holding seats on the boards of directors of various companies. Appointed as the President of Food and Retailing at the Sabancı Group, Saryal retired from Group Head position in 2002 and from his memberships on the boards of directors in 2004. He currently furnishes consultancy service to Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.

Executive Committee



Şahap Sarier

General Manager

Appointed on 16.01.2017.

Date of Birth: 1969

Undergraduate: Dokuz Eylül Boğaziçi University, Civil Engineering Department
Graduate: Sabancı University Executive MBA

Istanbul University (Business Administration and Economics)

Professional Experience: Şahap Sarier started his professional career in Betonsa as a Field Engineer in 1995. Sarier continued his career as Operation Supervisor from 1995 to 1997, worked as Akçansa Ready-Mixed Concrete Regional Manager from 1998 to 2004, and then worked as Business Manager of Karçimsa A.Ş. for two years. Sarier stated to work as Assistant General Manager for Ready-Mixed Concrete in Çimsa in 2006, and acted as Assistant General Manager for Cement Production after January 1, 2011, Assistant General Manager (Gray Cement) after July 1, 2014, and Assistant General Manager for Gray Cement Sales and Marketing after April 01, 2015. Sarier has studied Executive MBA at the Sabancı University, and attended to the Senior Executive program at the Columbia University. He is appointed as the General Manager of Akçansa as of January 16, 2017.



Sezgin Sezer

Assistant General Manager - Sales and Marketing

Date of Birth: 1969

Undergraduate: Istanbul University, Department of Economics

Professional Experience: Since 1986, Sezgin Sezer served as Cement Sales Supervisor - Büyükçekmece, Ready-Mixed Concrete Regional Manager - Asia, Ready-Mixed Concrete Regional Manager - Trakya, Ready-Mixed Concrete Regional Manager - Aegean, Ready-Mixed Concrete Regional Manager - Eastern Marmara, Cement Sales Northern Region Manager and Karçimsa Company Manager in Akçansa. Sezer is appointed as "Assistant General Manager - Cement Sales & Marketing" as of April 17, 2017.



Ali Kipri

Assistant General Manager - Businesses

Date of Birth: 1967

Undergraduate: Middle East Technical University, Mechanical Engineering Department

Graduate: İstanbul University, Institute of Business Economy (International Business Administration)

Professional Experience: He began his professional career in 1993 at Akçimento, serving in various positions until being appointed Plant Maintenance Manager in 2006 at Akçansa's Büyükçekmece plant. After working as Büyükçekmece Production Manager and Büyükçekmece Plant Assistant Manager, he was appointed Plant Manager at the Company's Ladik plant on September 15, 2009, and then at the Çanakkale plant on June 15, 2012. He was brought to the position of Assistant General Manager for Operations as of July 1, 2014.



Ziya Gökmen Togay

Assistant General Manager - Ready-Mixed Concrete and Aggregate

Date of Birth: 1979

Undergraduate: Çukurova University, Engineering and Architecture Faculty, Civil Engineering

Graduate: Maltepe University, Philosophy

Professional Experience: Started his business career as Control Engineer in Civil Engineering Works of the Turkey Electricity Authority in 1993, Togay then continued as customer representative in Akçansa & Betonsa from 1997 to 1998, and then as Edremit and İzmir Plant Supervisor from 1998 to 2006. Togay acted as Bursa Regional Director from 2006 to 2010, and as West 1 and West 2 Regional Manager from 2010 to 2015. After that, Togay acted as Northern Marmara Regional Manager for 1 year, and is appointed as Assistant General Manager for Ready-Mixed Concrete and Aggregate as of March 01, 2017.



Ozan Erinçkan

Assistant General Manager - Procurement and Logistics

Date of Birth: 1979

Undergraduate: Bilkent University, Electrical and Electronics Engineering Department

Graduate: Bilkent University (Business Administration)

Professional Experience: Since 2002, he has worked as an R&D Engineer at Georgia Centers for Advanced Telecommunication Technology, Research Assistant at Bilkent University, and as Strategy and Business Development Specialist, Corporate Strategy and Planning Specialist, Corporate Business Development Specialist, and Corporate Business Development Manager at Sabancı Holding A.Ş. respectively. Since July 7, 2011, he has served at Akçansa as AFR & Business Development Manager, as well as Energy, Fuel Procurement and Business Development Manager. Ozan Erinçkan is appointed as the Assistant General Manager - Procurement and Logistics on December 16, 2016.



Steffen Schebesta

Assistant General Manager - Finance
Appointed on 16.01.2017.

Date of Birth: 1979

Undergraduate: Florida University, Business Administration Department

Professional Experience: Steffen Schebesta received his Chief Financial Analyst (CFA) Certificate in 2011. He joined HeidelbergCement in 2006 as Financial & Competition Analyst, and then acted as Investor Relations Manager from 2010 to 2014 and finally as Investor Relations Senior Manager since 2014. He is appointed as the Assistant General Manager for Finance of Akçansa as of January 16, 2017.



Together,
We Always
Endeavor for Better

Cement Operations

According to figures published by the Turkish Cement Manufacturers' Association (TCMA), cement manufacturing in the Turkish market increased by 6,8% in 2017 as compared with 2016 and amounted to 80,6 million metric tons. Clinker production on the other hand increased by 4,4% to 70.8 million metric tons. During the same twelve-month period, domestic consumption of cement made in plants whose owners are TCMA members increased by 8,1% to 72,2 million metric tons while consumption from all member and non-member sources was also up by 8,8% to 74,2 million metric tons.

A regional analysis of the Turkish domestic market for the year 2017 shows that the most significant growth in cement consumption took place in the Eastern Anatolia Region with 18,4%, the Southeastern Anatolia Region with 15,4%, the Central Anatolia Region with

15,2%, the Marmara Region with 9,9%, the Black Sea Region with 4,2%, and the Aegean Region with 1,9%, respectively.

On the other hand, it has reduced by 3,3% in the Mediterranean Region. The Marmara region accounted for a 27% share of all the cement consumed in Turkey in 2017.

Turkey's cement exports increased to 7,9 million metric tons in 2017 compared to the previous year, whereas its foreign sales of clinker were up by 32,4% to 4,9 million metric tons. Particularly sales to the USA, Syria, Israel, Colombia as well as to the Western Africa countries have a significant share in this export.

Cement Production and Consumption in Turkey (million metric tons)*

	Production	Consumption
2013	72,7	62,2
2014	71,2	63,2
2015	71,4	63,7
2016	75,4	66,8
2017	80,6	72,2

* Including data from the Turkish Cement Manufacturers' Association (TCMA) member.

Turkey's Cement and Clinker Exports (million metric tons)*

	Cement	Clinker	Total
2013	9,7	2,2	11,9
2014	7,7	2,9	10,5
2015	7,4	3,1	10,5
2016	7,5	3,7	11,2
2017	7,9	7,9	15,8

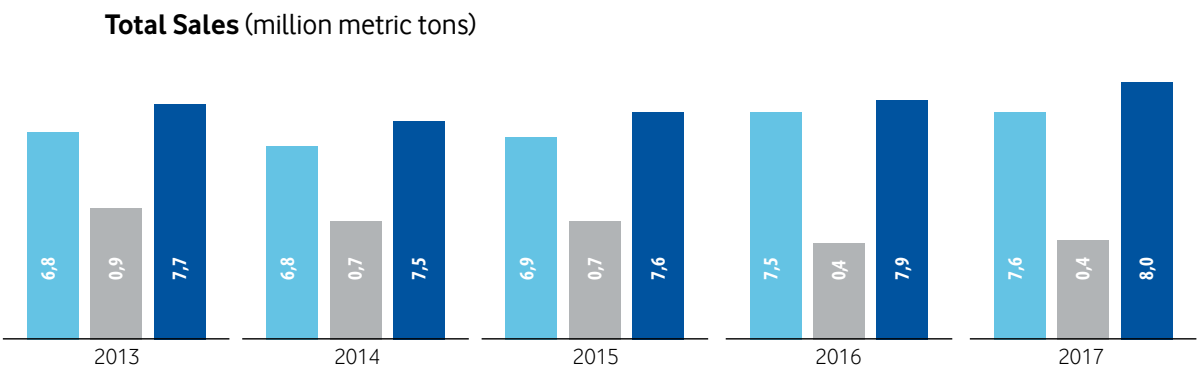
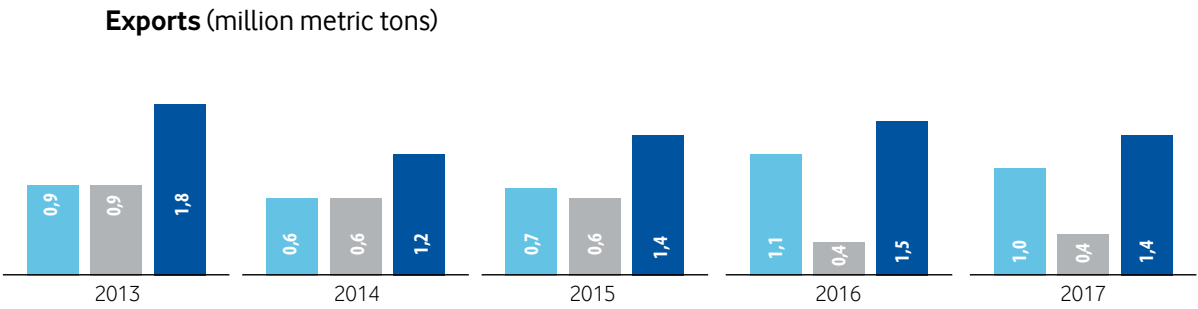
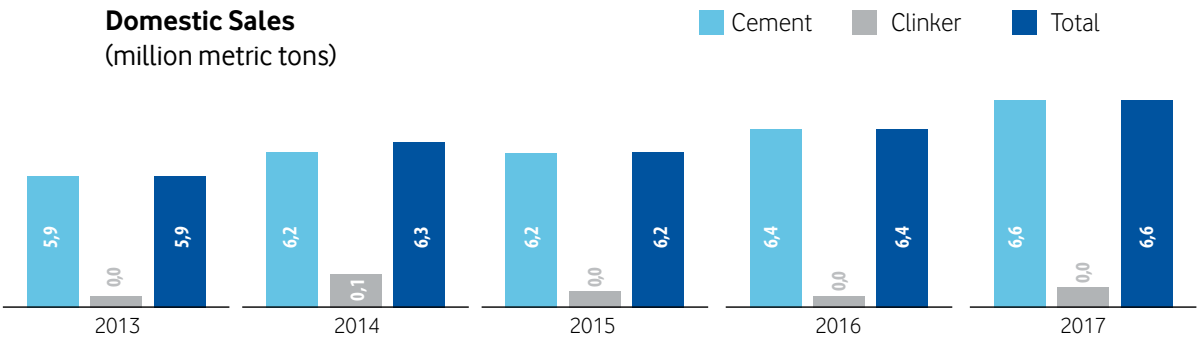
* Including data from the Turkish Cement Manufacturers' Association (TCMA) member.

At Akçansa...

Sales

Akçansa's total domestic sales of cement and clinker increased by 3% in 2017 and amounted to 6,6 million metric tons. In 2017, the company's total exports, which has decreased by 8% compared to 2016, regressed to 1,4 million metric tons.

With Akçansa Port brand, we are endeavoring to answer all the demands of our customers, and we continue with our investments. Our port business revenue, which was 28 million TL in 2016, has increased by 1,5 times to 40 million TL.





Together,
We Are Getting
Stronger On The
Path To Success

Sales & Marketing

Setting hundred percent customer satisfaction as the utmost goal, Akçansa positions each customer as a business partner. In the process starting by analyzing the customer needs and continuing with production and services according to the need and ending with after-sales processes, Akçansa endeavors to meet the customer expectations in the best manner.

Akçansa aims accurately analyzing the market knowledge and trends with the customers and thus increasing the awareness as a result of this analysis process, and serves with an approach focusing on satisfaction through innovative marketing methods. Akçansa places not only its customer which it sells the products to, but also the sub-dealers and users who buy the products to the center of its marketing activities.

Sales Trainings have started Akçansa Sales Academy

Aiming to contribute to the cement sector, Akçansa Sales Academy has started with the trainings focusing on sales. Akçansa Sales Academy aims to educate sales leaders with professional training and programs offered to the dealers and dealers' employees, who are considered as a business partners. With Akçansa Sales Academy, the high performance, sensitivity and care of the employees from production to sales continues to be exhibited by the dealers and dealers' employees after the product is offered for sale. Dealers and dealers' employees maintain their value in the face of changing conditions by taking advantage of the priority management approach and continuous improvement opportunities. Thus, Akçansa

offers sustainable growth opportunities to its dealers who want to move their business to the future.

Akçansa combines digitalization and training process by offering hundreds of trainings consisted of 30 training packages in 6 main categories on www.akcansafirsatlari.com, and Akçansa dealers make use of this platform for free of charge. Thus, Akçansa dealers and employees do not lose their value time, and their daily works are not affected.

Plenty of Opportunities by Akçansa - www.akcansafirsatlari.com

Akçansa continues offering privileges to internal and external customers, as well as Akçansa dealers through akcansafirsatlari.com.

Only available to the members of Akansafirsatlari.com, this portal aims meeting all needs through advantageous prices with a wide product range and excellent service quality. Akansafirsatlari.com offers a shopping pleasure to its visitors with surprise products and prices at 10:00 on 10th day of every month.

"Akçansa Dealer Customer Support Line" is just a call away

The Dealer Customer Support Program has been implemented by Akçansa in order to provide support for solving the challenging situations. Akçansa business partners and their family members, who share the same house, can consult on anything to the experts for 24/7.

As a support for Akçansa's business partners to add further value to their companies, the service creates time for the customers to conveniently focus on their business.

Akçansa Traditional Dealer Tour

The Traditional Dealer Tour of Akçansa, Turkey's leading and innovative cement company, was held in the Philippines in March. Happy and unforgettable moments were experienced during the tour to the Philippines with approximately 110 business partners.

The recent projects, marketing insight and new year targets of Akçansa were shared with the Akçansa dealers, and ideas were exchanged.

A winner card by Akçansa: Builders' Club

Akçansa Builders' Club Card implemented as a first in the sector by Akçansa increasingly continues. Aiming to improve the sales of dealers, Builders' Club Card positively contributes to both the efficiency and profitability of business partners.

With its renewed format, Builders' Club Card offers more gift options to the customers, as well as provides ease to its customers through the online portal for all processes. Builders' Club comprehensively keeps the member details and allows customer relations management. With these details, Akçansa sales teams are able to manage each of their relationships specific to the customer.

Turkey's first cement market; www.akcansamarket.com

Akçansa continues to assume the leadership of cement sector in the field of marketing. www.akcansamarket.com, Turkey's first cement market, ensures that several Akçansa products are quickly supplied through a single channel.

With an increasing number of online orders, akcansamarket.com also helps improving the sales of

Akçansa dealers. Akçansa products are now available at any place with the use of digital as a sales channel for the first time in cement sector, and thus Akçansa easily penetrates to the market by all means.

Carrying Their Business to the Future: Future Leaders

One of Akçansa's most important goals is to carry its business to the future together with the business partners. As a project serving to this goal, Future Leaders aim developing relationships with the new generation representatives of the dealers of Akçansa, a family company, guiding the companies in institutionalization by creating a value with the trainings provided to the dealers, and thus strengthening the sustainable business relationship with Akçansa's business partners. With this program, new members are joining the Akçansa Family every year, and the domain of Akçansa expands.

New Product: SolidCem

SolidCem, a multifunctional cement product offering all the properties needed in infrastructure projects, stands out with its outstanding performance, as well as by being environment-friendly. SolidCem is the first and only branded product produced in the ground reinforcement and sulphate-resistant cement class which is has high fineness degree, is resistant against sulphate and chemical effects, does not foam during injection in ground reinforcement projects.

Customer Information System

MBS - Customer Information System, significantly facilitating the business of Akçansa customers, serves as the ordering-shipment and reporting portal to all Akçansa customers with its advanced technological program infrastructure, user-friendly graphic designs compatible with Akçansa's corporate image.

It can be opened on all smartphones and tablets without the need for a special application.



AKÇANSA Market

Yapı Club

Geleceğin Liderleri

SOLIDCEM

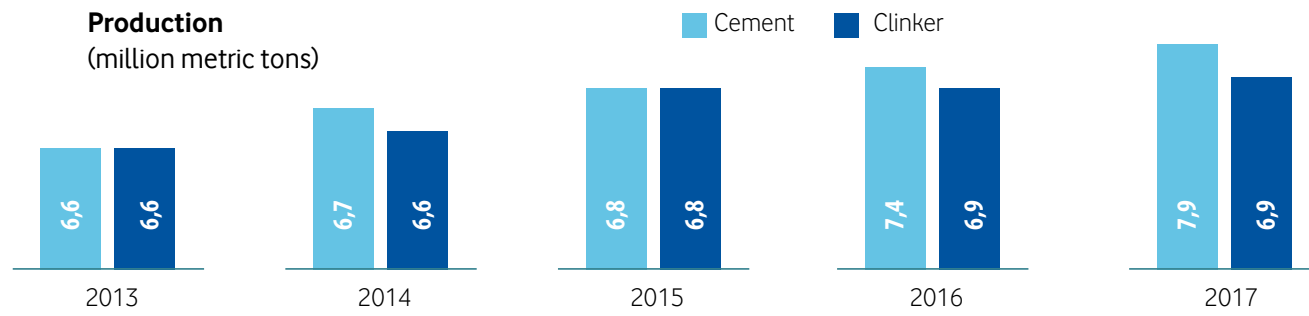
Producti

Total output of Akçansa's Büyükçekmece, Çanakkale, and Ladik plants weighed in at 6,9 million metric tons of clinker and 7,9 million metric tons of cement in 2017. This corresponded to 9,8% and 10% respectively of Turkey's total clinker and cement production last year.

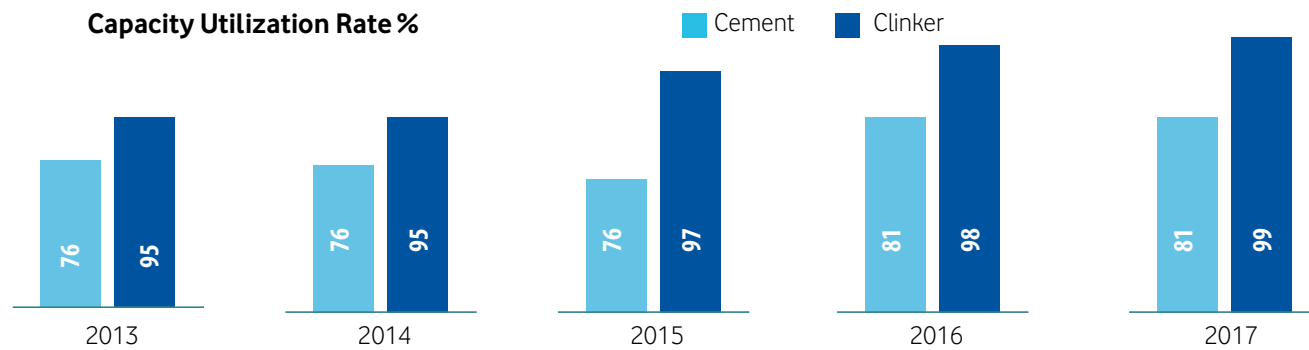
All of Akçansa's production facilities have been awarded with OHSAS 18001 Occupational Health and Safety Management System, BS EN ISO 9001:2000 Quality Management System, and BS EN ISO 14001 Environmental Management System certifications. The company also successfully passed its British Standards Group audits and its BSI certifications have been renewed.



Production
(million metric tons)



Capacity Utilization Rate %



Occupational Health and Safety

With its people oriented management insight, Akçansa takes health and safety culture as a company value, and systematically continues with all the required efforts to nurture this culture.

Recognizing the health and safety of its employees, customers and suppliers as the top priority, Akçansa plans and realizes both technological and physical investments to create and maintain a safe working environment. The safety culture increasingly develops with the participation of Akçansa employees to the system and continues steering the sector.

In order to determine the areas of development in occupational health and safety and to be assessed impartially, OHSAS 18001 Occupational Health and Safety Management System has been audited by BSI for the operations in cement and terminals and by TÜV Rheinland for the operations in ready-mixed concrete and aggregate, and it's seen that the certificate requirements are being met.

Occupational health and safety trainings continued at the OHS Academy for Akçansa employees in all fields in line with the annual plans, and drills were carried out at all field for preparation against possible emergencies.

"I Am Safe At Height Project", related to working at height - one of Ten Golden Rules of Akçansa in occupational health and safety, has been planned, the international standards and practices within the scope of the project have been taken into account, and the actions determined are taken.



**Occupational Health and Safety
Performance Indicators 2017**

Occupational Health and Safety Training	12249 man/hour
Behavior-Focused Audits	3854
Hazard Notifications	27235
Field Audits	2897
Accident Frequency	3,27
Accident Severeness	67,08

Investments

Büyükçekmece Plant

- Both a new stable loading is ensured with a new output taken from the 6th silo and a cleaner loading is ensured with the renewed dust pipes.
- Coatings of all the facades are renewed together with the reinforcement of packaging building.



Çanakkale

- Tüpraş petroleum coke has been consumed by 49%.
- In 2017, alternative fuel usage has increased by 2,7%.
- Energy saving has been ensured with the plate modernization of G1-G2 mills.
- Energy saving has been ensured with the fan modernization of G3 separator circulation.
- An investment has been made to grab bunker for increasing vessel unloading speed.
- Existing irrigation systems have been revised.
- An estimated annual water saving of 29.400 metric tons is expected with the Waste Heat Facility - Reverse Osmosis saving project. The project has been put into practice on 30.05.2017.
- An investment has been made for rotary airblock valve and scale with the aim of increasing the use of alternative waste.
- Total 7.452 bags have been changed at the Main Field-Coast facilities.



Ladik

- Doors and windows were placed in order to prevent acoustic emission to the atmosphere from the spaces around the mill.
- The installation works for plant's rotary furnace, coal mill and raw mill process automation system have been completed.

Quality

Domestic and International Markets

Tip	İsim	Standart
Klinker	● ● ●	TS EN 197-1
Çimento	● ● ●	TS EN 197-1
CEM I 42,5 R	● ● ● Portland Cement	TS EN 197-1
CEM I 52,5 N	● Portland Cement	TS EN 197-1
CEM IV/B (P) 32,5N	● Pozzolan Cement	TS EN 197-1
CEM IV/A (P) 42,5N-SR	● Sulphate Resistant Pozzolan Cement	TS EN 197-1
CEM II/A-LL 42,5R	● Portland Calcareous Cement	TS EN 197-1
CEM II/B-LL 32,5N	● Portland Calcareous Cement	TS EN 197-1
CEM IV/B (P) 32,5N-LH/SR	● Low Hydration Heat Sulphate Resistant Pozzolan Cement	TS EN 197-1
Type I-II/LA	● Portland Cement - Low Alkali	ASTM C150

Product Certificates

CE Product Certificate	● CEM IV/A (P) 42,5 N-SR Certificate of Constancy of Performance from CQE	TS EN 197-1
CE Product Certificate	● CEM IV/B (P) 32,5 N-LH/SR Certificate of Constancy of Performance from CQE	TS EN 197-1
CE Product Certificate	● ● CEM I 42,5 R Certificate of Constancy of Performance from CQE	TS EN 197-1
CE Product Certificate	● CEM IV/B (P) 32,5 N Certificate of Constancy of Performance from CQE	TS EN 197-1
CE Product Certificate	● CEM II/A-LL 42,5 R Certificate of Constancy of Performance from CQE	TS EN 197-1
CE Product Certificate	● CEM II/B-LL 32,5 N Certificate of Constancy of Performance from CQE	TS EN 197-1
CE Product Certificate	● CEM I/5,5 N Certificate of Constancy of Performance from CQE	TS EN 197-1
Product Certificate	● CEM IV/A (P) 42,5 N-SR, TSE Certificate of Conformity from TSE	TS EN 197-1
Product Certificate	● ● CEM I 42,5 R, TSE Certificate of Conformity from TSE	TS EN 197-1
Product Certificate	● CEM II/A-LL 42,5 R, TSE Certificate of Conformity from TSE	TS EN 197-1
Product Certificate	● CEM IV/B (P) 32,5 N-LH/5R, TSE Certificate of Conformity from TSE	TS EN 197-1
Product Certificate	● CEM IV/B (P) 32,5 N, TSE Certificate of Conformity from TSE	TS EN 197-1
Product Certificate	● CEM I/52,5 N, TSE Certificate of Conformity from TSE	TS EN 197-1
Domestic Goods Certificate	● Chamber of Industry (All types of cements)	TS EN 197-1

Sistem Belgeleri

● Büyükçekmece ● Ladik ● Çanakkale

System Certificates

- TS EN ISO 9001:2008 Quality Management System Certificate from CQE
- ISO 14001:2004 Environment Management System Certificate from BSI
- OHSAS 18001 Occupational Health and Safety Management System Certificate from BSI
- ISO 50001:2011 Energy Management System Certificate from BSI

TSE: Turkish Standards Institution
CQE: Council for Quality and Environment
BSI: British Standards Institution
PDB: Certificate of Constancy of Performance

Ready-Mixed Concrete and

According to the data of Turkish Ready Mixed Concrete Association (THBB), Turkey produces 109 million cubic meters of concrete. With this production quantity, Turkey ranks first among the EU countries, while Germany ranks second with a production of 49,5 million cubic meters and France ranks third with a production of 36,1 million cubic meters. Our country produces two times more than the second highest concrete producing country in Europe. In the world, Turkey ranks after China and the USA in concrete production.

While the average ready-mixed concrete production is 0,5 cubic meter per person in the EU countries, it is 1,4 cubic meters in Turkey. Considering the strength classes of the concretes used, with 74%, Turkey ranks higher in C25/30-C30/37 strength classes compared to the EU average which is 62,3%. For C35/45 and higher strength classes, with 18%, Turkey is again higher than the EU average of 11,6%. In 2016, the number of Ready-Mixed Concrete companies in Turkey was 570, and the number of facilities was 1.120.

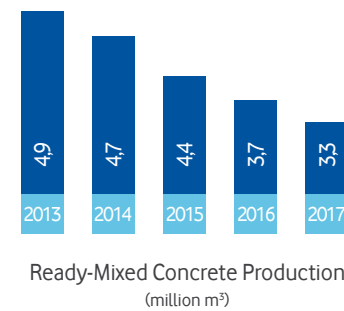
Construction materials industry has closed the year 2017 with 9,2 percent increase. Achieving a growth higher than the economic growth in all quarters of 2016, construction sector has continued this also in 2017. The sector has grown by 5,6 percent in Q1 and 5,5 percent in Q2 2017, accelerated in Q3 with a growth rate of 18,7 percent. During the first nine months of 2017, real estate sector has grown by 1,5 percent. (IMSAD Industry Index Report December 2017)

Giant projects set the construction sector into motion. Channel Istanbul Project ranks first among these projects with a planned investment of 15 billion dollars. In the project, which is expected to be completed in 2013, it's being planned to build 100 thousand houses on both sides of the channel. In addition to this, the works have started for Rize-Artvin Airport on sea, Big Istanbul Tunnel Project, and 1915 Çanakkale Bridge.

In 2016, approximately 470 million metric tons of aggregate have been produced in Turkey. Turkey is the third biggest aggregate producer company after Germany and Russia. Based on the sector growth data, it's been estimated that the amount of aggregate to be used during the next three years will increase by 5%, and the subsequent years by 3% in average. Amount of aggregate that will be needed in 2023 is approximately 591 million metric tons.

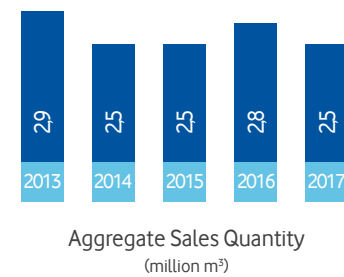
Sales in Betonsa

Successfully maintaining the Akçansa Ready-Mixed Concrete activities in the Marmara, Aegean and Black Sea Regions, Betonsa has realized total 3,3 million m³ sales at its 30 facilities as of the end of 2017. In 2017, Akçansa continued to focus on increasing customer focus projects and became a solution partner in important projects.



Agregasa Sales

Continued at 4 individual plants in Kemerburgaz, Saray, Bursa and Samsun, the aggregate sales under Agregasa brand were realized at 2,5 million metric tons in 2017.



Turkey Ready-Mixed Concrete Sector	2012	2013	2014	2015	2016
No. of Plants	980	1040	1070	1090	1098
Production Quantity (million m ³)	93,1	102,0	107,0	107,0	107,0

* Estimated data.

R&D Operations

A total of 1663 concrete tests were performed at the Technology Center Laboratory of Akçansa R&D Directorate during 2017 for the purposes of R&D projects, raw material performance at concrete phase, optimization, and specialty product.

The tests conducted in 2017 are consisted of:

- Specialty product tests,
- Aggregate performance tests,
- Cement performance tests,
- Chemical additive tests,
- Mineral additive tests, and
- Project-specific solution tests.

Aggregate Pollution Tests (Blue Methylene, Sand Test, Sand Equivalent, CaCO₃ Determination, 0.063 mm Sieve Washing), and Aggregate Sieve Analyzes are performed periodically at the Technology Center Laboratory. During 2017, 951 lots of aggregate were subjected to such testing, in addition to which pH, density, solid, and Fourier Transform Infrared (FT-IR) spectrometer tests were also performed with the results being duly recorded. These tests were carried out on 2018 different chemical additive specimens in 2017 and the results were reported.

In 2017, all the laboratory processes have been taken into digital environment, and an increase in efficiency has been achieved.

Akçansa carried out new R&D projects and academic works in cooperation with universities and public institutions in 2017. R&D Projects jointly carried out with the Sabancı University and the Turkish Atomic Energy Authority in 2017 have caused tremendous impact both in sectoral and academic aspects.

Congress, Seminars and Publications

In 2017, Akçansa employees gave lectures on the 6th week of "Cement chemistry and technology course" at the Sabancı University.

Participation to the International Concrete Congress 2017, which was held in Istanbul on April 13-14, 2017, has been made with four papers on behalf of Akçansa. The publications in question are related to mechanical properties of concrete, sustainability performance, specialty products and solutions, and draw a considerable interest in the sector.

We have attended to the first week of construction materials lecture, which was held with the participation of İMSAD member companies, for the students of the İzmir Yaşar University Faculty of Architecture on 07.02.2017, and a lecture has been given on cement and concrete.

A seminar has been held on R&D, innovation and innovative products in Cement and Concrete Sector at the Nişantaşı University on 05.05.2017. The students of İTÜ Chemical Engineering have been informed about cement production, R&D and innovation on 15.12.2017.

Quality Operations

Integrated Management Systems

Ready-Mixed Concrete and Aggregate Operations Environment-related Investments

The superior quality and rich array of offerings make Akçansa's ready-mixed concrete specialty products especially attractive to customers. Last year the company sold a total of 300 thousand m3 of such products, which accounted for about a 9% of all ready-mixed concrete product sales in 2017.

Ready-Mixed Concrete Product Portfolio

Akçansa's ready-mixed concrete plants produce both normal and high-strength concrete conforming to the TS EN 206 and TS 13515 standards. Products are available in a variety of consistency and aggregate size classes in the C 8/10 to C 100/115 range.

In addition to these products, the company can also produce concrete in variety of other consistencies and aggregate-size class according to customers' needs and applications such as:

- High-performance concretes,
- High early strength concretes,
- Tunnel formwork concretes,
- High-rise building concretes,
- Environmental impact-class compatible concretes,
- High-durability concretes,
- Specialized formwork technology compatible concretes,
- Hydration heat-controlling concretes.

The company's plants and products are covered by G and TSE certifications. Its laboratories conform to TSE standards and have the ability to carry out all the tests and controls associated with those standards. The plants have also been awarded quality assurance system certification by THBB.

The company's plants and products are regularly checked by the Ministry of Environment and Urban Planning, the Turkish Standards Institution, and THBB.

As a result of research jointly undertaken by the Akçansa R&D Directorate Technology Center and the İTÜ Faculty of Civil Engineering Department of Construction Materials, Betonsa's portfolio of specialty products has been enriched with such additions as selfcompacting concrete, fiber-reinforced concrete for industrial floor surfaces, grout concrete, lightweight concrete, and specialty products developed for sustainable structures.

Ready-Mixed Concrete Specialty Product Sales and Portfolio

Detailed information about Akçansa's specialty ready-mixed concrete products and their use is summarized below.

WinterMix

WinterMix helps protecting the concrete against frost in situations where it is required to take mold when mild frost may continue throughout the day and sudden temperature drops are likely to occur.

WinterMix, which increases the strength of concrete, does not contain chlorine and does not harm the reinforcement. It also saves from time by shortening the mold taking period. WinterMix concrete produced with special design and additive is produced at and shipped from Betonsa facilities.

KratosBeton

It is a new-generation fiber-reinforced concrete that makes possible the construction of structures that are safer, stronger, and more sustainable. The result of an Akçansa and Kordsa Global collaboration, this product's reinforcement with high quality synthetic fiber enhances its project applicability while also saving both time and cost. KratosBeton can be used in industrial-application pavements, grouting, field-placed concrete, shotcrete, and tunnel linings.

WINTERMIX®

WinterMix ile Hızınızı Kaybetmeyin
Kışa Meydan Okuyun

WinterMix katma değerli karışımının sağladığı kısa priz süresi ile çok soğuk havalarda dahi üstün kalitesini korur ve beton dökümünü mümkün kılar.

İmalatınızdaki zaman kayıplarını önler, proje takviminizde sizlere yardımcı olur. Artık soğuk havalar projelerinize zaman kaybettirmeyecek.



HEIDELBERGCEMENT

SA

BETONSA



SOLIDCEM

Güç Zeminde Artık!

Tüm yapı ve fabrikalarda zemin güçlendiren Jet-Grouting Sistemi ile uyumlu Solidcem, kimyasal ve biyolojik etkilere meydan okur.



HEIDELBERGCEMENT



AKÇANSA

Yolbeton

It is a roller-compacted concrete (RCC) whose unique blend of finely-graded aggregate, binder, water, and additives make it useful in the production of concrete road surfaces. RCC gets its name from the heavy vibrating steel drum and rubber wheeled cylinders that are used to compact the concrete into its final form during construction.

RCC roads are as tough and strong as traditional concrete roads but the material is as easy to apply as asphalt. With features that make it faster and more economical to use, Yolbeton is an excellent alternative road surfacing material that is as much at home on city streets as it is on country lanes.

100+Beton

Betonsa's concrete product with superior durability and impermeability properties. Low alkali special cement and mineral-additive 100+Beton has been developed for big infrastructure projects (bridge, airport, metro and highway) that require hundred and more years of service life.

A+Beton

Betonsa's low-emission and environmentally-friendly concrete product. A+Beton is a high performance product which is resilient to environmental effects. It has been developed for use in environmentally-friendly and sustainable buildings. A+Beton product consists of three main categories depending on the area of use: of A+Beton Foundation, A+Beton Road and Paving, and A+Beton Structural. Up to 70 percent of ground blast furnace slag substitute is used to produce A+Beton. For this reason, it is the best solution for environmentally-friendly buildings.

Viskobeton:

Betonsa's self-compacting concrete product. Viskobeton is produced for resistance classes of C 40/50 and over, in accordance with TS EN 12350 standards. Due to its low water/binding rate, it is used in;

- Buildings that require high strength and resistance,
- Reinforcement projects,
- Compactly reinforced members and narrow profile molds,
- Areas where high quality smooth surfaces are desired,
- Urban construction sites,
- Aesthetic mold designs,
- and places where it is not possible to use concrete vibrators.

Viskotemel

Betonsa's self-compacting concrete product that is specifically designed for use in foundations. Viskotemel, produced in compliance with TS EN 12350 standards and C 30/37 and C 35/45 resistance classes, is used in projects that require nonpermeability due to its low water/ binding rate. With its minimum 50 cm spreading feature, it provides cost effectiveness and ease of application.

Viskoperde

Betonsa's selfcompacting concrete product that is specifically designed for use in vertical construction elements. Viskoperde, produced in compliance with TS EN 12350 standards and C 30/37 and C 35/45 resistance classes, has a 65-meter spreading property and an increased fine aggregate percentage that allows it to move quickly through close fittings to provide easy application without the need for a vibrator.

Viskokat

Betonsa's self-compacting concrete product that is specifically designed for use in horizontal construction elements. Produced in C 30/37 or C 35/45 resistance classes, in accordance with TS EN 12350 standards, Viskokat has a 55 cm minimum spreading property and offers a cost advantage and casting ease, negating the need for tedious surface correction labor.

Drabeton

Betonsa's concrete product with steel wire reinforcements, produced for use on industrial floors. Drabeton provides savings in labor during the stocking, placement and supervision stages at construction sites. Areas of application are: Floor concretes, concrete finishings and protection concretes, site concretes, factory floors, car parks, concrete roads, gas stations, stocking areas, grout-free floor concretes, cold storage floors, fitting concrete finishings, topping concretes, port coverings and shipyards.

Fiberbeton

Fiberbeton is produced by adding polypropylene fibers to concrete in order to help prevent micro cracks and plastic shrinkage cracks likely to occur in high strength concretes and field concretes. In addition to preventing cracks in wet concrete, Fiberbeton helps increase fire resistance in hardened concrete.

Fortabeton

Betonsa's macro-synthetic fiber fortified product. Fortabeton provides complete solutions, especially in industrial floor concretes. It is able to achieve high bending, stretching and corrosion resistance. All concrete surfaces, sprayed concrete and precast pouring are among application areas.

Viskoşap

Betonsa's self-compacting special screed product. With its minimized cracking risk, Viskoşap has no grout, can be pumped, hardens quickly and has a pressure resistance of 30 MPa. It aims at minimizing the problems faced in traditional concrete finishing.

İzoşap

Betonsa's light ready screed product. Its light, cavernous structure promotes heat insulation. It is very fluid. It can be pumped with a cement finish or concrete pump. It has a low unit weight (density). Unnecessary loads on structures are therefore reduced.

Yeşilşap

Betonsa's environmentally-friendly and light screed product. By using cement with mineral additives, CO2 emissions are reduced by up to 35 percent. In addition to improving thermal insulation in buildings, it is also 25 percent lighter than traditional screed products as air entrained volume is 25 percent, thanks to special chemical additives.

Polarbeton

Betonsa's special ready-mixed concrete product with high thermal insulation. Polarbeton is 80 percent lighter than traditional cement finish. It is used for floor insulation.

Special chemical additives used in its production create spherical air pockets, allowing the formation of a very lightweight concrete product with highly effective insulation.

İzobeton

Betonsa's lightweight concrete product used for insulation purposes. Areas of application are: concrete finishing and filler concrete applications applied to avoid unnecessary loads on the structure; inner walls and fixtures of prefabricated structures where heat and sound insulations are required; on- or underwater insulation coating as leveling or protective concrete; and repairs of old floors that require filling but do not have high resistance expectations.

Hazır Yaş Sıva

Betonsa's product produced by using special chemical additives at concrete plants. Delivered to sites in trans-mixers, ready mixed plastering can be used at sites for up to 48 hours if preserved in suitable conditions. Has a lightweight and flexible structure. Perfect adhesion properties allow its use on bricks, gas concrete, briquette surfaces as well as on internal and external plasters, walls and ceilings.

Dekobeton

Decorative floor covering material system designed for exterior spaces and produced by using press concrete technology. Dekobeton's main areas of use are in landscaping, parks, pool sides, urban recreation areas, environmental landscaping, roads, marinas and piers, shopping malls, parking lots and gas stations.

Shotcrete

Drymix concrete that is produced at Betonsa's ready-mixed concrete plants. Shotcrete is sprayed with pressurized pumps and special powdered chemical supplements. It is used in underwater insulation protective concrete and slope stabilization applications, in structures such as galleries and tunnels.

Pratikbeton

Betonsa's Pratikbeton, with a flexible piping method, provides a special solution on long distances. Pratikbeton presents a solution to the circulation formed at sites where pumps cannot approach the pouring location. It also provides advantages to customers in terms of pouring convenience and speed.



We Draw Our
Strength From
The Realness Of
Our Mortar



Sustainability

Akçansa, the leading player of Turkey's cement sector, carries out all of its operations by observing the environment and the society; manages these operations in line with a corporate strategy under the name "Sustainability"; acts upon the awareness that it requires a responsibility beyond creating an economic added value in order to contribute to a safer and prosperous future by increasing the life quality of the society; and carries out works towards donations, sponsorships and social projects for creating a value in areas such as art, education, sports, and environment.

Being A Good Neighbor

Founded in 1967, the Akçansa Büyükçekmece Plant continues with its efforts on being a good neighbor. In line with this goal, it is undergoing a significant transformation for the last 5 years, and carries out a series of activities to provide a positive contribution to the society with this transformation.

Akçansa Büyükçekmece Plant, which remains as one of the leading facilities of Akçansa and the Turkish economy, touches to the lives of more than 5 thousand people including the employees and their families, provides positive contributions to the area with the employment opportunity created, and supports the social and cultural efforts of its stakeholders around the plant.

Paydaşlarımıza kapımız her zaman açık

Paydaş diyalogu ve katılımcı iletişim modellerini sürdürülebilirlik stratejisinin ayrılmaz bir parçası olarak gören Akçansa, Büyükçekmece Fabrikası'nda "Açık Kapı

Günleri" etkinlikleri düzenliyor. Etkinliklerde katılımcılarla sürekli yakın olmak istenildiği vurgulanmakta, projeler ilk ağızdan anlatılmaktadır.

Açık Kapı Günleri, muhtar ziyaretlerinin ardından; ilçede görev yapan kaymakam ve mülki amirler, Büyükçekmece Belediyesi yöneticileri, hissedarlar ve Benim Mahallem kapsamındaki öğretmen ve yöneticilerin katılımıyla gerçekleşen farklı etkinliklerle yaz boyunca devam etmektedir. Bu süreçte gerçekleştirilen sunumlarda, paydaşlara son dönem çalışmalar aktarılmakta, müdürlerle birlikte çimento üretim süreci hakkında detaylı bilgiler verilmektedir.

We always welcome our stakeholders

Seeing stakeholder dialogue and participatory communication models as an integral part of its sustainability strategy, Akçansa organizes "Open Door Days" events at the Büyükçekmece Plant. It's been emphasized that the company wants to be close to the participants all the time, and the projects are explained in person.

Following the headmen visit, the Open Door Days continue throughout the summer with various events where the district governors and civil servants serving in the district, the Büyükçekmece Municipality administrators, the shareholders and the teachers and administrators within the scope of the My Neighborhood Project attend to. In the presentations made within this process, stakeholders are informed about the recent works, and detailed information about the cement production process is provided by the managers.



Mini zoo is popular among the children

The facility featuring 80 decare of landscaping and greenery, where 1.500 trees are planted and an ecologic pond with a 500m2 water basin is available, at the Akçansa Büyükçekmece Plant has been opened to visit within the scope of a series of activities. Children visiting the facility spend pleasant moments in the small zoo around the pond. New saplings are planted with children for the reproduction of the trees at the area where landscaping and greenery works are carried out.



Landscaping area is opened to the children on the World Water Day

At the March 22 World Water Day event celebrated in order to draw attention to the world's clean water problem and to raise awareness about the protection and reproduction of potable water resources, Akçansa Volunteers made presentations about "Environment, Recycling and Its Importance" at the My Neighborhood Mobile Education Center. Students planted trees for the March 21 International Day of Forests.

Akçansa Ziyaretçilerini Ağırladı

IMKB Vocational and Technical Anatolian High School Construction Technology students visited the Akçansa Çanakkale Plant. At the organization planned with the theme "Production Environments and Production Stages" for the students of Tour Promotion and Tourism Club, students visited the Main Field and Coast Production facilities with Akçansa engineers. Participants received information on human resources practices, occupational safety rules and environmental practices.

The Turkish Cement Manufacturers' Association Vocational and Technical High School students visited the Kemerburgaz Ready-Mixed Concrete Plant.

The HeidelbergCement Trading team of 15 people visited the Akçansa Çanakkale Plant this year. The team visited the factory under the supervision of the OHS specialist and production supervisors, and had the opportunity to get detailed information about the cement production processes from the authorized persons of all departments.

Farewell to Summer Picnic

More than 2.500 Akçansa employees from Çanakkale, İstanbul, Ladik and all other locations of Akçansa have gathered together at the "Farewell to Summer" picnics. At the picnic, seniority plaques and team awards were presented, while little Akçansa members received gifts for their report cards.

Concrete Ideas Project Competition

The award ceremony of the 8th Concrete Ideas Project Competition, which was launched with the motto of "Go Idea

Go" this year in order to introduce university students to the sector and to show their creativity, was held at the Sabancı Center.

A total of 1340 participants from 117 different universities participated in the competition.

Sabancı Holding CEO Mehmet Göçmen, Sabancı Holding Cement Group Chairman Mehmet Hacıkamiloğlu, Akçansa General Manager Şahap Sarier, as well as jury members of the Concrete Ideas Project Competition, Akçansa employees, business partners and finalist students have to the attended Concrete Ideas Project Competition Award Ceremony.

As a result of jury's evaluation, Karbonmonoksit Karbonla Non-Toksik Grubu from Pamukkale University and İstanbul Bilgi University ranked first in the 8th Concrete Ideas Competition. Grup SABU from Yeditepe University and İstanbul Technical University ranked second, while Group Cementie from Boğaziçi University ranked third. Following the evaluations of the jury, Grup Graviton from İstanbul Technical University and İstanbul Bilim University and Grup Yankı Beton from Anadolu University and İstanbul Arel University received Jury Special Award.

The youth reinterpreted the cement and concrete

Karbonmonoksit Karbonla Non-Toksik Grubu ranking first in the competition reinterpreted the concrete for being used at tunnels, parking garages and hospitals with their project ensuring absorption of gases, which might be detrimental for the human health, with the concrete produced for the areas that do not have natural ventilation, but can only be ventilated through mechanical methods by using active carbon.

Biodiversity Project Competition

Applications to the Biodiversity Project Competition, organized by Akçansa and Heidelberg with the aim of allowing the university students to generate projects increasing the biological values of the mine sties and increase the awareness on this matter, are completed.

The biennial competition's jury members this year are; Expert Ecologist Ediz Hun, Secretary General of Sustainable Development Association Konca Çalkıvık, Deputy General Director of Nature Conservation Association Yıldırım Lise, Head of Sustainable Production and Consumption Association and ITU Chemical Engineer Professor Dr. Filiz Karaosmanoğlu, Çanakkale

On Sekiz Mart University Faculty of Marine Science and Technology Lecturer Dr. Sezginer Tunçer, Eko IQ Magazine Chief Editor Barış Correct, İstanbul Provincial Assistant Environment Manager Ömür Özgül ve Akçansa Cement General Manager Şahap Sarier.



My Neighborhood continues with plenty of educations.

Akçansa, the leader construction materials company of Turkey, has launched the "My Neighborhood" Social Responsibility project in cooperation with the Büyükçekmece District Governorship, Büyükçekmece District National Education Directorate and Tuvana Education Foundation for Children (TOÇEV) with the aim of ensuring happy children, happy families, and a happy neighborhood and of laying strong foundations for the future by providing education on needed topics to the next generations, and the parents raising these next generations. With the project we launched in 2015, educations are being offered to both parents and children in Büyükçekmece inside the specially designed mobile education center in closed groups. With this project, children are taught how to communicate better at school, at home and with their friends. Approximately total 15.000 hours of educations were provided on anger management, attention control, self-expression, and test anxiety management.

There are significant changes observed in the children when the pre-education tests and post-education are compared. It's been observed that the children experienced a positive change of 18 percent in the test of expressing themselves, 22 percent in tests on exam anxiety, 30 percent in tests on anger level, and 13 percent in tests on attention problem level. In the project where

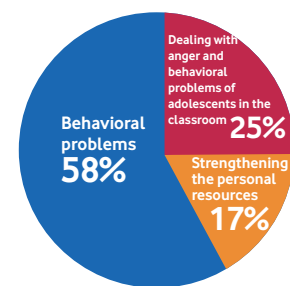


2.500 teachers were given a first aid education, the target is reaching out to 35 thousand people at the end of the academic year of 2017-2018.

25 thousand students, parents and teachers were reached in the third year of the project launched in December 2015. It's aimed to increase the number to 30 thousand by the end of the academic year of 2017-2018. Half of the target group has been reached at the Büyükçekmece district where 49.000 children are studying at the schools and 80% of the parents are elementary school graduates. The technology addiction seminars carried out within the scope of project tell how the children should be instructed on correctly using the technology. Also with "I am getting to know my body" seminars, it is ensured that the children get familiarized with their feelings and notice what reactions arise in their bodies against some certain feelings. Educations are given to the adolescent children and their families on situations related to identity anxiety, feelings and anger control. In addition to these programs, first aid awareness seminars are organized for the teachers. In 2018, it is targeted to reach 2.500 teachers.

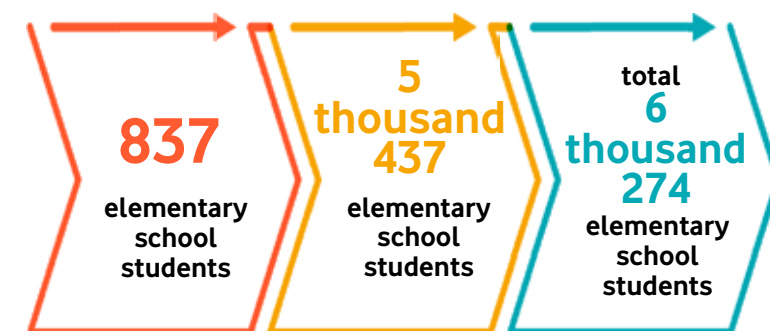
In the post-education survey, it was concluded that the awareness of parents on misbehaviors to their children has increased, and they learned about the correct behaviors to a large extent. It's been observed that the children experienced a positive change of 18 percent in the test of expressing themselves, 22 percent in tests on exam anxiety, 30 percent in tests on anger level, and 13 percent in tests on attention problem level.

Teacher Seminars



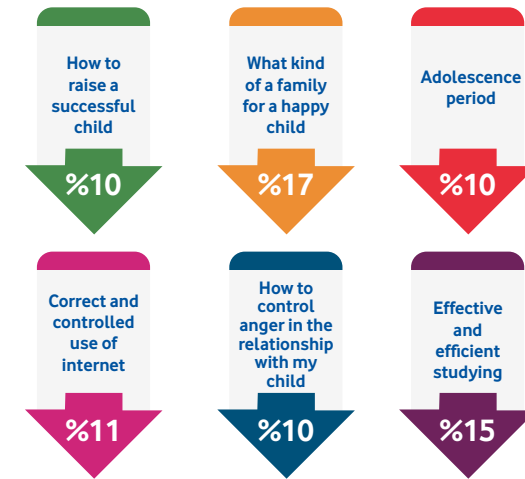
We discuss the issues that negatively affect the classroom order and share what we can do with our instructors.

1 of every 4 children is at My Neighborhood



With our My Neighborhood Project, we provided education to one of every 4 children in Büyükçekmece with 614 seminars and psychodrama studies in total since 2015.

Parent Seminars



We have been together with the parents for 178 hours in total during the seminars. Because, we know that a great and happy future starts with the communication within family.

First Aid Educations



We provided first aid education to 443 parents, 4 thousand 188 students and 858 teachers to date. We are aware of the importance that everyone must know and apply first aid.

My Neighborhood Social Responsibility Project Headings

Headings for Teachers:

- Classroom management of the children with behavioral problems (regarding attention deficit and impulse control)
- Ensuring classroom adaptation of the students
- Approach to the anxious child within the classroom
- For elementary school teachers, noticing the learning problems and providing appropriate responses
- For secondary school teachers, dealing with anger and behavioral problems of adolescents in the classroom
- Strengthening the personal resources

Psychodrama Groups with Adolescents:

- What does happen to me during the adolescence period?
- My mother, my father, my teachers do not understand me
- I am very angry and I don't know how to control my anger
- Getting into social environment makes me very

Parent Educations:

- Should our child sleep with us?
- My child started the school, what kind of changes he/she will experience?
- Development of the child at the age of 0 to 3.
- Development of the child at the age of 3 to 6.
- What should I do when my child cries?
- Oh no, my child doesn't eat!
- What kind of a family for a happy child?
- What happens to my child in adolescence period?
- Correct and controlled use of internet
- How can I control my anger in the relationship with my child?
- What kind of toys should I choose for my child?
- How can I make my child gain a habit of regular

Volunteers Meet Up In This World

Acting responsibly to its employees, customers, investors, society, environment, legal regulations and ethical values for sustainable success is among the indispensable values of Akçansa. Within this scope, Akçansa Volunteers World continues to work with full pace and contribute to the society.

What is in Akçansa Volunteers World?

Children Transforming the Future Project

Akçansa volunteers carry out works for teaching the children understanding their place in the society and taking personal responsibility for a sustainable future.

With the Children Transforming Future launched within

the scope of these efforts, Akçansa volunteers provide information to the fourth grade students for using the resources consciously for contributing to a sustainable world such as separating the wastes at their source and obtaining energy from wastes. Recycling boxes are placed at the schools and thus the groundwork for practicing the theoretically learned information is laid.

34 volunteers have provided training to approximately 5 thousand students through the project which is starting its fourth term with the academic year of 2017-2018.

Vocational High School Coaches

Akçansa has joined the Vocational High School Coaches Program in cooperation with the Private Sector Volunteers Association of Turkey (OSGD) to expand the vision of vocational high school students, and to ensure that they become successful in the future. Within the scope of the program, 10 volunteers from Samsun, who completed their educations, contributed to the personal and professional development of 50 students from Samsun Atakum Vocational High School and coached them for 2 years in order to prepare them to the business world.

Volunteer Reader Project

Akçansa Volunteers, who support the Volunteer Reader Project launched by the Boğaziçi University Assistive Technology and Education Laboratory for Individuals with Visual Disabilities (GETEM), are reading books for visually impaired individuals by creating an audio library.

After the reading education they receive, Akçansa Volunteers are able to read the book they select wherever and whenever they want with the mobile application. Audio and e-text books produced for the visually impaired individuals are presented to the readers as online. The Volunteer Reader Project launched with 23 volunteers at the head office will continue with new volunteers in Büyükçekmece, Çanakkale, Ladik and Karabük.

Learning Child: Responsible Individual Project

The Learning Child: Responsible Individual Program, developed by the Private Sector Volunteers Association, aims to raise awareness of concepts such as responsible thinking, self-expression, communicating, empathy building, and equality for the children who are the leaders of today and tomorrow. The program will be implemented by the volunteers at two schools in Kağıthane and Ataşehir in the academic year of 2017-2018 for five weeks in two semesters, and contains topics on democracy and participation, volunteering and solidarity, social gender equality, financial literacy, safe internet use, and environmental awareness. 6 Akçansa volunteers, who completed the trainings, will participate in the program for 5 weeks for 2 hours per week, and will support the Learning Child: Responsible Individual Program.



We Place Love
In the Center Of
Our Business For
Future

Human Resources

The most important value of Akçansa, acting in line with its vision for sustainable growth beyond the borders, is "people oriented". We are proud to be the most admired company in the sector for 16 years, and we continue on the road to success with the priority of creating a positive organizational climate that will enable our employees to realize themselves ...

Human Resources Strategy and Organizational Development (Leadership, Climate, Organization, Competence)

Acting with the HR vision of "Continuously being the 'Most Preferred Employer' in the sector", Akçansa considers its employees as the basis of all its activities. With this point of view, by setting effective, lean and expandable processes and practices and leading the change, Akçansa's HR Strategic Focus is;

- Supporting the strengthening of a positive organizational climate,
- Accelerating leadership development,
- Enhancing the learning and development experience for employees,
- Encouraging employees to participate in and improve management,
- Making it possible for the company to recruit and hold onto talented people, and
- Supporting stakeholder participation in and satisfaction with HR practices.

As a concomitant of its human resources management approach, Akçansa's HR strategies and short- (1-year) and medium- (5-year) term HR goals are reviewed and integrated into all functional targets with improvements also being made as may be needed in the "organizational climate", "coaching", and "leadership style" aspects of the company's corporate culture.

Akçansa's HR Mission

Akçansa's human resources mission is to be an employer whose attitude is that of a visionary leader, whose managers and management systems are outstanding by virtue of their focus on individual and corporate development and their effectiveness, and whose aim is to provide a meaningful job and a happy workplace environment for all employees.

Our Biggest Value Is People - "IIP - Investors in People"

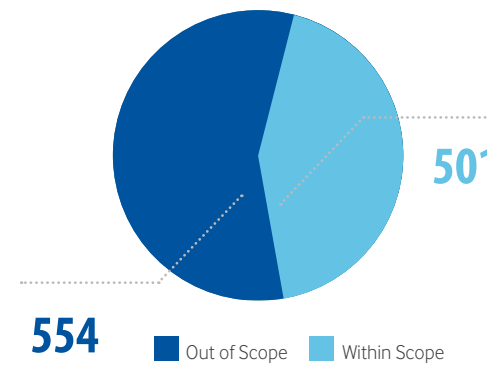
Knowing that we have "People Oriented and Respect" among our five essential values while Akçansa is acting towards its vision, all our human processes are measured by different means and are constantly being developed.

In line with this, in 2016 Akçansa was awarded with the Gold Standard, the highest level of "IIP - Investors In People", the first and only International Human Resources Development and Management Standard.

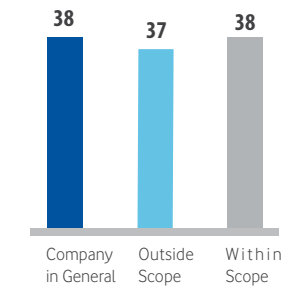


Demographics of Akçansa Employees

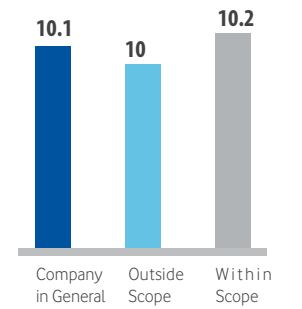
Akçansa total 1055 employees



Average Age Distribution



Average Seniority Distribution (year)



Talent Acquisition

As the sector's leader and most admired company, Akçansa, in line with its HR strategy, aims to enhance its strength by getting to know and creating strong bonds with potential employees who love their work and who want to be a part of Akçansa.

Akçansa employees become acquainted with Akçansa's fair and impartial workplace environment during the recruitment = talent acquisition process. When recruiting and hiring people, the company makes no inquiries whatsoever concerning such issues as religion, language, race, creed, gender, physical condition, or life choices and engages in no practice whatsoever that might be perceived as being discriminatory.

In line with its "Choose the right person for the right job" principle, Akçansa decides whether job applicants are qualified or not as a result of a process that involves multiple observations and objective criteria that include interviewing, personality inventorying, and foreign language competency testing.

In line with its "Choose the right person for the right job" principle, Akçansa decides whether job applicants are qualified or not as a result of a process that involves multiple observations and objective criteria that include interviewing, personality inventorying, and foreign language competency testing.

With the "Internal Assessment Team" established in 2017, the talent acquisition and management process has been further strengthened. This process is managed systematically and impartially on a variety of platforms that include university career days and career centers, social media, career websites, web-based job interviews, İŞKUR, GAN, and Long Term Internship Project. In order to help new recruits adapt to the company processes and corporate culture, they are supported with Employee Coach (Buddy) practice in addition to the individual and general orientation programs. In 2016, this process is further strengthened with the digital new e-Orientation module.



Employee Participation

Employee participation is encouraged at Akçansa through informational and motivational gatherings ("Communication" and "We're Listening To You" meetings) which are attended by all personnel and at which knowledge, ideas, and suggestions are exchanged.

Employees' satisfaction and loyalty is measured through a regularly conducted "Work Life Evaluation Poll" in order to determine issues that may be in need of correction. There is also a "Recommendation System" which gives the company the benefit of employees' innovative ideas and which directs its attention to areas where improvements are needed. Made up of voluntary representatives from different company functions and locations, the "Employee Ambassadors Council" serves as a platform for making uninterrupted two-way communication a way of life at Akçansa both by serving as a bridge and by providing a strong, trusted, and clear channel through which information about employee-related actions and practices may be spread throughout the company.



Industrial Relations

Akçansa regards the right to organize as a fundamental one. Company employees are at liberty to join labor and trade unions and to exercise and enjoy their membership rights. All blue-collar personnel employed in Akçansa cement plants are union members. In this context, a collective bargaining agreement between the Cement, Ceramics, Clay Products, and Glass Industry Workers' Union (Çimseİş) and the Cement Industry Employers' Association (ÇEİS) covering the period January 1, 2016 to December 31, 2017 remains in effect.

The discussions for Collective Bargaining Agreement of the new period have started on December 11, 2017 between the Cement, Ceramics, Clay Products, and Glass Industry Workers' Union (Çimseİş) and the Cement Industry Employers' Association (ÇEİS).

Leadership Development

While managing the business and teams with the mission of "inspiring leadership", it is the utmost priority of the

executives to focus on the development of Akçansa Family with shared vision, mission and values, building up trust, and ensuring a positive work environment with a transparent and continuous communication.

The goal of the Leadership Meetings, Leadership Style Survey, Organizational Climate Survey, and Leadership Development Program that are conducted every year at the company is to support the continuous improvement of executives' leadership skills.

In 2016, Akçansa aimed spreading the leadership development to the executives at different levels of the organization (engineers, directors, managers) with "Akçansa Progress Academy".

Feedback & Coaching

Akçansa's Feedback & Coaching approach is an important part of its HR management. To ensure the effectiveness of this approach, employees are supported by means of continuous development programs.

As the continuous development programs differentiated according to the needs, "Career Plane Tree" (Kariyer Çınarı) (Akçansa internal mentorship) and "A New Leader Program" (Yeni Bir Lider Programı), which is developed in cooperation with the Boğaziçi University, are supported with development & assessment center and 360-degree applications. Development plans and programs related to the areas determined are being created.

First Accredited Mentoring Program in the Cement Sector

In its 3rd year, Akçansa's Internal Mentoring Program Kariyer Çınarı (Career Plane) has been accredited by the European Mentoring and Coaching Council (EMCC) Turkey according to the international standards in 2017. Akçansa has set an example to all the other organizations and companies in this field as the first company accredited by EMCC in the cement sector.

Being the "first" in the sector in Turkey with the mentoring program, which is one of the most effective means of creating a corporate culture and of employee loyalty in companies, has been widely appreciated in the EMCC community around the world.



Performance Management

Providing significant inputs, the performance management system covers a process bringing together the individual competencies where company targets are integrated by being reduced to individual and team targets. The Akçansa performance management process is a cyclical process that begins at the start of each new year when employees and their supervisors sit down together to identify the year's individual and corporate objectives and continues for the rest of the year with target-fulfillment meetings.

Technological Infrastructure and Automation

"MozaiK" is a cloud-computing app that increases the effectiveness and efficiency of white-collar employees' performance, progression, and learning processes while also integrating those processes with the company's other HR practices. Employing a user-friendly interface and addressing employees' different needs, "MozaiK" serves as a platform whose modules can be accessed anywhere both at and away from the office.

In addition to MozaiK, an HR Portal containing the other HR processes (employee details, leave requests and approvals etc.), as well as talent management and backup modules is put into use in 2017 for improving the operational processes for all employees.



Workplace

The efforts that Akçansa makes to enhance the quality of life of its employees are not limited to the physical conditions of the workplace itself. The company also provides social spaces such as clubhouse and beach facilities for the use of its personnel and their families.

Work / Life Balance

Based on the work / life balance, sports, cultural and social events as well as Family Workshops diversified in line with the requests and expectations of all employees are carried out in Akçansa under "Happiness Workshop". "One Spark Club" strengthening volunteering and social awareness continues to add value to the society with the initiative of Akçansa employees.

In addition to these events, in 2016, the support program "Don't Worry, Make a Call", where all of employees and families can reach 24/7, was launched.

Equality & Diversity

Providing employees with a positive workplace environment and conditions as they deserve, supporting gender equality in working life, increasing communication and synergies among employees and thereby strengthening its corporate culture by acknowledging the value of diversity are among the top priorities of Akçansa. With the Equality at Work Declaration signed as a member of the "Equality at Work" platform established under the World Economic Forum (WEF) under the auspices of the Ministry of Family and Social Policies, Akçansa undertakes that it will voluntarily comply with the principles to eliminate gender-based discrimination at the workplace, will proactively champion these principles, and will establish reliable systems that will make it possible to transparently report its progress in dealing with such issues. "Mom, Bring Me Milk" project, launched within this scope for balancing the life/work balance of the nursing mothers, and "Ladik Glass Workshop", which provides training to the spouses of Akçansa's Ladik Plant employees and housewives from Ladik and giving them an opportunity to turn their efforts into an economic value by participating to production activities, still continue.

Akçansa Equality In Business Network

"Equality in Business Network" created in Akçansa in 2017 has supported the personal and professional development of female members of Akçansa, and aimed raising an internal and external awareness.

Targets were set for the personal targets of company's executives with equality in business.



Commendation and Recognition

Akçansa employees receive a basic salary within the scope of the remuneration policy, in line with levels of responsibility and scope of duty. Owing both to individual performance-based bonuses and to seniority-based pay supplements, the total amounts in the pay packets of employees at the same salary grade may differ from one another. However the company's remuneration policy stipulates that no employee may be treated differently because of their gender or any other personal attribute.

In order to keep its remuneration policy and practices competitive, Akçansa has comparison studies performed among those of companies comparable to itself using internationally-accepted assessment methodologies. The fundamental tenets of the company's remuneration policy are to be fair, competitive, and compatible with generally-prevailing wage levels in Turkey while also rewarding superior performance. Employees' fringe benefits are also managed flexibly with Bflex so as to maximize effectiveness in line with requirements. A variety of appreciation and recognition methods are employed and such as "An evening with Akçansa", "Special

Reward for Performance", "Executive Committee Special Appreciation Awards", "OHS Leaders of the Year Awards", "Team Awards", "Outstanding Recommendations of the Year Awards" and "Seniority Plaques" in order to reward high-performing employees and teams.

Külçe Külçe Project Competition

Külçe Külçe Project Competition" is organized in order to provide our employees the opportunity to put their innovative ideas at the best level and to enrich their experiences.



Talent Management for Individual and Corporate Development

Akçansa's organizational structure is regularly reviewed in light of the company's medium- and long-term strategic objectives and needs. Talent management involving both talent mobility and career-path diversity provides the basis for such reviews.

Talent management practices are supported by means of Akçansa HR Key Performance Indicators, with special attention being given to the training and development of talent groups. Many different programs are carried out in order to contribute to the development of today's and tomorrow's leaders and to support employees who have recently moved into management positions in their efforts to get up to speed in their new roles. Because importance is given not only to behavioral but also to technical progression in the conduct of talent management at Akçansa, specific programs are likewise organized every year in order to address issues which

have been identified as having priority. Progression plans are similarly supported and implemented by such means as mentoring, rotations, and opportunities to take part in different projects. Blue-collar employees' career progressions are tracked fairly and objectively taking into account both the company's needs and individuals' abilities so as to support organizational development.

A Culture of Effective Development

In line with the underlying "sustainable growth beyond all limits" tenet of Akçansa's corporate vision, it is the company's principle to create training and development opportunities for all of its employees. As embodied in its "My Development Is Primarily My Responsibility" maxim, whose aims are to foster the corporate culture the company wants, to realize business goals and strategies, and to reveal employees' potential, Akçansa provides its employees with the means they need to achieve that development. Individuals' learning and development requirements are tracked by means of personal

development plans which are laid out according to the responsibilities they are currently undertaking and/or will undertake. Training contributes not only to professional/vocational development but also to employee motivation by creating possibilities for new interactions among personnel.

Besides the in-house training that is provided, Akçansa employees may also take advantage of a variety of extramural training opportunities provided by HeidelbergCement, Sabancı Holding, Sabancı University etc. Newly-hired personnel undergo comprehensive orientation training that focuses on many basic issues including ethical guidelines and OHS practices.

Akçansa has adopted procedures to encourage its employees to pursue advanced academic degrees and to acquire/improve foreign language competencies as may be required by their positions and/or in line with their future career paths. The company provides them with material support in aid of such efforts.



We Work Determinedly
For A Sound Future



Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi

Annual Report and Independent Auditor Report for the
Period of January 1 - December 31, 2017

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi

Table of contents

58-85 Corporate Governance Principles Compliance Report

Corporate Governance Principles Compliance Report

PART I - CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE DECLARATION

Corporate Governance Principles Compliance

Akçansa Çimento Sanayi ve Ticaret A.Ş. has exercised due diligence in implementing the principles stated in the "Corporate Governance Principles" published by the Capital Market Board (CMB) during the period between January 1, 2017 and December 31, 2017.

It is continued the full compliance studies on the corporate governance principles in accordance with the resolutions made in the meetings held by the Corporate Governance Committee.

PART II - SHAREHOLDERS

2.1. Investor Relations Department

Our company has set up a unit in order to maintain communication and contact with investors as well as to serve them. The department is managed by Steffen Schebesta, Assistant General Manager (Finance) and it is made up of Hüsnü Dabak, Director of Financial Affairs (0216 571 30 25, husnu.dabak@akcansa.com.tr), Ayşen Öksüzoğlu, Corporate Governance Specialist (0212 866 11 69, aysen.ozgurel@akcansa.com.tr); Eralp Tunçsoy, Financial Planning & Analysis Director (appointed on 31.01.2017 and resigned on 26.05.2017.) (0216 571 30 67 eralp.tuncsoy@akcansa.com.tr); Ülgen Eryürek, Control and Investor Relations Director as from 26.05.2017 instead of Eralp Tunçsoy (ulgen.eryurek@

akcansa.com.tr) (0216 571 30 17); Banu Üçer, Corporate Communication Process Manager (0216 571 30 13, banu.ucer@akcansa.com.tr) and Onur Kerem Günel, Legal Counsel. Due to the fact that Hüsnü Dabak is the person fulfilling the duties and responsibilities as already defined in the communiqué as the Company's Director of Financial Affairs in accordance with CMB Corporate Governance Communiqué II-17.1 and has competence to manage the responsibility of position of manager of Investor Relations Department, he has been appointed as manager of Investor Relations department and also, member of the Corporate Governance Committee.

Those concerned can also be reached through fax at 0216 571 30 31. The Investor Relations Department handles capital increases, dividend payments to shareholders, and disclosure of material events within the scope of the public disclosure project. Shareholders' queries in relation to the date of capital increase, dividend payment percentages and commencement date of dividend distribution as well as their participation in General Meetings, save for confidential information and trade secrets, are responded to in writing, verbally and via e-mail in an accurate, complete, intelligible and interpretable manner upon request synchronously. The company discloses its operating results on a quarterly basis. The corporate website at www.akcansa.com.tr has been launched to offer shareholders more detailed information on the company's operations more regularly, and to give them access to all company-related data in accordance with related regulation.

Upon request, regular meetings were held with all of the investors during the reporting period.

Corporate Governance Principles Compliance Report

2.1. Investor Relations Department (continued)

1 road show, 1 Conference Call and 6 In house (office visits) took place as from the end of 12th month in 2017.

The company strives to fulfill its responsibilities of public disclosure and transparency as a publicly traded company. The Shareholder Relations Department is staffed with specialists who are tasked to provide information to investors regarding the company's financial information. Utmost effort is made to abide by the Turkish Commercial Code and Capital Market legislations so as to ensure participation from the shareholders at the General Assembly Meetings. Disclosure Policy revised by the Corporate Governance Committee for Public Disclosure in accordance with Capital Market Board's Communiqué Principles with Serial No. II.15.1 in the Company's Disclosure Policy with the Board of Directors' Resolution dated December 19, 2014 and numbered 975 has been submitted for information of Partners in the Public Disclosure Platform as well as the Company's Web site.

According to Provisional Article 6 of the Capital Market Law ("the Law") amended by Article 157 of the Law No. 6111 entered into force and published in the Official Gazette dated February 25, 2011 and numbered 27857, and the fourth article of Series II No: 13 of the Law No. 6362 (The capital market instruments decided to be dematerialized are obliged to be delivered within the framework of the principles set out by the Board. The capital market instruments that are delivered become void automatically. The undelivered capital market instruments can not be traded in the stock market after the decision of dematerialization, the stockbrokers can

not mediate purchase and sale of these capital market instruments and their participation certificates can not be taken back. The capital market instruments that have not been delivered until the end of the seventh year following the date on which the registration begins to be followed are passed to the Investor Compensation Center (YTM). The limited rights therein are deemed to have ended automatically. These are sold within three months after they are transferred to the account of YTM) and within the framework of provisions about dematerialization of Capital market instruments, and the Central Registry Agency's General Letter dated 28.04.2011 and numbered 551; all share certificates that have not been dematerialized until December 31, 2012 were passed to the YTM by the law at this date, and it has been reregulated the procedures and principles on the payments to be made by the YTM to the right holders applying pursuant to this Regulation due to the capital market instruments of which ownership has passed to the YTM because they have not been delivered until the end of the seventh year following the date on which the registration begins to be followed with the Regulation on Procedures and Principles Regarding the Payments to be Made to the Investors by the Investor Compensation Center Upon Partial Cancellation of the Fourth Paragraph of the Article 13 of the Capital Market Law No. 6362 as promulgated in the gazette dated September 7, 2016 and numbered 29824 prepared based on the provisional article 10 of the Law No. 6362 dated 6/12/2012 regarding automatic termination of all rights of shareholders on such share certificates in aforementioned date. In addition, Central Register General Letter dated 19/9/2016 and numbered 759 was published by the Central Registry Agency regarding the subject.

Corporate Governance Principles Compliance Report

2.2. Exercising Shareholders' Right to Obtain Information

According to their preferences, shareholders upon request are provided information in writing or verbally. As per the Capital Markets legislation, announcements in relation to shareholders' exercise of their rights are made through the Pubic Disclosure Platform in the Turkish Trade Registry Gazette. Announcements are also posted at www.akcansa.com.tr. Pursuant to CMB communiqués, the company shall be subject to auditing by an independent audit company. Appointment of a special auditor has been stipulated as a right in the Articles of Association. As of December 31, 2017, no request has been made for the appointment of a special auditor. The Audit Committee submits the independent audit reports to the Board of Directors for approval. Reports that are approved by the Board of Directors are announce to the public through the Public Disclosure Platform. Reports that have been annually audited are submitted for the approval of the General Assembly and then, announced at the www.akcansa.com.tr website. According to Article 1524/1 of the Turkish Commercial Code No. 6102, an "Information Society Services" link has been created at the corporate website, pursuant to the provision that requires an area to be reserved for Information Society Services to make the legally required announcements at the website. Pursuant to Capital Market Legislation, the Audit Committee nominated by the company's Board of Directors functions in accordance with procedures. Utmost care is taken to ensure that the aforementioned rights, which are stipulated by the Corporate Governance Principles, and the fundamental rights of the shareholders, which are set forth under the Turkish Commercial Code and the Capital Market Law, are exercised.

During the period, the shareholders requested

information about the company's capital increases in previous periods, profit distributions and operating results for the related period. Requested information was provided to the shareholders verbally or in writing, based on their preferences. Shareholders can also follow-up current information about the Company from the corporate website at www.akcansa.com.tr, as well as from material event disclosures published by the Public Disclosure Platform (www.kap.gov.tr).

Until December 31, 2017, the Shareholder Relations Department responded to the requests received from the shareholders through nearly 50 phone calls, emails and one-on-one meetings. For this purpose, information that might be of concern to shareholders was posted on www.akcansa.com.tr throughout the required disclosure processes.

2.3. General Assembly Information

When making the invitation for the General Assembly, the company complies with the provisions of the Turkish Commercial Code, CMB legislation and the Articles of Association. Invitation proceedings are announced in the Trade Registry Gazette three weeks prior to the General Assembly and to the publishing date of the announcement. They are announced at the corporate website and the Public Disclosure Platform. The company's share certificates are registered. Voting on the agenda is made according to the 51 percent Commercial quorum ratio pursuant to the Articles of Association of the company. The approval of the General Assembly of Shareholders is sought in important matters such as amendments to the Articles of Association, mergers, demergers, election of the Board Members and auditors, dividend distribution, release of the Board Members and

Corporate Governance Principles Compliance Report

2.3. General Assembly Information (continued)

Auditors from liability for their activities, and approval of the annual report. Information such as minutes of General Meetings and attendance rosters are made available on the corporate website. The Annual Report regarding the General Assembly, financial statements, dividend proposal, agenda of the General Assembly, proxy form and agenda documents are announced at the company's head office, in the Turkish Trade Registry Gazette as well as on the corporate website at least two weeks prior to the General Assembly. Pursuant to the Corporate Governance Principles, invitations to the General Assembly are submitted for the information of the investors three weeks prior. The General Assembly took place with over 81,74 percent quorum at the Sabancı Center 4. Levent/ISTANBUL address on March 29, 2017 within the year of 2017. Meeting invitation was published in the Turkish Trade Registry Gazette's issue No. 9273, dated February 28, 2017. Documents regarding the General Assembly were submitted for the information of the shareholders at the www.akcansa.com.tr website three weeks prior. Shareholders did not put forth any agenda item suggestions requiring a written response. The agenda includes articles on providing information regarding the donations made during the period, and on setting an upper limit for donations and assistance to be made in the next fiscal period. During the 2017 General Assembly Meeting, all shareholders were given the opportunity to speak and ask questions, and the Chair of the General Assembly answered all questions without a time limitation. The questions asked and answers given during the General Assembly meeting were announced

to the public in the corporate web site in accordance with Article 1.3,5 of CMB's "Corporate Governance Principles" (II-17.1). Minutes of the General Assembly, Attendance List and Amendments to the Articles of Association are available for the shareholders at all times at www.akcansa.com.tr.

Extraordinary General Assembly meeting was not held in the period between January 1, 2017 to December 31, 2017.

Decisions of critical importance in the Turkish Commercial Code are submitted for the approval of the shareholders at the General Assembly.

2.4. Voting Rights and Minority Rights

The Articles of Association does not have privileged or cumulative voting rights.

The Articles of Association does not contain any provisions offering cumulative voting rights for the current shareholding percentages and for partnership structure, as this is thought to be detrimental to the company's harmonious management structure. The matter will be addressed at the General Assembly in the event that it is regulated by the law to prevent abuse of cumulative voting right.

Corporate Governance Principles Compliance Report

2.5. Dividend Distribution Right

The company has in place a publicly disclosed Dividend Distribution Policy. This policy covers the following:

Akçansa Çimento Sanayi ve Ticaret A.Ş.'s Dividend Distribution Policy has been determined within the frame of provisions of Turkish Commercial Code, Capital Market Legislation and other related legislation as well as article concerning the dividend distribution in our Articles of Association in accordance with middle and long term strategies and investment and financial plans of Akçansa Çimento Sanayi ve Ticaret A.Ş. in consideration of the country's economic situation and sectoral situation and by observing the balance between expectations of shareholders and Corporate requirements.

It has been adopted to determine the dividend amount to be distributed in accordance with the decision made at the General Assembly however, it has been adopted as principle to distribute dividend in cash and/ or as free dividend at the rate of minimum 50 percent of distributable profit to the partners.

It has been agreed to distribute the dividends equally as soon as possible regardless of complete of existing shares as well as their issuance and acquisition dates however they shall be distributed to the shareholders on the date determined by the General Assembly following the approval of General Assembly within determined legal periods.

In the event that it is authorized by the General Assembly pursuant to related Article 33 of our Articles of Association, it is also possible to distribute dividend advance to the shareholders with the Board of Directors' resolution as well.

General Assembly may transfer net profit partially or completely to extraordinary reserve fund. In the event that Board of Directors of Akçansa Çimento Sanayi ve Ticaret A.Ş. proposes not to distribute profit to the General Assembly, information about reasons of such situation and using manner of undistributed profit are informed to the shareholders in the General Assembly Meeting. Likewise, such information is also stated in the annual report and web site and also disclosed publicly.

Dividend distribution policy is submitted for approval of shareholders in the General Assembly Meeting. This policy is reviewed annually by the Board of Directors in terms of any negativity in the national and global economical conditions and in view of future projects and available funds. Amendments to this policy are submitted for approval of the shareholders at the first general assembly meeting after the amendment and disclosed publicly in the web site.

This information was presented to the shareholders prior to and during the General Assembly. Dividend Distribution Policy was presented to Shareholders at the General Assembly dated March 26, 2014. Furthermore, it is also posted within the Corporate Identity and administration information area at www.akcansa.com.tr web site.

Article 33 stipulates the manner of dividend distribution as per the provisions of the Articles of Association of the company. The company's dividends are paid within the legally-prescribed periods of time. There are no privileged shareholders in regards to dividend distribution.

2.6. Transfer of Shares

The Articles of Association of the company does not contain any clauses that restrict transfer of shares.

Corporate Governance Principles Compliance Report

PART III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Corporate Web Site and its Content

The company has a registered web site.

Internet address: www.akcansa.com.tr

The site contains the matters stated in the Corporate Governance Principles. The corporate website is also available in English. This section has been provided for the international investors.

Under the Corporate Governance Principles, the company maintains a website accessible to all shareholders and investors at www.akcansa.com.tr. The corporate website contains material such as corporate information, products and services, management systems, financial indicators, annual reports, investment center, financial statements, disclosure policy, environmental operations, social responsibility activities and human resources policy.

The main content of the website is as follows:

- Detailed information on corporate identity
- Vision and Mission
- Information on the Board Members and the executive team
- Organization and shareholding structure of the company
- Articles of Association of the company
- Trade registry information

- Financial data
- Press releases
- Material Event Disclosures
- Date and agenda of the General Assembly, explanations of the agenda items
- Minutes of the General Assembly and the attendance list
- Sample proxy form
- Corporate Governance practices and compliance report
- Dividend distribution policy and its history, and capital increases
- Disclosure Policy
- Related party transactions report
- Remuneration Policy for the Board Members and the Executives
- Frequently Asked Questions

3.2. Annual Report

The company prepares the Annual Report in compliance with the scope of the Corporate Governance Principles, and in enough detail so as to allow the public to obtain complete and accurate information about the company activities.

Corporate Governance Principles Compliance Report

PART IV - STAKEHOLDERS

4.1. Informing the Stakeholders

The company has a disclosure policy prepared in accordance with CMB's Corporate Governance Principles. Disclosure policy was announced publicly with the Material Event Disclosure in April 29, 2009 and published at www.akcansa.com.tr as from such date. Disclosure Policy revised by the Corporate Governance Committee for public disclosure in accordance with Capital Market Board's Communiqué Principles with Serial No: II.15.1 in the Corporate Disclosure Policy with the Board of Directors' Resolution dated December 19, 2014 and numbered 975 was submitted for information of Partners at the Public Disclosure Platform.

Disclosure Policy was formed and approved by the Board of Directors within the frame of CMB's Corporate Governance Principles. Follow-up, supervision and development of public disclosure and disclosure policy is under authority and responsibility of the Board of Directors which is consisting of Mehmet Hacıkamiloğlu (Chairman of Board of Directors), Daniel Gauthier (Vice-Chairman of Board of Directors), Hayrullah Hakan Gürdal (Member of Board of Directors), Serra Sabancı (Member of Board of Directors), Atıl Saryal (Member of Board of Directors – Independent), Yavuz Ermiş (Member of Board of Directors –Independent). Steffen Schebesta, Assistant General Manager (Finance) under the body of General Directorate has been appointed in order to follow and to supervise all kinds of issues concerning the public disclosure. 6th and 12th months' financial tables that were passed through external audit, and 3rd and 9th months' financial tables that were not passed through external audit are announced publicly in accordance with this policy. Reports prepared in accordance with the consolidate of International Financial Reporting Standards (UFRS-UMS) were announced publicly within the periods stated

by CMB. Public disclosure of corporate information is made through press releases, electronic mail messages, mobile communication, interviews made with media institutions and news agencies, announcements on the web site, advertisements as well as brochures during the reporting period. It was ensured to access on web site as recommended by CMB's Corporate Governance Principles on the public disclosure under the scope of Disclosure Policy.

STAKEHOLDERS

PARTNERS

Stakeholders learn about company-related developments via public disclosures made in accordance with applicable legislation. Pursuant to the Capital Market Board's Communiqués and the provisions of the Turkish Commercial Code, the company announces matters such as the General Assembly and Extraordinary General Assembly meetings, capital increase and dividend distribution through: the Trade Registry Gazette; material event disclosures; and other legal instruments determined by the law, within legally prescribed periods of time as per the applicable legislation. Some other means of disclosure are: press conferences, press releases, interviews given to the media and the Internet. Except for confidential data and trade secrets, information is provided simultaneously in an accurate, complete, intelligible and interpretable manner.

CUSTOMERS

The company attaches great importance to products, services and quality. Accordingly, it constantly strives to carry out activities that improve customer satisfaction. Customer satisfaction is measured by regular surveys. Customer-focused training and seminars are organized periodically. In addition, the company maintains its research and development activities.

Corporate Governance Principles Compliance Report

4.1. Informing the Stakeholders (continued)

EMPLOYEES

All practices related to the employees are carried out according to the laws governing work life.

Hiring, promotion, training and performance improvement policies, as well as various practices have been documented.

QDMS infrastructure is used at Akçansa for the purpose of following the development of the Integrated Management Systems, consisting of Quality, Environment, Energy and Occupational Health and Safety Management Systems and all employers have easy and continuous access to the system within their authority limits.

Stakeholders learn about company-related developments via public disclosures made pursuant to applicable legislation.

Company employees are also provided information about meetings held in their areas of expertise and in areas of interest, as well as about seminars and training through the Internet.

4.2. Participation of Stakeholders in Management

Employees participate in management through periodic meetings (i.e. communication meetings, anagement meetings, functional meetings, discussion sessions with the General Manager), annual goal-setting, performance appraisal, development planning meetings and the suggestion system. Questionnaires are also regularly conducted to measure employee satisfaction and to receive feedback. Furthermore, the satisfaction of dealers and customers are measured at certain intervals. Accomplished teams are rewarded each year according to the Award System, which was introduced in 2008.

4.3. Human Resources Policy

Akçansa, which believes that the most important role in achieving the success is the value granted to the human resources and considers its employees as basis of all its activities, has adopted to be an employer which has qualified manpower with the practices providing continuous development and high performance, and is exemplary in its sector and preferred all the time.

Akçansa, which manages contemporary Human Resources practices within the cooperation of Sabancı Holding and HeidelbergCement and creates an environment making employee satisfaction and efficiency possible, bring employees together under the identity of being an "Akçansa member" with trust and respect each other.

While Akçansa determines its Human Resources strategies and priority targets, it considers business targets of the company as well as environment created by the national and global economy and conditions concerning cement, ready-mixed concrete and aggregate sectors separately.

Qualifications of the employees such as religion, language, race, religious sect, sex, physical conditions and lifestyle choices can not be questioned in the equitable work environment provided by Akçansa and any practice that shall be perceived as discrimination can not be included. There is not any negative feedback about discrimination from the employees in the past.

The group collective bargaining agreement that was signed for the period of 01.01.2016 - 31.12.2017 between the Union of Cement Industry Employers (CEIS) to which we are member and T.Cimse-İs Union was terminated, and a new group collective bargaining agreement was concluded for the period of 01.01.2018 – 31.12.2019 on 31.01.2018.

Corporate Governance Principles Compliance Report

PART IV - STAKEHOLDERS (continued)

4.4. Ethical Rules and Social Responsibility

The ethical principles embraced by Sabancı Holding, one of our partners, have also been adopted by our company. The employees are informed about the rules through the booklets and educational training. Current feedback is obtained from the employees through the web-based "Sa-Etik Year-End Application." Ethical rules are disclosed to the public by being published in the following sections of the corporate website.

<http://www.akcansa.com.tr/surdurulebilirlik/is-etigi-kurallarimiz/>

<http://www.akcansa.com.tr/yatirimci-merkezi>

Our company makes every effort to comply with the international standards for the protection of nature and the environment in according with its sustainability strategy.

Maintaining the environmental awareness and the development in harmony with the environment is one of Akçansa's main objectives. As stated in our ISO 14001 environmental policy, our goal is to comply with legal requirements, to provide necessary infrastructure and resources therefor, to enforce necessary sanctions for the contractors we work with, and to raise awareness by providing awareness training, to implement waste management in the most effective way; to classify and dispose of hazardous and non-hazardous wastes for this purpose, to recycle those that can be recycled, to dispose of those that can be disposed of in the licensed disposal facilities, to reduce the amount of waste in this way, to burn our own wastes in our facilities under our licenses or permits, to take the necessary precautions by evaluating the damages of wastes to air, water and soil, and to minimize these damages in this manner. We consider the environmental factor practically in all our facilities. There

are lawsuits that have been filed against us related to environmental issues.

Akçansa's Büyükçekmece and Çanakkale cement plants transform various waste into environmental and economic value. They are the first plants granted with Ministry of Environment and Forestry's R134- 001 and R117- 001 licenses, authorizing the use of alternative fuel. Incineration of waste at cement plants serves to conserve natural resources and significantly reduce carbon dioxide emissions, while producing a solution for the highly challenging issue of waste disposal.

Furthermore, concrete waste, which is found in the facilities and inside the vehicles in the recycling systems that are built in our ready-mix facilities, is separated as aggregate and water to be re-used in production. In this way, natural resources are protected and production operations continue through an environmentally-conscious system without producing waste. "Mobile waste depots" which we started to use in our Ready-mix project facilities are the first plants in the sector and they are the example of good practice.

As the first company in the cement sector to process waste in accordance with all waste disposal legal requirements with a sustainable growth target, and the first company to make investments in this field, Akçansa created the "CO2 Single Carbon, Double Oxygen" project. The project's slogan is "real value can be produced by both waste collection and proper waste disposal." "Send your waste to us!" This is the project's appeal to all companies, local public and private institutions, and municipalities that produce waste in the cities where we operate. The objective of the project is to help these companies in reducing their carbon footprint through the healthy and safe disposal of waste. This project won us an award from the Corporate Social Responsibility Association of Turkey (CSR Turkey) in the Sustainable Waste Management and Communication field.

Corporate Governance Principles Compliance Report

4.4. Ethical Rules and Social Responsibility (continued)

Akçansa carries out all its activities by observing the environment and the society and manages its activities in line with a corporate strategy under the heading of "sustainability". The company aims at contributing to the creation of a safer and more prosperous future by increasing the quality of life of the society in which it is living. In this regard, Akçansa acts with awareness that being the leading player in the cement industry requires a responsibility beyond creation of economic added value. As a responsible corporate citizen, Akçansa is working on creating value in the areas such as health, culture, arts, education, sports and environment and is undertaking social projects.

The social responsibility project "Benim Mahallem" that was carried out in cooperation with Büyükçekmece District Governorate, Büyükçekmece National Education Directorate and Tüvana Education Foundation for Children Who Want to Study (TOÇEV) entered into the third year. The project, initiated in December 2015, has reached 25 thousand students, parents and teachers from 68 schools. This figure is targeted to reach 30 thousand people at the end of the academic period of 2017-2018.

The students are informed about the ways in which students can communicate better at school, at home and with their friends, and the parents are informed about the issues challenged to raise their children, and required to get expert opinions by TOÇEV's specialist psychologists at the Mobile Training Center.

Technology addiction seminars describe how children should be directed at using technology properly. Children are ensured to know their feelings and to notice how they react in their bodies against some feelings through seminars on "I know my body". Trainings are provided to

the adolescents and their families in the situations related to identity anxiety, feelings and anger control in this period. In addition to these programs, first aid awareness seminars are also organized for teachers. It is targeted to reach 2500 teachers in 2018.

With the project, more than 50% of the target mass in the region was reached and a total of 15 thousand hour group trainings were provided to the students in the subjects of "Anger Control, Attention Control, Self Expression, Examination Anxiety Management". It was concluded in the study after the trainings that parents' awareness of the wrong behaviors they had applied to their children was increased, and they learned the right behavior methods considerably. It was observed that children had a positive change of 18% in the self-expression difficulty tests, 22% in the examination anxiety tests, 30% in the anger level tests and 13% in the attention problem level tests.

"Benim Mahallem" Project of Akçansa was awarded the "Best Corporate Social Responsibility Project" by JCI Culture Association of Young Leaders and Entrepreneurs. The project awarded by the Corporate Social Responsibility Association was also granted the Stevie award in the international area.

Since its establishment, Akçansa has continued to carry out its activities in the Volunteer World and continues to add value to the society by taking care to leave "meaningful" traces to the world and he humanity by observing the environment and society in all its activities.

"Yarınları Dönüştüren Çocuklar" Project

Within the scope of the project, Akçansa volunteers are carrying out activities to teach children how to understand their places in the society and to take individual responsibility for a sustainable future.

Corporate Governance Principles Compliance Report

PART IV - STAKEHOLDERS (continued)

4.4. Ethical Rules and Social Responsibility (continued)

'Yarınları Dönüştüren Çocuklar' Project

Within the scope of the project, Akçansa volunteers are carrying out activities to teach children how to understand their places in the society and to take individual responsibility for a sustainable future.

Information on how to use resources consciously to contribute to a sustainable world, such as separating wastes at resource, recycling, and generating energy from waste, is provided to the students in fourth grade of the primary school. By putting recycling boxes in the schools, information that is theoretically learned in the lesson is put into practice. 34 volunteers and 5 thousand students have been trained up to now with the project that will start the fourth period in the academic period of 2017-2018.

Vocational High School Coaches

Akçansa joined the Vocational High School Coaches Program in cooperation with the Private Sector Volunteers (OSGD) in order to expand the visions of the vocational high school students and to make them successful in the future. Within the scope of the program, 10 Samsun volunteers who completed their trainings contributed to the personal and professional developments of 50 students from Samsun Atakum Vocational High School and coached them for 2 years to prepare them for business world.

'Gönüllü Okuyucu' Project

Akçansa Volunteers, who support the 'Gönüllü Okuyucu' Project, started by the Boğaziçi University Technology and Education Center for the Visually Handicapped (GETEM), are reading books for the visually handicapped individuals

by creating an audio library. Akçansa Volunteers are able to read the books they choose wherever they want whenever they want, thanks to the mobile application after they have received the reading education. Audio and e-text books produced for the visually handicapped are presented to readers via the internet. The 'Gönüllü Okuyucu' Project, which started with 23 volunteers in central office, will continue with new volunteers in Büyükçekmece, Çanakkale, Ladik and Karabük.

'Öğrenen Çocuk: Sorumlu Birey' Project

'Öğrenen Çocuk: Sorumlu Birey' Program which aims to raise awareness of children, who are leaders of today and tomorrow, about concepts such as responsible thinking, self-expression, communication, empathy, equality was developed by the Association of Private Sector Volunteers - ÖSGD. The program will be implemented by the volunteers at two schools in Kağıthane and Ataşehir as five weeks in both semesters in the academic period of 2017-2018 and includes democracy and participation, volunteerism and solidarity, gender equality, financial literacy, safe internet use, and environmental awareness. 6 Akçansa volunteers, who complete the trainings, will participate in the application for 5 weeks in total with 2 hours per week and will support the 'Öğrenen Çocuk: Sorumlu Birey' Program.

Akçansa organized the 7th "Betonik Fikirler Proje" competition, which was held in the 6th time in 2016, in order to introduce the university students to the sector, to ensure the students to show their creativity and to add value to the field they are studying.

Within the scope of the Carbon Disclosure Project (CDP), which is an effective platform for transferring environmental activities to stakeholders in the international arena, it has also been voluntarily participated in both Climate Change and also, Water Management programs. CDP Climate Change and Water

Corporate Governance Principles Compliance Report

4.4. Ethical Rules and Social Responsibility (continued)

'Öğrenen Çocuk: Sorumlu Birey' Project (continued)

programs were launched in November and December. While the average of the programs attended by 2,400 companies worldwide is announced as "C" in 2016, Akçansa continues to lead the sector in sustainability by getting "B level" points in both programs.

We, as Turkey's leading cement producer, have the Sustainability Report including the progresses made during the period of 2007-2009 as part of our Sustainability activities. Our Sustainability Report is the first report published in the cement sector in Turkey. This report was prepared at the 'B' level in line with the principles of the GRI-Global Reporting Initiative which is a reporting standard used by leading companies operating globally, and we, as Akçansa, were called as the first company approved at this level with the first sustainability report. The Second Sustainability Report was published in 2012 including the working and performance results between 2010-2011 and the third report covering the activity period of 2012-2013 was published in October 2014.

We provided our stakeholders with our 4th "Sustainability Report", which we prepared at the basic level in compliance with the GRI G4 guidelines, and contained our environmental, social and economic activities covering the years of 2014-2015, in December 2016.

Raw materials in the cement production are obtained mainly from natural sources. Protection of biodiversity in our mining areas is among our primary environmental goals. We regularly carry out land arrangement, forestation and plantation in the areas where our production activity

finished every year. Additionally, we organized the second "Biodiversity Contest" in Turkey in 2016. With this contest, our goal is to raise awareness about biodiversity and to ensure our youths to develop creative projects. Project awards ceremony was held in November, 2016. The National Jury determined five projects that advanced to final among the 24 projects that applied for the second of the "Biodiversity Contest". The three winner projects were awarded prizes in the ceremony held on November, 28.

Energy efficiency has critical importance in the cement industry that is an energy-intensive industry. In order to reduce energy consumption in our factories, we have goals, energy performance indicators for monitoring and measuring our efficiency. In order to bring a more systematic approach to the energy management and to be ready for our obligations concerning Greenhouse Gas Emissions, we received ISO 50001 Energy Management System certificate including "3 factories and Canakkale port facility" in 2013 by making our existing measuring and monitoring system suitable for the international standards. It is the first certificate in terms of its content in the industry.

Our plants operate with a view to enhance the quality of community service offered by nearby municipalities, schools and public institutions and to provide financial support.

Furthermore, thanks to the donations it makes to the H. Ö. Sabancı Foundation as part of its social responsibility awareness, the company contributes to the country's social and cultural development as well as its immediate circle.

Corporate Governance Principles Compliance Report

PART V - BOARD OF DIRECTORS

5.1. Structure and Formation of the Board of Directors

All members of Board of Directors are not executive members. Work distribution of Board Members is arranged as follows: The Annual Report provides personal and background information of the Board Members. Pursuant to CMB communiqués on Determination and Implementation of Corporate Governance Principles, the Corporate Governance Committee has been established; according to the provisions of the communiqué, it has been resolved to appoint Independent Board Members Atıl Saryal as the Chairman of the Corporate Governance Committee and Yavuz Ermiş and Husnu Dabak as the Corporate Governance Committee Members, and to empower the Committee to carry out the duties of the Nomination and the Remuneration committees as well.

The Board of Directors was elected at our Ordinary General Meeting held on March 24, 2015.

New appointments were approved and distribution of tasks was made in our Ordinary General Meetings held on March 29, 2016 and March 29, 2017.

Board of Directors

Mehmet Hacıkamiloğlu	Chairman of Board of Directors
Daniel H.J. Gauthier	Vice-Chairman of Board of Directors
Hayrullah Hakan Gürdal	Member of Board of Directors
Serra Sabancı	Member of Board of Directors

AS INDEPENDENT MEMBERS:

Board Members may assume other task(s) outside of the company. This matter is not governed by specific rules, nor is there any restriction thereupon.

The General Assembly has resolved to allow the Board Member to perform transactions pursuant to articles 395 and 396 of the Turkish Commercial Code.

5.2. Operating Principles of the Board of Directors

During the period between January 1, 2017 and December 31, 2017, the Board of Directors of the company met 64 times, of which 4 were conducted face-to-face and 49 were made with written approval in keeping with the Turkish Commercial Code and the provisions of the Articles of Association. The Board of Directors' agenda is determined as a result of the meetings held between the Chairman of the Board of Directors and the current Board Member and the General Manager. Pre-notification Committee prepares a document file containing the agenda and its items a week before to submit to the Board Members so that they can perform the necessary reviews and work.

During the meetings that were held during the period between January 1, 2017 and December 31, 2017, there were no opposing views against the resolutions taken by the Members of Board of Directors.

Members who did not have a reason to be excused actively participated in the Board of Directors' Meetings. No questions were recorded in the minutes because no questions were posed by the Board members. Board members have not been granted weighted voting rights and/or veto rights on related decisions.

Corporate Governance Principles Compliance Report

PART V - BOARD OF DIRECTORS
(continued)

5.3. The Number, Structure and Independence of the Committees Established at the Board of Directors

As of the period between January 1, 2017 and December 31, 2017, there is an Audit Committee reporting to the Board of Directors. Following the Ordinary General Meeting held on March 24, 2015, as per the Board of Directors' resolution No. 1000 dated March 24, 2015, Independent Board Members Yavuz Ermiş and Atıl SARYAL were appointed as the Chairman and the Member of the Audit Committee respectively. As per the Board of Directors' resolution No. 1001 dated March 24, 2015 and pursuant to the CMB Communiqués, it was resolved to establish a Corporate Governance Committee and to appoint Independent Board Members Atıl SARYAL and Yavuz Ermiş and Husnu Dabak, who is Financial Affairs Director, as the Chairman and the Members of the Committee respectively in accordance with the communiqué provisions. It was resolved to have this committee carry out the duties of the Nomination Committee and the Remuneration Committee as well. As per the Board of Directors' resolution No. 1005 dated March 26, 2015, the Early Detection of Risk Committee was established, and Atıl SARYAL and Yavuz Ermiş were appointed as the Chairman and the Member of the Early Detection of Risk Committee respectively. The Audit Committee, Corporate Governance Committee and Early Detection of Risk Committee perform their duties according to the internal regulations. There were no conflicts of interest in the Audit Committee during the period between January 1, 2017 and December 31, 2017 due to current member structures.

The Audit Committee convenes at least four times a year with at least three-month intervals; it records the meeting minutes and submits them to the Board of Directors.

The Corporate Governance Committee convenes at least four times a year with at least three-month intervals; it records the meeting minutes and submits them to the Board of Directors.

Early Detection of Risk Committee convenes at least six times a year with two-month intervals. The reports containing information and results about the committee's works are approved by the Committee Members and then submitted to the Board of Directors of the company.

Current operation principles of the committees are available on the corporate website of our company.

Prior to Board of Directors' meetings, the Pre-notification Committee prepares detailed presentations, performing the necessary in depth studies regarding the matters that will be submitted for the approval of the Board of Directors.

Internal Audit Manager submits Corporate Governance Principles-related reports to the Audit Committee Members.

Corporate Governance Principles Compliance Report

PART V - BOARD OF DIRECTORS (continued)

5.4. Risk Management and Internal Control Mechanism

Pursuant to CMB communiqués on Determination and Implementation of Corporate Governance Principles, the Corporate Governance Committee has been established; according to the provisions of the communiqué, it has been resolve to appoint Independent Board Members Atıl SARYAL as the Chairman of the Corporate Governance Committee, Yavuz Ermiş and Husnu Dabak who is Financial Affairs Director as the Corporate Governance Committee Members, and to empower the Committee to also carry out the duties of the Nomination and the Remuneration committees. An Internal Audit Manager and an Internal Audit Specialist are appointed at the company.

Objectives and principles behind their activities are clearly described below. With the creation of the Audit Committee, they effectively fulfill the tasks assigned thereto by the Board of Directors within the framework of the Audit Committee Bylaws. Risk management is based on describing and monitoring all potential risks to which our company may be exposed.

The company and our executives have classified all potential risks, upon which necessary precautions have been adopted therefor. These include: all types of financial risks such as asset-liability, credibility, capital/ indebtedness, exchange rate risks and risk factors that may directly influence the financial position of the company; natural risks, in relation to which all facilities are insured to minimize the risk posed by natural disasters such as fire, earthquake, etc., which may affect the performance of the company. The SAP system is employed to prevent any loss of data and ensure systems are unaffected in the event of a disaster. This system allows instant tracking of

operating results, as well as measurement and processing, aiding the decision support processes. Representing a key technological utility, the SAP enhanced the efficiency of the internal control mechanism by eliminating human errors. Furthermore, emphasis is put on investments such as the company back-up system.

In parallel with the risk management and control system in place at our shareholders Hacı Ömer Sabancı Holding A.Ş. and HeidelbergCement Group, effective risk management processes have been developed and launched. Corporate Risk Manager under the body of company informs Early Detection of Risk Committee through the reports prepared regularly.

5.5. Strategic Objectives of the Company

VISION

“Sustainable growth beyond all borders” To achieve sustainable growth beyond all borders as the construction materials industry's most trusted company, with the most preferred business model.

MISSION

With our culture of dedication for social, environmental, legal and ethical values, TO BECOME A PIONEERING CONSTRUCTION MATERIALS COMPANY THAT IMPROVES THE QUALITY OF LIFE, by creating value for our customers through innovative products, services and solutions; for our stakeholders, through superior financial performance; and for our employees, who make up the backbone of our operations, through constant development opportunities and our business model.

The Board of Directors hold discussions with the stakeholders to define the strategic objectives of the company for the next three years. The Board of Directors also approves the annual budgets that are prepared according to these strategic objectives.

Corporate Governance Principles Compliance Report

PART V - BOARD OF DIRECTORS (continued)

MISSION (continued)

The Board of Directors are well informed of the implementation processes of decisions made in line with comparative presentations made to company officials during meetings. These presentations contain comparisons of the current year's budget and the actual results, as well as the comparison of the same periods of previous years, to be presented to the Board of Directors. The Board of Directors repeat this process at least four times a year.

5.6. Financial Rights

During the period between January 1, 2017 and December 31, 2017, the company did not lend money to any of the Board Members, nor did it issue a line of credit, extend the terms of debts or credits, or improve their conditions, issue line of credit under the name of personal loan through a third party, or give guarantees such as indemnities in their favor. In the Ordinary General Meeting held on March 24, 2015, it was resolved to pay a monthly gross remuneration of 3,500 Turkish lira to the Board Members. Mehmet Hacıkamiloğlu, Daniel H.J. Gauthier, Hayrullah Hakan Gürdal and Serra Sabancı waived their remuneration receivables, which have arisen as of their appointments and which will arise until their term ends pursuant to the resolution made about paying a monthly remuneration of 3,500 Turkish lira to the Board Members in the Ordinary General Meeting.

The company has established a Remuneration Policy for the Board Members and Executives, and has disclosed it to the public on the corporate website.

F) Authorities and responsibilities of the Board of Directors and executives

The Articles of Association describes the Board of Directors' rights to govern and represent. The authorities and responsibilities of the executives are not explained in the Articles of Association of the company. These authorities and responsibilities are established by the Board of Directors.

Administrative and judicial sanction applied to the company and board members due to the practices contrary to the provisions of the legislation.

During the period of January 1, 2017 - December 31, 2017, there were no administrative or legal sanctions enforced on the company or on the members of the administration due to violation of the provisions of the legislation.

G) Prohibition on doing business or competing with the company

During the period of January 1, 2017 - December 31, 2017, Board Members did not enter any transaction with the company or engage in any activity that constitutes competition in the same areas of activity of the company.

H) Research and development activities

Akçansa collaborates with universities, public institutions, sector NGOs and the Heidelberg Technology Center in areas such as training, new product development, before and after sales support, lectures and seminars on cement and concrete technologies at the universities, technical trips for university students, support for university studies on cement and concrete, support for universities with regard to conventions and brochures, and national/international scientific publications (announcements).

Important Completed R&D Projects

- Researching the Use of Mineralizers Clinker Production (Tübitak Teydeb Project)
- Researching the Hydration Reactions and Its Impacts on Cement (in cooperation with the Sabancı University)
- Establishing the Criteria on Use of Recycled Items from Constructions and Debris Waste (Tübitak Teydeb Project)

H) Research and development activities (continued)

- Considering Microalgae as Fuel and as CO2 Catcher in Cement Production Process (Tübitak Teydeb Project)
- Development of High Performance Cement and Concrete Products for the 3rd Bosphorus Bridge (Yavuz Sultan Selim Bridge) Project
- Development of High Consistency Protected and Performance Cement and Concrete Products for Large Infrastructure Projects
- Development of High Consistency and Performance Concrete Products for High Rise Buildings
- Development of High Performance Cement and Concrete Products for the 1915 Çanakkale Bridge Project

Ongoing R&D Projects:

- Nuclear Shielding Performance Concrete Project (in cooperation with the Turkish Atomic Energy Authority)
- Use of Activated Natural Minerals as a Substitute to Cement (in cooperation with the Sabancı University)
- Concrete Road Project Compacted with Macro Synthetic Fiber Cylinder (in cooperation with the Boğaziçi University and Kordsa)
- Permeable Concrete Road Project (in cooperation with the Bahçeşehir University)
- Bag Cement with Micro Synthetic Fiber Content Project (in cooperation with Kordsa)
- Project for Monitoring Concrete Samples with RFID Tag (in cooperation with the companies Ankaref and Vuruşkan)
- Project for Development of Special Cement for Large Infrastructure Projects
- Project for Designing Cement and Concrete with Advanced Thermal Properties

I) Amendments to the Articles of Association during the operating period, and the reasons

No amendments were made to the Articles of Association of the company during the period of January 1, 2017 - December 31, 2017.

i) Quality and amount of issued capital market instruments, if applicable

None.

J) Area of business of the company and its position in the market

Akçansa is the most prominent player in Turkey's cement sector. With this leadership comes the responsibility of moving both the industry and its reputation forward.

As a leading company, Akçansa deems itself responsible for increasing the values created for society and its stakeholders and for providing sustainable growth.

With its principle of sustainable growth and business goals, Akçansa carries out its activities by planning them in the best manner first. The company, which has transparent, open and continuous communication with all its stakeholders in both business applications and social responsibility projects, converts its activities into value-adding communication projects and has become a reputable company.

Akçansa aims to advance its existing powerful relationships with its social partners in order to perpetuate its leadership. Akçansa, which makes one of the largest investments in society and in its social stakeholders, is rewarded with the prestige of making such an investment.

Giving assistance to the regions where it operates, making a contribution to growth with its plants and facilities and developing public projects in areas such as sports, education and culture are some of the ways for the company to demonstrate its determination to create social value.

Akçansa has fully accepted and adopted the principles of sustainable development and performance culture. Akçansa's competitive power, financial performance and innovative technology that extends from special products to using alternative fuels and raw materials, their respect for the environment, their work on social responsibility projects and advanced applications in the area of human resources have all been combined to continuously emphasize their leadership in the sector.

Awarded with "Golden Standard" in its first application and assessment in "IIP - Investors in People", the first and only international human resources standard, in 2016 for its leading efforts in the field of human resources, Akçansa has ranked first in its sector, 4th in Turkey and within 7% of the organizations in the entire world.

While Akçansa utilizes the country's natural resources through industrial investments and contributes to the economy with employment, production and exports, they also use the resources obtained through industrial and commercial activities to create value in the areas of culture, sports, arts, education and the environment.

Akçansa applies the highest standards in all of its processes - from using alternative fuel and raw materials to displaying sensitivity in protecting the environment, as well as in work safety and ethics.

Accredited organizations perform regular measurements each year to inspect compliance with all legal requirements in regards to all filters in the plants, as

well as dust and gas emissions in the chimneys. Also, measurements are made quarterly and reported to the Ministry of Environment and Forestry in regards to the furnaces where waste materials are burned.

The Akçansa Büyükçekmece plant is the first plant in Turkey to have built specially designed waste feeding systems, which are able to feed both waste oils and tires automatically. The plant is increasingly using alternative fuels by burning contaminated waste and other similar waste.

The laboratory began operations in the Akçansa Büyükçekmece plant at the start of 2008. This required the purchase of the necessary equipment to build an alternative fuel and raw material laboratory, in which analysis can be performed as stipulated by the law and regulations concerning waste management. The plant also houses an R&D department and laboratory that provide services for all cement and ready-mixed concrete production operations of the company.

Within the scope of university cooperation, Betonsa has provided material support to several Master's Degree and Doctoral Degree theses in Construction Materials Departments of various universities, including İTÜ, to date.

As part of the R&D operations, Betonsa Technology Center and ITU have gone into collaboration to perform studies with significant results, which have been published in national and international scientific publications. In addition to this, several joint projects have been implemented to support the sector's development in cooperation with the Turkish Ready-Mixed Concrete Association Members. Betonsa continues to organize periodic training programs for its customers, construction companies, producers of concrete components, civil engineers, audit companies, engineers and technicians joining from domestic and central authorities, and university students. Training subjects include concrete technology and its durability, as well as the importance of maintenance and curing. Additionally, information on current issues such as concreting techniques in cold and hot weather conditions are shared.

K) Investment-related developments, and status and level of using incentives, if any

The company possesses an investment incentive certificate as of December 31, 2017.

As of December 2017, total consolidated investment expenditures were 117,7 million TL.

L) Üretim ve üretim kapasitelerimiz

PLANT CAPACITIES (metric tons/year)	Cement Production Capacity	Clinker Production Capacity	Operational Capacity
Büyükçekmece	2.527.776	1.943.000	-
Çanakkale	5.500.000	4.450.000	-
Ladik	1.014.000	643.500	-
Ambarlı	-	-	746.000
Aliağa	-	-	225.000
Yalova	-	-	300.000
Yarımca	-	-	700.000
Hopa	-	-	120.000
Samsun	-	-	120.000
Karçın	200.000	-	-

M) Information on Operations

In 2017, consolidated domestic sales revenues increased by 1% year-on to 1,4 million TL. Consolidated international sales revenues, on the other hand, rose by 2% and reached 181,7 million TL.

N) Financial ratios (*)

Liquidity Rates		December 31, 2017
Current Ratio	Current Assets/Short Term Liabilities	1,00
Acid Test Ratio	(Current Assets - Inventories)/Short Term Liabilities	0,79
Inventories / Current Assets	Inventories / Current Assets	0,21
Working Capital	Current Assets (excl. Cash and Cash Equivalents) - Short Term Liabilities (excl. Loans)	330.602.521
Financial Structure Ratios		
Financial Leverage	(Short Term + Long Term Liabilities) / Total Assets	0,42
Fixed Assets/Equity		1,08
Financial Liabilities / Equity		0,35
Net Financial Position	Cash and Cash Equivalents - Financial Liabilities	(332.672.553)
Profitability Ratios		
Asset Turnover	Net Sales / Total Assets	0,79
Gross Profit Margin	Gross Sales Margin/Net Sales	0,20
Return on Assets	Net Profit/Total Assets	0,08
Operating Income/Sales		0,14
Net Earnings per Share		0,78
Cash and Cash Equivalents		52.746.580
Financial Liabilities		385.419.133
Net Financial Position		(332.672.553)
Trade Receivables		470.008.392
Other Receivables		39.281.172
Inventories		150.954.315
Trade Payables		(287.484.492)
Other Payables		(42.156.865)
Net Working Capital		330.602.522

(*)Obtained from consolidated financial table data.

O) Measures that are considered to improve the financial structure of the business

When necessary and depending on the market conditions, Akçansa maintains operations to strengthen the business capital, continuously improve its financial structure, balance foreign currency based cash inflows and outflows, support sound financial abilities and hedging activities according to the company procedures.

Ö) Changes in the executive team, and names, last names and professional experience of the officers currently serving (continued)

[Şahap SARIER / General Manager - Appointed on 16.01.2017.](#)

Following his education at Dokuz Eylül University Civil Engineering Department, Şahap Sarier started his professional career in Betonsa as a Field Engineer in 1995. Sarier continued his career as Operation Supervisor from 1995 to 1997, worked as Akçansa Ready-Mixed Concrete Regional Manager from 1998 to 2004, and then worked as Business Manager of Karçimsa A.Ş. for two years. Sarier stated to work as Assistant General Manager for Ready-Mixed Concrete in Çimsa in 2006, and acted as Assistant General Manager for Cement Production after January 01, 2011, Assistant General Manager (Gray Cement) after July 01, 2014, and Assistant General Manager for Gray Cement Sales and Marketing after April 01, 2015. Sarier has studied Executive MBA at the Sabancı University, and attended to the Senior Executive program at the Columbia University. He is appointed as the General Manager of Akçansa as of January 16, 2017.

[Ali KİPRİ / Assistant General Manager - Operations](#)

Born in Adana in 1967, Ali Kipri graduated from Middle East Technical University Department of Mechanical Engineering. He received his master's degree from İstanbul

University Institute of Business Economy on International Business Administration. He began his professional career in 1993 at Akçimento, serving in various positions until being appointed Plant Maintenance Manager in 2006 at Akçansa's Büyükçekmece plant. After working as Büyükçekmece Production Manager and Büyükçekmece Plant Assistant Manager, he was appointed Plant Manager at the Company's Ladik plant on September 15, 2009, and then at the Çanakkale plant on June 15, 2012. He was brought to the position of Assistant General Manager for Operations as of July 1, 2014.

[Steffen Schebesta / Assistant General Manager - Finance - Appointed on 16.01.2017.](#)

Born in Germany in 1979, Steffen Schebesta graduated from Florida University Department of Business Administration in 2004, and received his master's degree on International Business Administration from the same university in 2005. Steffen Schebesta received his Chief Financial Analyst (CFA) Certificate in 2011. He joined HeidelbergCement in 2006 as Financial & Competition Analyst, and then acted as Investor Relations Manager from 2010 to 2014 and finally as Investor Relations Senior Manager since 2014. During this process, the significantly strengthened the relations with main investors and analysts.

[Dr. Carsten SAUERLAND / Assistant General Manager - Finance - Resigned on 16.01.2017.](#)

Dr. Carsten Sauerland was born on October 13, 1978. He received his bachelor's degrees in Business Administration at universities in Mannheim, Germany and Barcelona, Spain. He completed his doctorate in 2007. He began his professional career as a consultant at an international tax consultancy company in Frankfurt. He joined HeidelbergCement in 2010 as the Assistant CFO of the group. He resigned on 16.01.2017.

Ö) Changes in the executive team, and names, last names and professional experience of the officers currently serving (continued)

[Ziya Gökmen Togay / Assistant General Manager \(Ready-Mixed Concrete and Aggregate\)](#)

Since 1997, Ziya Gökmen Togay has been serving to our company as Ready-Mixed Concrete Customer Representative - Menemen, Regional Ready-Mixed Concrete Plant Supervisor / Sales - Edremit, Ready-Mixed Concrete Plant Supervisor / Sales - Güzelbahçe, Ready-Mixed Concrete Plant Supervisor - Bornova, Ready-Mixed Concrete Regional Officer - Bursa Region, Ready-Mixed Concrete Regional Manager - West 2, Ready-Mixed Concrete Regional Manager - West 1, and Ready-Mixed Concrete Regional Manager - Northern Marmara. Applicable since 01.03.2017, Togay has been appointed as a deputy to Assistant General Manager (Ready-Mixed Concrete and Aggregate) in addition to his current position, and he has been appointed personally on 09.06.2017.

[Musa KEŞAPLI / Assistant General Manager \(Ready-Mixed Concrete and Aggregate\) - Resigned on 16.02.2017](#)

Musa Keşaplı was born in Ünye in 1971. He received his bachelor's degree in Mechanical Engineering from the Karadeniz Technical University in 1992. Since 1993, Keşaplı has worked as Facility Manager at Samsun Makine Sanayi, Facility Manager at Demirören LPG Group, and Regional Manager in Yibitaş Lafarge Hazır Beton A.Ş., respectively. Keşaplı worked as Ready-Mixed Concrete Regional Manager, Black Sea and Cement Regional Sales Manager, and Northern Marmara Regional Manager, respectively, in our company since 2007. He resigned on 16.02.2017.

[Serkan YORULMAZLAR / Assistant General Manager \(Human Resources\) - Resigned on 06.02.2018](#)

Born in İstanbul in 1975, Serkan Yorulmazlar graduated from Boğaziçi University Business Administration Department in 1988. He worked as Senior Auditor at PricewaterhouseCoopers from 1998 to 2000, Human Resources Specialist at Akçansa Çimento San. ve Tic. A.Ş. from 2001 to 2006, Remuneration and Benefits Manager at Cadbury Schweppes Kent (Kocaeli) from 2006 to 2007, Employee Relations and Quality Manager from 2007 to 2010 and Human Resources Manager from 2010 to -2011 at Coca-Cola İçecek, Employee Relations and Administrative Affairs Managers at Ergo Sigorta in 2011, and Human Resources Manager - Salary Management and Labor Relations at Akçansa since February 2012. He resigned on 06.02.2018.

[Ozan ERİNÇKAN / Assistant General Manager \(Procurement and Logistics\)](#)

Ozan Erinçkan received his bachelor's degree in Electrical and Electronics Engineering from the Bilkent University, and in 2005 received his master's degree in Business Administration from the same university. Since 2002, he has worked as an R&D engineer at the Georgia Centers for Advanced Telecommunication Technology, as a Research Assistant at the Bilkent University, and as a Strategy and Business Development Specialist, Corporate Strategy and Planning Specialist, Corporate Business Development Specialist, and Corporate Business Development Manager, respectively, at Sabancı Holding A.Ş. Since July 7, 2011, he has served at Akçansa as AFR & Business Development Manager, as well as Energy, Fuel Procurement and Business Development Manager, respectively.

Sezgin SEZER / Assistant General Manager (Cement Sales and Marketing) - Appointed on 17.04.2017

Born in 1969, Sezgin Sezer has graduated from the Istanbul University Department of Economics. Since 1986, Sezgin Sezer served as Cement Sales Supervisor - Büyükçekmece, Ready-Mixed Concrete Regional Manager - Asia, Ready-Mixed Concrete Regional Manager - Trakya, Ready-Mixed Concrete Regional Manager - Aegean, Ready-Mixed Concrete Regional Manager - Eastern Marmara, Cement Sales Northern Region Manager and Karçimsa Company Manager in Akçansa. He was appointed on 17.04.2017.

Önder KIRCA / Assistant General Manager (Cement Sales and Marketing) - Resigned on 14.04.2017

Born in Erzurum in 1975, Dr. Önder Kırca graduated from Middle East Technical University Civil Engineering Department in 1998, and received his master's degree and PhD from the same university. He worked as a Research Fellow in Civil Engineering / Construction Materials Department of the Middle East Technical University from 1998 to 2000. He acted as R&D Supervisor, Marketing Manager, Regional Sales Director and finally Assistant General Manager for Ready-Mixed Concrete in Çimsa, which he joined in 2000 as R&D Engineer. He resigned on 14.04.2017.

Cumhur ŞAHİN / Plant Manager - Büyükçekmece - (Resigned on 30.01.2018)

Born in 1967 in Malatya, Cumhur Şahin received his bachelor's degree in chemical engineering from Ege University. Throughout his career that started in 1993, he has worked as a Shift Engineer, Cement Production Supervisor, Quality Control and Lab Supervisor, Clinker Production Manager, Production Manager (Set Çimento Thrace & Ankara), Operational Director, Production Manager, Plant Manager (Traçım Kırklareli) and Strategy and Planning Manager at Batisöke Çimento, Nuh Çimento, Italcementi Group - Set Çimento and Traçım Çimento.

He was appointed as the Çanakkale Plant Manager as of 05.10.2015. He was appointed as the Plant Manager of Büyükçekmece Plant as of 02.10.2017, and he resigned on 30.01.2018.

Hüseyin AKBULUT / Plant Manager - Büyükçekmece Plant / (Appointed on 01.02.2018)

Born in 1971, Hüseyin Akbulut graduated from Cumhuriyet University Mechanical Engineering Department. During his professional career he started in 1993, he served as Construction Site Manager in Emka Ebasan, Construction Site and Project Manager in Çimtek A.Ş., Machine Maintenance Supervisor, Machine Maintenance and Investment Manager, Production Manager, Plant Manager and Vicat Turkey Technical Director respectively in Baştaş & Konya Çimento. He was appointed as the Plant Manager of Büyükçekmece Plant as of 01.02.2018.

Mehmet Edip ALPAN / Plant Manager - Büyükçekmece / Resigned on 22.08.2017

Born in 1972 in Aydın, Mehmet Edip Alpan received his bachelor's degree in electrical engineering from İstanbul Technical University in 1994. Since 2012, he has served as our Company's Energy Generation and Electricity Maintenance Manager and Cement Production Manager at the Çanakkale Plant. He resigned on 22.08.2017.

Cevat KATAR / Fabrika Müdürü-Çanakkale

Born in 1970 in Erzurum, Cevat Katar received his bachelor's degree in chemical engineering from Atatürk University in 1992. Since December 1, 2006, he served as Quality Control Manager at the Ladik Plant, Production Manager at the Ladik Plant, and Clinker Production Manager at the Çanakkale Plant, respectively. He was appointed as Ladik Plant Manager as of July 1, 2014. He was appointed as the Plant Manager of Çanakkale Plant as of 02.10.2017.

Ömer Sinan GENÇ / Plant Manager - Ladik Plant

Born in 1980 in Samsun, Ömer Sinan Genç graduated from Ege University Department of Chemical Engineering in 2002. Since 2007, he served as Production Engineer in Ladik Plant, Semi-Finished Good Supervisor in Büyükçekmece Plant and Production Manager in Büyükçekmece Plant in our company. He was appointed as the Plant Manager of Ladik Plant as of 02.10.2017.

Dr. Barış ERGEN / Internal Audit Manager

Born in 1977, Barış Ergen received his bachelor's degree in business administration from Marmara University in 2002. He received his master's degree in accounting and auditing from Istanbul Commerce University in 2005 and PhD in accounting and finance from Marmara University in 2012. Having joined Akçansa as an accounting specialist on January 22, 2007, he then served as Accounting Supervisor and Accounting Executive. He was appointed as the Internal Audit Manager on May 23, 2013.

P) Personnel and labor movement, collective labor agreement practices, and rights and benefits provided to the personnel and workers

As of December 31, 2017, the consolidated number of personnel (at Akçansa and Karçimsa) stands at 1,101.

- Validity of 2-year collective labor agreement, which was covering the period of 01.01.2016 to 31.12.2017, has ended on December 31, 2017, and the collective labor agreement negotiations for the new term covering 01.01.2018 to 31.12.2019 between Cement Industry Employers' Association (ÇEİS) and Çimse-İş Labor Union have resulted positively.

- The negotiations for the new term collective bargaining agreement that will be concluded by and between ÇEİS (Cement Industry Employers' Association) to which we belong and T. Çimse-İş Labor Union that began on December 11, 2017 resulted in the agreement of the parties and were consummated on January 31, 2018 for 2 years.

The outcomes of the agreement are summarized below;

- For being valid between 01.01.2018 and 31.12.2019;
- For the 1st year of the agreement, an increase of 13,80%, valid through 01.01.2018, has been applied to the naked hourly wages applicable on 31.12.2017 of the workers, who are working for the company on 01.01.2018 and whose labor agreement is valid on the date the collective bargaining agreement is signed.
- For the 2nd year of the agreement, an increase in the rate of CPI of the previous year will be applied to the naked hourly wages applicable on 31.12.2018 of the workers, who are working for the company on 01.01.2019 and whose labor agreement continues.
- In addition to this, "As a social benefit, 350,00 TL for the first year and 400,00 TL for the second year will be paid to the workers on a monthly basis."

Pursuant to the collective agreement, seniority bonuses are being paid in the months coinciding with the completion of each employee's five-year seniority term.

R) Information regarding the donations made in the year

During the 12-month period in 2017, the company made donations to educational institutions in particular, as well as to public institutions and organizations in the consolidated amount of 10.464.532,65 TL.

S) Subsidiaries, affiliates and long term securities of the company

Company	Location of operations	Shareholding Structure	Share Rate (%)
Karçimsa San. ve Tic. A.Ş.	Turkey	Subsidiary	50,99
Çimsa Çimento San. ve Tic. A.Ş.	Turkey	Affiliate	8,98
Altaş Ambarlı Liman Tes. A.Ş.	Turkey	Affiliate	14,00
Eterpark End. Ürl. İml. Tic. İth. İhr. ve Pazl. A.Ş.	Turkey	Affiliate	8,73
Liman İşletmeleri ve Nakliyecilik San. ve Tic. A.Ş.	Turkey	Affiliate	15,00
Arpaş Ambarlı Römorkaj ve Pilotaj Tic. A.Ş.	Turkey	Affiliate	16,00

Ş) Information regarding company acquisition of its own shares

During the period of January 1, 2017 - December 31, 2017, the company did not acquire its own shares.

T) About the Affiliated Company Report issued under Article 199 of the Turkish Commercial Law

Conclusion Part of the Affiliated Company Report;

Pursuant to Article 199 of the Turkish Commercial Law No. 6102 dated July 1, 2012, conditions of widespread and regular product buying and selling transactions, which Akçansa goes into with Hacı Ömer Sabancı Holding A.Ş., HeidelbergCement AG, subsidiaries and the related organizations, have explained in relation to the market conditions by providing information on the methods and justification for the price determination. Concluded transactions are in compliance with precedents according to the stipulations regarding controlling companies in the related articles of the TCL No. 6102, and no losses have been incurred by joining the group companies. Akçansa Board of Directors' report dated January 29, 2018 report shows that in all of the transactions that Akçansa performed in 2017 with its controlling shareholders and their subsidiaries, it has completed all required legal transactions and has taken the necessary measures within the scope of the responsibilities put on the Board of Directors as per Article 199 of the TCL No. 6102.

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi and Its Subsidiary

Consolidated financial statements as of December 31,
2017 and independent auditors' report

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi

Table of contents

88	Independent auditors' report
92	Consolidated statement of financial position
95	Consolidated income statement
96	Consolidated statement of other comprehensive income
97	Consolidated statement of changes in equity
98	Consolidated statement of cash flows
100	Notes to the consolidated financial statements

Independent Auditor’s Report

To the Shareholders of Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi and its subsidiaries (hereafter together referred to as “Company”), which comprise the consolidated statement of financial position as at December 31, 2017, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Accounting Standards (TAS).

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under

those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

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

Key audit matter

Goodwill Impairment test

As at December 31, 2017, the Company reported TL 129.457.887 in goodwill as a result of previous acquisitions. In accordance with TFRS, the company performs an impairment test per cash generating unit to assess whether the goodwill might be impaired. The assumptions, sensitivities and results of the tests performed are disclosed in note 12 of the financial statements. These tests are a key audit matter due to the complexity, the required estimates of management and the dependency on future market circumstances.

How our audit addressed the key audit matter

We involved our valuation specialists in our audit to support our assessment of the assumptions and methods that were used by the Company in testing the discount rates per cash generating unit and assessing the model that calculates future cash flows. Furthermore, we tested expected growth rates and the related expected future cash flows. We assessed whether these future cash flows, amongst others, were based on the strategic plan as prepared by the management. We also inquired the appropriateness of the disclosures in the financial statements of the assumptions and the sensitivity and, inquired these information in relation to the importance according to the users of the financial statements.

Trade receivables

Trade receivable balances were significant to the Company as they represent 25% of the consolidated balance sheet. The collectability of trade receivables is a key element of the Company’s working capital management, which is managed on an ongoing basis by local management. The management supports subsidiaries in setting credit limits for customers and approve such limits above certain thresholds where applicable. Given the nature of the businesses and requirements of both suppliers and customers, various shipping terms are in place which impact the timing of revenue recognition. Given the magnitude and judgment involved in the timing of revenue recognition and the collectability assessment of trade receivables, existence and collectability of trade receivables and revenue recognition was a key audit matter.

We performed audit procedures on existence of trade receivables, which include but are not limited to control testing on sales transactions and tracing back to shipping documents, sending trade receivable confirmations and subsequent receipt testing of bank payments. Assessing the valuation of trade receivables requires judgment and we have performed to inquiry the assumptions used to calculate the trade receivables impairment amount, notably through detailed analyses of aging of receivables, inquire of the risks of the lawsuits related to trade receivables, assessment of significant individual overdue trade receivables and assessing specific local risks, combined with comparing the legal documentation, where applicable.

We have tested management’s timing of revenue and inventory recognition based on the shipping terms agreed with customers and suppliers. We reviewed shipping terms at all components in our audit scope.

Also, we have tested management’s cut-off testing procedures and have independently selected samples to test cut-off of revenue and purchase transactions through verification of shipping documents and invoices. The details of the trade receivables are disclosed in note 5 of the financial statements.

Key Audit Matter

Provision for employee termination benefits

As of December 31, 2017 the Company reported an accrual for the employment termination benefits of 40.548.225 TL. The Company uses several assumptions in order to calculate to the provision for employee termination benefits such as, discount rate, inflation rate, growth in real salary, turnover rate and hired an actuary company to calculate the provision for employee termination benefits in accordance with TAS 19.

How the key audit matter is addressed during the audit

As part of our audit we have assessed and challenged the Management's actuarial assumptions, such as discount rates, expected inflation rates, and future salary increases as well as we have tested personnel lists which is used in calculation. Based on our procedures performed, we consider the Management's and actuarial firm's key assumptions to be within a reasonable range. We also assessed the adequacy of the company's disclosure in accordance with TAS. The details of retirement benefit provisions are disclosed in Note 14 of the financial statements.

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high

level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on February 20, 2018.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 - December 31, 2017 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary

explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Ferzan Ülgen.

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

Ferzan Ülgen, SMMM
Partner



20 February 2018
İstanbul, Türkiye

Consolidated statement of financial position as of December 31, 2017

(Currency - Turkish Lira (TL))

Assets	Notes	Current period (Audited)	Prior period (Audited)
		December 31, 2017	December 31, 2016
Current assets			
Cash and cash equivalents	4	52.746.580	23.394.673
Trade receivables	7	470.008.393	416.772.799
- Due from related parties	26,7	16.255.947	30.535.652
- Other trade receivables	7	453.752.446	386.237.147
Other receivables	8	28.067.951	34.375.714
- Other receivables from related parties	26,8	98.902	223.176
- Other receivables from third parties	8	27.969.049	34.152.538
Inventories	9	150.954.315	159.762.070
Prepaid expenses	16	11.213.221	9.871.662
Other current assets		-	99.553
Total current assets		712.990.460	644.276.471
Non-current assets			
Financial investments	5	193.205.274	218.922.061
Other receivables	8	2.464.863	1.639.051
- Other receivables from third parties	8	2.464.863	1.639.051
Property, plant and equipment	10	830.479.327	800.140.028
Intangible assets	11,12	172.499.873	170.150.295
- Goodwill	12	130.080.869	129.457.887
- Other intangible assets	11	42.419.004	40.692.408
Prepaid expenses	16	3.566.234	7.056.548
Deferred tax assets	24	989.811	1.008.726
Total non-current assets		1.203.205.382	1.198.916.709
Total assets		1.916.195.842	1.843.193.180

Consolidated statement of financial position as of December 31, 2017

(Currency - Turkish Lira (TL))

Liabilities	Notes	Current period (Audited)	Prior period (Audited)
		December 31, 2017	December 31, 2016
Current liabilities			
Financial liabilities	6, 26	385.419.133	96.895.623
Short term portion of long term financial liabilities	6, 26	-	111.621.900
Trade payables	7	287.484.493	276.399.902
- Due to related parties	26, 7	28.543.206	31.917.674
- Other trade payables	7	258.941.287	244.482.228
Employee benefit obligations	8, 26	8.025.826	8.093.716
Other payables	8	12.988.540	10.940.729
- Other payables to third parties	8	12.988.540	10.940.729
Deferred income	8	3.487.917	4.776.908
Income tax payable	24	8.813.502	10.645.831
Short-term provisions	13	8.841.080	8.781.871
- Provisions for short-term employee benefits	13	6.035.262	6.693.358
- Other short-term provisions	13	2.805.818	2.088.513
Total current liabilities		715.060.491	528.156.480
Non-current liabilities			
Long-term provisions	13, 15	44.834.267	39.729.160
- Provisions for long-term employee benefits	15	40.548.225	36.000.840
- Other long term provisions	13	4.286.042	3.728.320
Deferred tax liability	24	47.328.044	47.853.525
Total non-current liabilities		92.162.311	87.582.685
Total liabilities		807.222.802	615.739.165

Consolidated statement of financial position as of December 31, 2017

(Currency - Turkish Lira (TL))

Liabilities	Notes	Current period (Audited)	Prior period (Audited)
		December 31, 2017	December 31, 2016
Equity			
Equity attributable to parent		1.096.940.747	1.214.987.107
Paid-in share capital	17	191.447.068	191.447.068
Inflation adjustments to paid in capital		233.177.582	233.177.582
Other comprehensive income or expenses not to be reclassified to profit or loss in subsequent periods		(15.953.261)	(10.827.947)
- Actuarial gain/loss		(15.953.261)	(10.827.947)
-Defined benefit plans re-measurement gain/loss		(15.953.261)	(10.827.947)
Other comprehensive income or expenses to be reclassified to profit or loss in subsequent periods		145.258.336	169.689.284
-Re-measurement/Reclassing of financial assets available-for-sale gain/loss		145.258.336	169.689.284
-Revaluation reserves		145.258.336	169.689.284
Restricted reserves allocated from profits		222.598.194	173.337.191
Retained earnings		171.719.153	171.809.916
Net income for the year		148.693.675	286.354.013
Non-controlling interest		12.032.293	12.466.908
Total equity		1.108.973.040	1.227.454.015
Total liabilities and equity		1.916.195.842	1.843.193.180

Consolidated statement of other comprehensive income for**the year ended December 31, 2017** (Currency - Turkish Lira (TL))

		Current period (Audited)	Prior period (Audited)
	Notes	January 1 – December 31, 2017	January 1 – December 31, 2016
Revenue	18	1.519.000.715	1.461.055.290
Cost of sales (-)	18	(1.213.196.413)	(1.047.113.286)
Gross profit from business activities		305.804.302	413.942.004
Gross profit		305.804.302	413.942.004
General and administrative expense (-)	19,20	(60.712.698)	(62.683.802)
Selling, marketing and distribution expense (-)	19,20	(19.596.434)	(18.484.922)
Other operating income	21	13.589.096	16.485.723
Other operating expense (-)	21	(23.879.918)	(24.385.677)
Operating profit		215.204.348	324.873.326
Income from investment activities, net	22	26.060.701	50.714.546
Operating profit before financial expenses		241.265.049	375.587.872
Financial income	23	15.851.628	16.278.785
Financial expense (-)	23	(77.405.296)	(43.339.681)
Net income before taxes from continuing operations		179.711.381	348.526.976
Tax income/expense for continuing operations		(30.897.779)	(61.547.915)
- Tax expense for the period	24	(28.837.177)	(59.554.328)
- Deferred tax expense	24	(2.060.602)	(1.993.587)
Continuing operations net profit/loss		148.813.602	286.979.061
Net profit		148.813.602	286.979.061
Attributable to			
Non-controlling interest		119.927	625.048
Equity holders of the parent		148.693.675	286.354.013
Earnings per share (Kr)	25	0,777	1,496
Earnings per share from continuing operations (Kr)	25	0,777	1,496
Weighted average number of shares		19.144.706.825	19.144.706.825

Consolidated statement of other comprehensive income for the year ended December 31, 2017 (Currency - Turkish Lira (TL))

	Notes	Current period (Audited) January 1 – December 31, 2017	Prior period (Audited) January 1 - December 31, 2016
Net profit		148.813.602	286.979.061
Other comprehensive income / (expense):			
Items not to be reclassified to profit or loss in subsequent periods (non-reclassified)			
- Actuarial gain / (loss) arising from defined benefit plans		(6.406.643)	(8.387.751)
Tax regarding other comprehensive income that will not be reclassified to profit or loss			
- Deferred tax income	24	1.281.329	1.677.550
Items to be reclassified to profit or loss in subsequent periods (classified)			
- Change in revaluation reserve of financial assets		(25.716.787)	6.065.279
Tax regarding other comprehensive income that will be reclassified to profit or loss			
- Deferred tax income /(expense)	24	1.285.839	(303.264)
Other comprehensive income/(loss)(after tax)		(29.556.262)	(948.186)
Total comprehensive income		119.257.340	286.030.875
Distribution of total comprehensive income:			
Non-controlling Interest		119.927	625.048
Equity holders of the parent		119.137.413	285.405.827

Consolidated statement of changes in equity as of December 31, 2017 (Currency - Turkish Lira (TL))

	Non-reclassified		Reclassified		Accumulated profits			Parent company's		Non-controlling interest		Total shareholders'	
	Paid-in share	Inflation adjustment to paid-in	share capital	share capital	Revaluation reserve	Restricted reserves	Retained earnings	Net profit for the period	equity	equity	(Note 27)	equity	equity
Balance at January 1, 2016	191.447.068	233.177.582	233.177.582	(4.117.746)	-	148.183.077	173.435.887	281.120.173	285.405.827	625.048	13.429.123	286.030.875	-
Transfers	-	-	-	(6.710.201)	5.762.015	25.154.114	255.966.059	(281.120.173)	286.354.013	625.048	-	286.979.061	-
Total comprehensive income / (loss)	-	-	-	-	-	-	-	286.354.013	286.354.013	625.048	-	286.979.061	-
Current period profit	-	-	-	-	-	-	-	286.354.013	286.354.013	625.048	-	286.979.061	-
Other comprehensive income / (loss)	-	-	-	(6.710.201)	5.762.015	-	(257.592.030)	-	(948.186)	-	(1.587.263)	(948.186)	-
Dividends paid (Note 25)	-	-	-	-	-	-	(257.592.030)	-	(257.592.030)	-	-	(259.179.293)	-
Balance at December 31, 2016	191.447.068	233.177.582	233.177.582	(10.827.947)	169.689.284	173.337.191	171.809.916	286.354.013	1.214.987.107	12.466.908	12.466.908	1.227.454.015	-
Balance at January 1, 2017	191.447.068	233.177.582	233.177.582	(10.827.947)	169.689.284	173.337.191	171.809.916	286.354.013	1.214.987.107	12.466.908	12.466.908	1.227.454.015	-
Transfers	-	-	-	(5.125.314)	(24.430.948)	49.261.003	237.093.010	(286.354.013)	119.137.413	119.927	-	119.257.340	-
Total other comprehensive income / (loss)	-	-	-	-	-	-	-	148.693.675	148.693.675	119.927	-	148.813.602	-
Current period profit	-	-	-	-	-	-	-	148.693.675	148.693.675	119.927	-	148.813.602	-
Other comprehensive income / (loss)	-	-	-	(5.125.314)	(24.430.948)	-	-	-	(29.556.262)	-	-	(29.556.262)	-
Dividends paid (Note 25)	-	-	-	-	-	-	(237.183.773)	-	(237.183.773)	(554.542)	-	(237.738.315)	-
Balance at December 31, 2017	191.447.068	233.177.582	233.177.582	(15.953.261)	145.258.336	222.598.194	171.719.153	148.693.675	1.096.940.747	12.032.293	12.032.293	1.108.973.040	-

Consolidated statement of cash flows for the year ended December 31, 2017
(Currency - Turkish Lira (TL))

		Current period	Prior period
		(Audited)	(Audited)
	Notes	1 January- December 31, 2017	1 January- December 31, 2016
Cash flows from operating activities		239.254.848	301.810.155
Profit for the period		179.711.381	348.526.976
Profit before tax and non-controlling interest		179.711.381	348.526.976
Reconciliation between net profit before taxation and non-controlling interest and cash generated from operating activities:		127.563.699	70.199.214
Depreciation and amortization	10, 11, 20	82.959.631	75.144.675
Adjustments related to impairments		3.117.996	3.728.901
Provision for doubtful receivables	7	1.500.477	1.939.456
Provision for inventory valuation	9	1.617.519	1.789.445
Adjustments related to provisions		8.033.910	11.374.078
Provision for employee termination benefits	13,15	6.900.723	10.452.277
Recultivation provision, net	13	964.708	795.896
Change in provision for litigations	13	168.479	125.905
Adjustments related to interest income and expenses		59.512.863	30.666.106
Interest income	23	(2.779.734)	(1.832.147)
Interest expense	15,23	62.292.597	32.498.253
Loss /(gain) on sale of property, plant and equipment and intangibles	22	(3.189.718)	(1.443.483)
Corrections related to losses (gains) arising from the disposal of associates, business		-	(26.200.403)
Corrections related to cash flow arising from investements or financial activities	22	(22.870.983)	(23.070.660)
Net changes in operating assets and liabilities		(28.270.206)	(43.499.626)
Trade receivables		(55.321.030)	(20.559.186)
Other receivables		5.481.951	(5.196.249)
Inventories		7.190.236	(26.347.460)
Prepaid expenses		2.148.755	(2.440.091)
Trade payables		11.084.390	(5.315.619)
Employee benefit obligations		(67.890)	2.950.600
Other payables		2.047.811	1.101.037
Deferred revenue		(1.288.991)	438.189
Other adjustments related to increase (decrease) in operating capital		454.362	1.237.915
Other current assets		454.362	1.237.915

Consolidated statement of cash flows for the year ended December 31, 2017
(Currency - Turkish Lira (TL))

		Current period	Prior period
		(Audited)	(Audited)
	Notes	1 January- December 31, 2017	1 January- December 31, 2016
Cash flows from operating activities		279.004.874	375.226.564
Employee termination benefits paid	13, 15	(9.418.077)	(9.836.616)
Payments for other provisions		(247.403)	(1.471.484)
Taxes paid		(30.669.506)	(62.893.451)
Other cash inflows (outflows)	7	584.960	785.142
Cash flows from investing activities		(89.587.807)	(104.818.798)
Sale of tangible assets		5.271.774	3.914.347
Purchase of tangible assets	10	(116.671.242)	(132.004.208)
Dividends received	22	22.870.983	23.070.660
Other cash inflows/outflows	10	(1.059.322)	-
Cash outflows made for acquisition of shares or debt instruments of other entities or funds		-	200.403
Cash flows from financing activities		(120.315.134)	(195.451.208)
Proceeds from short-term borrowings		1.032.936.266	296.502.934
Repayment of borrowings		(865.258.680)	(201.215.834)
Dividend paid		(237.738.315)	(259.179.293)
Interest paid		(52.679.330)	(32.053.695)
Interest received		2.424.925	494.680
Net increase (decrease) in cash and cash equivalents before the effect of foreign currency translation differences		29.351.907	1.540.149
Net increase in cash and cash equivalents		29.351.907	1.540.149
Cash and cash equivalents at the beginning of the year	4	23.394.673	21.854.524
Cash and cash equivalents at the end of the period	4	52.746.580	23.394.673

Notes to the consolidated financial statements as of December 31, 2017

(Currency - Turkish Lira (TL) unless otherwise indicated)

1. Corporate information

General

Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi (Akçansa) was formed on September 30, 1996 through the merger of Akçimento Ticaret Anonim Şirketi (Akçimento) which was established in 1967, with Çanakkale Çimento Sanayi Anonim Şirketi (Çanakkale) which was established in 1974. At January 12, 1996, Mortelmaattschappij Eindhoven B.V. (Mortel), which is a wholly owned subsidiary of Cimenteries CBR S.A. (CBR), acquired 97,7% of Çanakkale. Subsequently on July 24, 1996, the CBR group exchanged its shares in Çanakkale for 30% of the shares of Akçimento which was mainly owned by Hacı Ömer Sabancı Holding Anonim Şirketi and its affiliates.

Effective from October 1, 1996, Akçimento ceased its existence and merged with Çanakkale. The name of Çanakkale was changed as Akçansa Çimento Sanayi ve Ticaret Anonim Şirketi. Akçansa shares have been traded on the Borsa İstanbul A.Ş. (formerly İstanbul Stock Exchange) since 1986. On November 27, 2006, 39,72% shares of Akçansa Çimento Sanayi ve Ticaret A.Ş. owned by CBR International Holdings B.V. which is 100% owned subsidiary of Heidelberg Cement A.G. has been transferred to Heidelberg Cement Mediterranean Basin Holdings S.L. which is also 100% owned subsidiary of Heidelberg Cement A.G. On March 1, 2017, 39,72% shares of Akçansa Çimento Sanayi ve Ticaret A.Ş. owned by Heidelberg Cement Mediterranean Basin Holdings S.L has been transferred Heidelberg Cement A.G. .

The address of the headquarter and registered office is Kısıklı Caddesi, No: 38, Altunizade, Üsküdar, İstanbul.

The consolidated financial statements are authorized for issue by the management on February 20, 2018. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after the issue. The major shareholders of the Company are Hacı Ömer Sabancı Holding AŞ and Heidelberg Cement Mediterranean Basin Holdings S.L., as disclosed further in Note 17.

For the purpose of the consolidated financial statements, Akçansa and Karçimsa Çimento Sanayi ve Ticaret A.Ş. (Karçimsa – 50,99% owned subsidiary of Akçansa) - together are referred to as "Akçansa and its subsidiary" or "the Company". As of December 31, 2017 and December 31, 2016, the number of personnel (all employed in Turkey) is 1.101 and 1.184, respectively.

Nature of activities

The Company is primarily engaged in manufacturing of cement, clinker, ready mixed concrete and aggregate.

2. Basis of preparation of financial statements

2.1 Basis of preparation

The Company and its Turkish subsidiary Karçimsa maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and tax legislation.

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)

The accompanying consolidated financial statements have been prepared in accordance with the Turkish Accounting Standards ("TAS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") in compliance with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" (the Communiqué) announced by the Capital Markets Board ("CMB") on 13 June 2013 which is published on Official Gazette numbered 28676. TAS consists of the Turkish Accounting Standards, Turkish Financial Reporting Standards and related supplements and interpretations.

The company and their local joint venture Karçimsa maintains its books of accounts and prepares its statutory financial statements in accordance with accounting principles set out in the Turkish Commercial Code ("TCC") and tax legislation.

The accompanying Consolidated Financial Statements are prepared in accordance with the Capital Market Boards's Communiqué on Principles of Financial Reporting in Capital Markets" ("CMB") that is declared on the Official Gazzette dated 13 June 2013 and numbered 28676 and prepared based on Turkey Accounting Standards (TAS) that is declared by Accounting and Auditing Standards Board ("POA"). It involves Turkey Accounting Standards, Financial Reporting Standards and related attachments and comments regarding these.

The consolidated financial statements are based on the statutory records with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Turkish Financial Reporting Standards as adopted by POA. These adjustments and reclassifications mainly consist of the effect of deferred tax calculation, retirement pay liability, prorate depreciation of property and equipment with useful life assessed by the management, accounting for provisions, the fair value accounting of financial assets available for sale and discounting of trade receivables and payables.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and available for sale financial assets. Historical cost is generally based on the fair value of the consideration given in exchange for assets

Functional and presentation currency

Functional and presentation currency of the Company is Turkish Lira (TL).

Based on the decision of CMB dated March 17, 2005 and numbered 11/367, since the objective conditions for the restatement in hyperinflationary economies was no longer available at that time, Turkey came off hyperinflationary status and the financial statements were only restated until December 31, 2004 in accordance with TAS 29 ("Financial Reporting in Hyperinflationary Economies"). Therefore, non-monetary assets and liabilities and components of shareholders' equity including share capital reported in the balance sheet as of December 31, 2017 and December 31, 2016 are derived by indexing the additions occurred until December 31, 2004 to December 31, 2004 and carrying the additions after this date with their nominal amounts.

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)

2.2. New and revised Turkish financial reporting standards

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2017 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2017. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

i) New standards, amendments and interpretations effective from January 1 2017

The new standards, interpretations and amendments published at the date of approval of the financial statements at the Consolidated but not yet effective for the current reporting period and not early adopted by the Company are as follows. The Company will make necessary changes in the Consolidated Financial Statements and footnotes after the new standards and interpretations have entered into force, unless otherwise stated.

IAS 7 Cash Flow Tables (Amendments)

In January 2016, the IASB issued amendments to IAS 7 Cash Flow Tables. The amendments are intended to clarify IAS 7 to improve the information provided to the users of the financial statements about the company's financing activities. Improvements in footnote disclosures require companies to provide information about changes in their financial liabilities. The amendments will apply to annual periods beginning on or after January 1 2017. Early application is allowed. For the first-time implementation of these amendments, the Company does not need to provide comparative information on prior periods. The financial status of the Company and its impact on its performance are assessed.

IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)

In December 2017, POA released its amendments to TAS 12 Income Taxes Standard. The amendments clarify the deferred tax accounting for borrowing instruments measured at fair value. Changes; on the recognition of deferred tax assets for unrealized losses aims to eliminate existing differences in practice. The amendments will be applied retrospectively for annual periods beginning on or after January 1 2017. Early application is allowed. However, the period in which the changes are applied for the first time, the effect on opening equity of first period presented comparatively may be recognized in opening past years profits / losses (or in another equity item if appropriate) without any seperation between the opening profit / loss and other equity items.

IFRS Annual Improvements - Period of 2014-2016

The IASB has issued Annual Improvements for the period 2014-2016 of IFRS Standards, amending the following standards:

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)

2.2. New and revised Turkish financial reporting standards (continued)

- IFRS 1, "First-time Application of International Financial Reporting Standards": This amendment removes certain IFRS 7 disclosures, IAS 19 transitional provisions and IFRS 10 Investment Business short-term exceptions. The amendment will apply to annual periods beginning on or after January 1 2018.

- IFRS 12 "Explanations on Shares in Other Businesses": This amendment clarifies that it is not necessary to declare the summary of financial information for its shares in subsidiaries, associates or joint ventures classified as held for sale that are included in the group of assests or exited for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The amendment will be applied for annual periods beginning on or after January 1 2017.

- "IAS 28 "Investments in Associates and Joint Ventures": This amendment clarifies that it is valid for each subsidiary or business partnership to recognize in the first time, if the investment in the subsidiary or business partnership is held indirectly through a venture capital enterprise or similar enterprises or directly in the hands of such enterprises, enterprise can choose to reflect this investment the fair value difference as a profit or loss, in accordance with IFRS 9 Financial Instruments.

- The new standards, interpretations and amendments that have been issued as of the date of approval of the financial statements at the Consolidated but not yet effective for the current reporting period and not early adopted by the Company are as follows. Unless otherwise stated, the Company will make the necessary adjustments in the Consolidated Financial Statements and footnotes after the new standards and interpretations have entered into force.

TFRS 15 - Revenue arising from contracts made with customers

POA issued TFRS 15 the Revenue Standard from Contracts Made with Customers in September 2016. This published standard also includes amendments to IASB in April 2016 to clarify IFRS 15 . The new five-phase model in the standard describes the requirements for revenue recognition and measurement. Standard establishes a model for accounting for and measuring the sale of certain non-financial assets (eg property, plant and equipment) that are not related to the ordinary activities of an entity to be applied revenue generated from contracts with customers. The application date of TFRS 15 is annual accounting periods beginning on or after January 1 2018. Early application is allowed. Two alternative applications for transition to TFRS 15 are presented; full retrospective application or modified retrospective application. If modified retroactive application is preferred, prior periods will not be restated but comparative quantitative information will be provided in the footnotes of the financial statements. It is not expected that this change will have a significant effect on the financial position and performance of the Company.

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)

2.2. New and revised Turkish financial reporting standards

TFRS 9 Financial Instruments - Classification and Explanation

In January 2017, the POA issued TFRS 9 Financial Instruments in its final form. TFRS 9 combines the three aspects of the financial instruments accounting project: classification and measurement, impairment and hedge accounting. TFRS 9 relies on a rational, single classification and measurement approach that reflects the business model and cash flow characteristics that are managed within financial assets. On top of this, a forward-looking 'expected credit loss' model, which will enable credit losses to be accounted for more timely with a single model that can be applied to all financial instruments subject to impairment accounting has been established. In addition, IFRS 9 requires that banks and other entities choose an option to measure their financial liabilities at fair value, in the form of the so- called "own credit risk" that results in the recording of income in the profit or loss table due to a decrease in the fair value of the financial liability, it deals with the issue. The standard also includes a hedging model developed to better correlate risk management economics with accounting practices. TFRS 9 is valid for annual periods beginning on or after January 1 2018 and early application of all requirements of the standard is permitted.

Alternatively, entities may prefer to apply early provisions only for the presentation of gains or losses of financial liabilities designated as "fair value change, profit or loss", without applying other standard requirements. The Company has carried out an impact assessment for TFRS 9. This assessment is based on existing information and may be subject to further analysis or changes resulting from additional supportable information. The intentional effects referring to three headings of TFRS 9 are explained below:

Classification and Measurement of Financial Assets:

The Company does not expect a significant impact on the statement of financial position (balance sheet) or equity in the light of the classification and measurement requirements of TFRS 9. Financial assets measured at fair value are expected to continue to be measured at fair value. Changes in the fair value of the shares of companies traded on the stock exchange that are currently accounted for as available- for-sale financial assets in the statement of other comprehensive income will continue to be recognized in the other comprehensive income table. It is not expected that this change will have a significant effect on the financial situation and performance of the Company. The Company assesses the effect of TFRS 9 on the shares of companies that are not traded in the stock exchange.

Loans and receivables are held to provide contract cash flows and lead to cash flows from principal and interest. The Company has analyzed the contingent cash flow characteristics of these financial instruments and decided that they should be presented at amortized cost in accordance with TFRS 9. Therefore, the classification of these financial instruments will not be relevant.

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)

2.2. New and revised Turkish financial reporting standards

Deprecation:

All borrowing instruments, impairment of loans and receivables of the group are recorded as expected 12-month loan losses or expected lifetime loan losses. The Group will apply the facilitated method and recognize the expected life-time losses on trade receivables. The Group does not expect any significant impairment for loans and trade receivables.

Hedge Accounting:

The Company has determined that transactions subject to hedge accounting that already meet the required criteria will be covered under hedge accounting under TFRS 9. TFRS 9 does not change the general principles of an entity's effective hedge accounting and presumes that the hedge accounting requirements of TFRS 9 will not have a material impact on the Company's financial statements.

ii) Yayınlanan ama yürürlüğe girmemiş ve erken uygulamaya konulmayan standartlar

IFRS 4 Insurance Contracts (Amendments)

In December 2017, POA released modifications to TFRS 4 'Insurance Contracts' standard. The amendment made in TFRS 4 presents two different approaches: 'Overlay approach' and 'deferral approach'. The amendments will be applied to annual periods beginning on or after January 1 2018. Early application is allowed. Such changes do not include to the Company and will not affect the Company's financial position or performance.

IFRS Comment 22 Foreign Currency Converted Transactions and Advance Fees

This interpretation clarifies the accounting for transactions involving advances received or made in foreign currencies.

This interpretation sets out the date on which the foreign currency is to be used in the first recognition of the related asset, expense or income and the transaction date and the date on which the entity first recognizes the non-monetary asset or non-monetary liability arising from the advance purchase or payment. There is no need for the entity to apply this Interpretation to income taxes, or to the insurance policies (including reinsurance policies) or reinsurance policies that they hold.

The interpretation will be applied for annual periods beginning on or after January 1 2018. Early application is allowed. The financial status of the Company and its impact on its performance are assessed.

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)
2.2. New and revised Turkish financial reporting standards

ii) Yayınlanan ama yürürlüğe girmemiş ve erken uygulamaya konulmayan standartlar (continued)

IFRS 2 Classification and Measurement of Share Based Payment Transactions (Amendments)

In June 2016, the IASB issued amendments to IFRS 2 Share-based Payments. The amendments are intended to clarify IFRS 2 on how certain share-based payment transactions should be accounted for. The amendments include the accounting for the following matters;

- a. the effects of the progress payment conditions on the measurement of cash-paid share-based payments,
- b. share based payment transactions with net offsets in respect of withholding tax liabilities,
- c. changes in the terms and conditions that convert the nature of the transaction from cash-settled share-based transactions to share-based transactions based on equity.

The amendments shall apply to annual periods beginning on or after January 1 2018. Early application is allowed. Such changes do not apply to the Company and will not affect the Company's financial position or performance.

TAS 28 Adjustments in "Investments in Associates and Joint Ventures"

In December 2017, POA published TAS 28 amendments of Standard on Investments in Associates and Joint Ventures. These amendments clarify for enterprises applying TFRS 9 Finance Instruments for long-term investments in associates or joint ventures that form part of the net investment in an associate or business partnership.

TFRS 9 Financial Instruments does not include investments in associates and joint ventures accounted for in accordance with IAS 28 Investments in Associates and Joint Ventures. With this change, the POA clarifies that TFRS 9 only excludes investments accounted for using the equity method. The entity will apply IFRS 9 to other investments in associates and joint ventures, including long-term investments that are not accounted for by equity method and constitute part of the net investment in associates and joint ventures related to equity.

The amendment will be effective for annual periods beginning on or after January 1 2019. Early application is allowed.

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)
2.2. New and revised Turkish financial reporting standards

ii) Yayınlanan ama yürürlüğe girmemiş ve erken uygulamaya konulmayan standartlar (continued)

IAS 40 Investment Property: Transfers of Investment Properties (Amendments)

In December 2017, the POA issued amendments to TAS 40 "Investment Property" standard. The amendments indicate that the change in purpose of use is in accordance with the definition of 'real estate for investment' or the existence of evidence of the end of the suitability and the change of purpose of use. The amendments shall apply to annual periods beginning on or after January 1 2018. Early application is allowed. Such changes do not apply to the Company and will not affect the Company's financial position or performance.

TFRS 10 and TAS 28: Sales or Contributions of Investor Entities to Associates or Joint Ventures – Amendments

The IASB has deferred the effective date of the amendments made in TFRS 10 and TAS 28 in December 2015 for an indefinite period of time to be amended in accordance with the ongoing research project outputs on the equity method. However, it still permits early application.

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)
2.2. New and revised Turkish financial reporting standards

iii) New and amended standards and interpretations issued by the International Accounting Standards Board (IASB) but not published by the POA

The new standards, interpretations and amendments to existing IFRS standards listed below have been published by the IASB, but have not yet entered into force for the current reporting period. However, these new standards, interpretations and amendments have not yet been adapted to the TFRS by the POA and therefore do not form part of TFRS. The Company will make the necessary changes in the financial statements and footnotes at the time of the adoption of these standards and interpretations in the TFRS.

Annual Improvements - 2010-2012

TFRS 13 Reasonable Value Measurement

Short-term trade receivables and payables with no interest rate on them, as explained in the Decision Reasons, can be shown in the invoice amount if the discount effect is insignificant. Changes will be applied immediately.

Annual Improvements – 2011-2013

IFRS 16 Leasing Transactions

In January 2016, the IASB issued IFRS 16 “Leasing Transactions”. The new standard removes the distinction between operating leases and financial leases, requiring that many leases for companies in the lease be included in a single model. Accounting for leaseholders has not changed substantially and the difference between operating leases and financial leasing continues. IFRS 16, IAS 17 and IAS 17 and is effective for annual periods beginning on or after January 1 2019. Early application is permitted for IFRS 16 as long as the IFRS 15 “Revenue from contracts made with customers” standard is also applied. The Company assesses the impact of the standard on its financial position and performance.

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)
2.2. New and revised Turkish financial reporting standards

iii) New and amended standards and interpretations issued by the International Accounting Standards Board (IASB) but not published by the POA (continued)

IFRIC 23 Uncertainties About Income Tax Transactions

The interpretation clarifies how accounting and measurement requirements in the “IAS 12 Income Taxes” will be applied if there is uncertainty about income tax treatments.

In case of uncertainty about income tax treatments, comment:

- (a) the entity does not separately assess uncertain tax treatments;
- (b) the assumption that the taxpayer's tax treatments have been examined by tax authorities;
- (c) how the entity determines the taxable profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates; and
- (d) how the business evaluates the changes in information and conditions.

The interpretation will be applied for annual periods beginning on or after January 1, 2019. Early application is allowed. In case of early application of this interpretation, the entity will announce that it applies early. In the first instance, the entity may apply this interpretation retrospectively retroactively in accordance with IAS 8, or by recording as an adjustment to the opening profitability of the accumulated prior period profit (or, where appropriate, another component of the equity capital) accumulated at the initial application date. The financial status of the Company and its impact on its performance are assessed.,

IFRS 17 - New Insurance Contracts Standard

The IASB has issued IFRS 17, a comprehensive new accounting standard covering accounting, measurement, presentation and disclosure for insurance contracts. IFRS 17 introduces a model that allows for the recognition of both the obligation arising from insurance contracts and the current balance sheet values as well as the period during which the earnings service is provided. Certain changes in future cash flow projections and risk adjustments are accounted for during the term of services rendered. An entity may choose to recognize the effects of changes in discount rates in profit or loss or other comprehensive income. Standard includes specific guidance for measurement and presentation of insurance contracts with participation features. IFRS 17 will be applied for annual periods beginning on or after January 1 2021. Early application is allowed. The amendment does not apply to the Company and will not affect the Company's financial position or performance.

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)

2.2. New and revised Turkish financial reporting standards

iii) New and amended standards and interpretations issued by the International Accounting Standards Board (IASB) but not published by the POAAnnual Improvements - Period 2015-2017

Negative Compensatory Early Payment Features (IFRS 9 Amendment)

In October 2017, the IASB issued minor amendments to IFRS 9 Financial Instruments in order to be measured at the entity's amortized cost of some early-maturity financial assets.

An entity that applies IFRS 9 measures an entity's early-retirement financial assets, changes in fair value through profit or loss. With the implementation of the amendments, if certain conditions are met, businesses will be able to measure the amortized cost of the initially payable financial assets with negative repayments.

The amendment will be effective for annual periods beginning on or after January 1 2019. Early application is allowed. The financial status of the Company and its impact on its performance are assessed.

Annual Improvements - Period 2015-2017

In December 2017, the IASB issued "IFRS Annual Improvements, Period 2015-2017".

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements - The amendments to IFRS 3 clarify that the result of the control of an entity that a company recognizes as a joint activity requires that its own interest in the entity be remeasured before controlling. The amendments to IFRS 11 clarify that the result of obtaining control of an entity that a company recognizes as a joint activity does not need to remeasure its share of ownership in the entity prior to control.
- IAS 12 Income Taxes - Amendments clarify that all income tax effects related to dividends (dividend distribution) must be accounted for in profit or loss regardless of how the tax is incurred.
- IAS 23 Borrowing Costs - The amendments clarify that, if the entity has unpaid private borrowings after the intended use or sale, the related debtor is a part of the borrowed funds, usually while setting the capitalization rate of the general borrowing. The financial status of the Company and its impact on its performance are assessed.

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)

2.2. New and revised Turkish financial reporting standards

iii) New and amended standards and interpretations issued by the International Accounting Standards Board (IASB) but not published by the POA (continued)

Annual Improvements - Period 2015-2017 (continued)

Adjustment in Plan, Downsizing or Fulfillment (Amendments in IAS 19)

The IASB issued amendments to "Codification Made Amendments, Downsizing or Fulfillment" in order to align accounting practices in February 2018 and to provide more information on the issue in the decision-making process. Alteration; requires the service cost and net interest cost determined for the remainder of the annual accounting period to be calculated using the current actuarial assumptions after the change, decrease or fulfillment of the plan has been realized. The amendments will apply to annual periods beginning on or after January 1, 2019. Early application is allowed. In case of early application of these changes, the entity will announce that it applies early. The financial status of the Company and its impact on its performance are assessed.

2.3. Significant accounting judgments and estimates

- a) Reserve for retirement pay liability is determined by using actuarial assumptions such as discount rates, future salary increase and employee's turnover rates. The estimations include significant uncertainties due to their long term nature. The details about reserve for employee benefits are provided in Note 15.
- b) Provision for doubtful receivables is an estimated amount that management believes to reflect possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than the key accounts and related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements; and also the renegotiation conditions with these debtors are considered. The provision for doubtful receivables is mentioned in the Note 7.
- c) The Company has made certain important assumptions based on experiences of technical personnel in determining useful economic life of mainly related to tangible and intangible assets (Note 10 and 11).

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)

2.3. Significant accounting judgments and estimates (continued)

d) In determining of provision for litigations, the Company considers the probability of legal cases to be resulted against the Company and in case it is resulted against the Company considers its consequences based on the assessments of legal advisor. The Company management makes its best estimates using the available data are provided in Note 13.

e) During the assessment of the reserve for obsolete inventories, inventories are physically and historically analyzed, usefulness of the inventories are determined based on the view of the technical personnel and if it is necessary, allowance is booked. Sales prices listed, average discount rates given for sale and expected cost incurred to sell are used to determine the net realizable value of the inventories. As a result of this, the inventories with the net realizable values below the costs are written down as disclosed in the Note 9.

f) The Company performs its impairment analysis on assets by using discounted cash flows. In these analyses, there are certain assumptions about discount rates used and Company's future operations. As a result of these analyses, the Company's management has concluded that there is no impairment in the non-financial assets (Note 12).

g) The Company makes assumptions based on views of the technical personnel in the calculation of provision for recultivation of exploitation lands. As a result of these analyses, assessments of the provision for recultivation of exploitation lands are provided in Note 13.

2.4 Summary of significant accounting policies

Basis of consolidation

The consolidated financial statements comprise the financial statements of Akçansa and Karçimsa in which Akçansa has a shareholding interest of 50,99%. Subsidiary is consolidated from the date on which control is transferred to Akçansa until the date on which the control is transferred out of Akçansa.

As stated above, the consolidated financial statements consist of the financial statements of Akçansa and its subsidiary which it controls. The control is available if and only if all of the following indicators of the investment properties are present in more than one condition; a) power over an investee, b) exposure, or rights, to variable returns from its involvement with the investee c) the ability to use its power over the investee to affect the amount of the investor's return

The subsidiary is consolidated by using full consolidation method, accordingly the registered subsidiary values are netted off with the related equity items. The equity and net income attributable to non- controlling shareholders' are shown as non-controlling interest in consolidated balance sheet and income statement.

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

The results of subsidiaries acquired or disposed during the year are included in consolidated comprehensive income statement after the acquisition date or until the disposal date. Total comprehensive income is transferred to equity holders of the parent and non- controlling interests even if the non-controlling interests result in reverse balance.

Balances and transactions between Akçansa and its subsidiary, including intercompany profits and unrealized profits and losses are eliminated. Consolidated financial statements are prepared using uniform accounting policies for transactions and other events in similar circumstances.

Changes in the Company's ownership interests in subsidiary that do not result in the Company losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Offsetting

Financial assets and liabilities are offset and the net amount is 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.

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)
2.4 Summary of significant accounting policies (continued)

Cash and cash equivalents

For the purposes of the presentation of consolidated cash flow statement, cash and cash equivalents comprise cash on hand, cash in banks, checks readily convertible to known amounts of cash and short- term deposits with an original maturity of three months or less. Cash and cash equivalents are carried at cost plus interest income accrual.

Inventories

Inventories are valued at the lower of cost or net realizable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials - purchase cost on a monthly average basis.

Finished goods and work-in-process - cost includes direct material and labor cost, the applicable allocation of fixed and variable overhead costs (considering normal operating capacity) on the basis of monthly average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Property, plant and equipment

The initial cost of property, plant and equipment comprises its purchase price and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not subject to depreciation except for the exploitation land. Exploitation land is depreciated based on the ratio of depletion of mining reserves to total reserves.

Assets under construction that are held for rental or any other administrative or undefined purposes are carried at cost less any impairment loss, if any. Legal fees are also included in cost. Borrowing costs are capitalized for assets that need substantial time to prepare the asset for its intended use or sale. As the similar depreciation method used for other fixed assets, depreciation of such assets begins when they are available for use.

Depreciation is calculated on all property, plant and equipment on a straight-line basis over the estimated useful life of the asset as below.

	Useful Life
Land improvements and buildings	20-50 years
Machinery and equipment	5-20 years
Furniture and fixtures	5-10 years
Motor vehicles	5 years
Leasehold Improvements	5-47 years

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)
2.4 Summary of significant accounting policies (continued)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

Intangible assets

Intangible assets which mainly comprise of software and mining rights are measured at cost. Intangible assets are amortized on a straight line basis over the best estimate of their useful lives, excluding mining rights. Mining rights are amortized based on the ratio of depletion of mining reserves to total reserves.

The carrying values of intangible assets are reviewed for impairment when there is any event or changes in circumstances indicate that the carrying value may not be recoverable.

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

Goodwill

Any excess of the acquirer's interest over the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination cost is accounted for as goodwill.

In accordance with TFRS 3 "Business Combinations", the Company does not amortize goodwill, but the goodwill arising from acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)
2.4 Summary of significant accounting policies (continued)

Impairment of non-financial assets

At each balance sheet date, the Company assesses whether there is any indication that book value of tangible and intangible assets, calculated by acquisition cost less accumulative amortization, is impaired. When an indication of impairment exists, the Company estimates the recoverable amount of such assets. When individual recoverable value of assets cannot be measured, recoverable value of cash generating unit of that asset is measured.

Recoverable amount is the higher of value in use or fair value less costs to sell. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit by using discount rates before taxes that reflects risks related with that asset. The main estimates that are used during these analyses comprise expected inflation rates, expected increase in sales and cost of sales, expected changes in export-domestic market composition and expected growth rate of the country.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. Impairment loss cannot be reversed in the consolidated statement of income in future periods for goodwill.

Foreign currency transactions

Transactions in foreign currencies are translated to TL by the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies as of December 31, 2017 are translated at the Central Bank buying rate of exchange ruling at the balance sheet date. The foreign currency income or expenses incurred from the translation of foreign currency denominated transaction is reflected within the statement of income in the related period.

Foreign currency translation rates used by the Company as of respective year-ends are as follows:

Date	TL/ Doları	TL/EUR
Buying rates		
December 31, 2017	3,7719	4,5155
December 31, 2016	3,5192	3,7099

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)
2.4 Summary of significant accounting policies (continued)

Provisions, contingent assets and liabilities

Provisions

Provisions are recognized when the Company 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. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements, but disclosed when an inflow of economic benefits is probable.

Income tax

Tax expense (income) is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)
2.4 Summary of significant accounting policies (continued)

Employee benefits/ retirement pay liability/vacation pay liability

(a) Defined benefit plan:

In accordance with existing social legislation in Turkey, the Company 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.

As indicated in Note 15 in detail, in the accompanying financial statements, the Company has reflected a liability using the "Projected Unit Credit Method" based on the actuarial valuation performed by independent actuaries. The employee termination benefits are discounted to the present value of the estimated future cash outflows using the interest rate estimate of qualified actuaries.

In the consolidated balance sheets, employee termination benefits are reflected under non-current liabilities as provisions for long term employee benefits.

(b) Defined contribution plans:

The Company pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. There are contributions amounting to TL 13.602.110 as of December 31, 2017 (December 31, 2016 – TL 12.668.109).

(c) Provision for unused vacation:

The short term benefits provided to employees comprise the ones which are expected to be settled wholly in twelve months after the end of the reporting period. The Company classifies unused vacation provision in provisions for short term employee benefits since the expectation is the settlement in the following twelve months after the reporting period.

Leases

Leasing – as lessee

Finance lease

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalized leased assets are depreciated over the estimated useful life of the asset.

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)
2.4 Summary of significant accounting policies (continued)

Leasing - as lessor and lessee

Operational lease transactions

Leases of assets under which substantially all the risks and rewards of ownership are effectively retained by the lessor, are classified as operating leases. Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Related parties

Parties are considered related to the Company if;

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

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)
2.4 Summary of significant accounting policies (continued)

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenues are stated net of discounts, value added and sales taxes. The following specific recognition criteria must also be met before revenue is recognized:

Sales of goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer at the invoiced values and the amount of revenue can be measured reliably. Net sales represent the invoiced value of goods shipped net of sales discounts and commission.

Sales of ending services

Revenue from rendering services is recognized by reference to the stage of completion when it can be measured reliably. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable. Revenue from rendering services is mainly related with Ambarlı port service income.

Rent revenue

Revenue is recognized monthly when the rent revenue has been earned.

Dividends and interest revenue

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

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

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 capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Amortized cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)
2.4 Summary of significant accounting policies (continued)

Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period.

In Turkey, companies can increase their share capital by making distribution of free shares to existing shareholders from various internal resources. For the purpose of the EPS calculation such share issues are regarded as issued stock. Accordingly the weighted average number of shares used in EPS calculation is derived by giving retroactive effect to the issue of such shares.

Subsequent events

Post period-end events that provide additional information about the Company's position at the balance sheet date (adjusting events), are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

Trade and settlement date accounting

All "regular way" purchases and sales of financial assets are recognized on the trade date, in other words, the date the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Financial Instruments

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

A financial asset is any asset that is:

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

A financial liability that is a contractual obligation:

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

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

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best fair value is the quoted market price of a financial instrument, if available.

The methods and assumptions in fair value estimation of the financial instruments of the Company are explained in Note 28.

Trade and other receivables

Trade receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts and an allowance for unearned interest income calculated using the effective interest rate method.

Notes and post-dated checks which are classified within trade receivables are held to maturity and are measured at amortized cost using the effective interest rate method.

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.

Financial investments

All investments are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associated with the investment and as of December 31, 2017 and December 31, 2016, all financial assets are "available for sale assets".

After initial recognition, investments which are classified as available-for-sale are measured at fair value. Interest earned on available for sale investments is disclosed as interest income. Gains or losses on available-for-sale investments are recognized as a separate component of equity, "Financial assets value increase fund", until the investment is sold, collected or otherwise disposed, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously disclosed in equity is associated to income and expense accounts.

For investments that are actively traded on Borsa Istanbul A.Ş. (formerly Istanbul Stock Exchange), fair value is determined based on the Stock Exchange quoted market bid prices at closing on the balance sheet date. When there is no quoted market price and reasonable estimate of the fair value could not be determined since other methods are inappropriate and impractical, the investments are stated at their costs.

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

2. Basis of preparation of financial statements (continued)
2.4 Summary of significant accounting policies (continued)

Financial liabilities

Financial liabilities are recognized initially at fair value and at directly attributable transaction costs and after initial recognition; financial liabilities are subsequently measured at amortized cost by using the effective interest rate method.

Effective interest rate method is the amortized cost method and allocation of the related interest expenses to the related periods. Effective interest rate is the rate reducing the future expected cash payments to present value of the financial liability.

Bank borrowings

All borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognized in net profit or loss when the liabilities are derecognized, as well as through the amortization process.

Trade payables and other payables

Trade and other payables are carried at amortized cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Recognition and de-recognition of financial instruments

The Company recognizes a financial asset or financial liability in its balance sheet when and only when it becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset or a portion of financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion of financial asset. The Company derecognizes a financial liability when liability is extinguished that is when the obligation specified in the contract is discharged, cancelled and expired.

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

Segment reporting

Since major portion of the foreign sales of the Company are made on a one-off basis to different geographical regions, the distribution of sales according to geographical regions is not consistent throughout the years. Therefore, details of revenues are disclosed as foreign and domestic sales in Note 18.

The Company manages and organizes its operations depending on the content of provided services and goods. The Company prepares its segment reporting in accordance with TFRS 8. As of December 31, 2017 and December 31, 2016; information about the Company's segments consists of revenues and profits related with cement (including clinker and aggregate) and ready mix concrete.

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

3. Segment Reporting (continued)

January 1 - December 31, 2017	Cement	Ready mix concrete	Undistributed	Elimination	Total
Net Sales	1.204.504.028	422.522.613	-	(108.025.926)	1.519.000.715
Cost of sales (-)	(892.209.518)	(429.012.821)	-	108.025.926	(1.213.196.413)
Gross profit	312.294.510	(6.490.208)	-	-	305.804.302
Operating expense (-)	(66.001.886)	(14.307.246)	-	-	(80.309.132)
Other operating income / expense (-), net	(9.388.528)	(902.294)	-	-	(10.290.822)
Operating profit	236.904.096	(21.699.748)	-	-	215.204.348
Income/expense from investment activities (-), net	23.228.805	2.831.896	-	-	26.060.701
Financial income / expense (-), net	(61.586.260)	32.592	-	-	(61.553.668)
Net income before taxes from continuing operations	198.546.641	(18.835.260)	-	-	179.711.381
Tax income/expense for continuing operations, net	-	-	(30.897.779)	-	(30.897.779)
Tax expense for the period (-)	-	-	(28.837.177)	-	(28.837.177)
Deferred tax income/(expense)	-	-	(2.060.602)	-	(2.060.602)
Continuing operations net profit	198.546.641	(18.835.260)	(30.897.779)	-	148.813.602

December 31, 2017	Cement	Ready mix concrete	Undistributed	Elimination	Total
Assets and Liabilities					
Segment assets	1.427.570.594	228.401.127	-	-	1.655.971.721
Investments	-	-	193.205.274	-	193.205.274
Undistributed assets	-	-	67.018.847	-	67.018.847
Total assets	1.427.570.594	228.401.127	260.224.121	-	1.916.195.842
Undistributed liabilities	-	-	1.916.195.842	-	1.916.195.842
Total liabilities	-	-	1.916.195.842	-	1.916.195.842

1 January- December 31, 2017	Cement	Ready mix concrete	Undistributed	Elimination	Total
Other segment information					
Capital expenditures (expenses)					
Tangible and intangible fixed assets	109.515.960	8.214.604	-	-	117.730.564
Total capital expenditures	109.515.960	8.214.604	-	-	117.730.564
Depreciation expenses	65.134.786	12.837.638	-	-	77.972.424
Amortization expenses	4.892.411	94.796	-	-	4.987.207

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

3. Segment Reporting (continued)

January 1 - December 31, 2016	Cement	Ready mix concrete	Undistributed	Elimination	Total
Net Sales	1.139.385.519	466.334.765	-	(144.664.994)	1.461.055.290
Cost of sales (-)	(721.972.792)	(469.805.488)	-	144.664.994	(1.047.113.286)
Gross profit	417.412.727	(3.470.723)	-	-	413.942.004
Operating expense (-)	(66.348.040)	(14.820.684)	-	-	(81.168.724)
Other operating income / expense (-), net	(10.910.356)	3.010.402	-	-	(7.899.954)
Operating profit	340.154.331	(15.281.005)	-	-	324.873.326
Income/expense from investment activities (-), net	49.016.991	1.697.555	-	-	50.714.546
Financial income / expense (-), net	(27.349.845)	288.949	-	-	(27.060.896)
Net income before taxes from continuing operations	361.821.477	(13.294.501)	-	-	348.526.976
Tax income/expense for continuing operations, net	-	-	(61.547.915)	-	(61.547.915)
Tax expense for the period (-)	-	-	(59.554.328)	-	(59.554.328)
Deferred tax income/(expense)	-	-	(1.993.587)	-	(1.993.587)
Continuing operations net profit	361.821.477	(13.294.501)	(61.547.915)	-	286.979.061

December 31, 2017	Cement	Ready mix concrete	Undistributed	Elimination	Total
Assets and Liabilities					
Segment assets	1.353.495.935	228.021.508	-	-	1.581.517.443
Investments	-	-	218.922.061	-	218.922.061
Undistributed assets	-	-	42.753.676	-	42.753.676
Total assets	1.353.495.935	228.021.508	261.675.737	-	1.843.193.180
Undistributed liabilities	-	-	1.843.193.180	-	1.843.193.180
Total liabilities	-	-	1.843.193.180	-	1.843.193.180

1 January- December 31, 2017	Cement	Ready mix concrete	Undistributed	Elimination	Total
Other segment information					
Capital expenditures (expenses)					
Tangible and intangible fixed assets	116.909.644	15.094.564	-	-	132.004.208
Total capital expenditures	116.909.644	15.094.564	-	-	132.004.208
Depreciation expenses	58.091.070	12.471.855	-	-	70.562.925
Amortization expenses	4.464.386	117.364	-	-	4.581.750

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

4. Cash and cash equivalents

	December 31, 2017	December 31, 2016
Cash at banks (including short-term time deposits)	37.067.636	14.148.957
Checks in collection with maturities before year end	15.678.860	9.245.710
Cash in hand	84	6
Total	52.746.580	23.394.673

Depending on the immediate cash requirements of the Company, time deposits have 1-30 days maturities for TL and USD (December 31, 2016 – 1-30 days for TL and USD). Interest rates for TL time deposits are 11,00% and for USD time deposits 3,50% (December 31, 2016 for TL 9,00%, USD 2,10%).

The Company does not have blocked deposits as of December 31, 2017 and December 31, 2016.

5. Financial investments

	December 31, 2017		December 31, 2016	
	Share (%)	Amount	Share (%)	Amount
Available for sale financial assets- fair value				
Çimsa Çimento Sanayi ve Ticaret Anonim Şirketi (Çimsa)	8,98	165.824.755	8,98	191.541.542
Total		165.824.755		191.541.542
Available for sale financial assets-value at cost				
Liman İşletmeleri ve Nakliyecilik A.Ş. (Liman İşletmeleri)	15,00	23.431.933	15,00	23.431.933
Eterpark Endüstri Ürünleri İmalat Ticaret İthalat İhracat Pazarlama A.Ş. (Eterpark)	8,73	2.686.527	8,73	2.686.527
Arpaş Ambarlı Römorkaj Pilataj Ticaret A.Ş. (Arpaş)	16,00	841.399	16,00	841.399
Altaş Ambarlı Liman Tesisleri A.Ş. (Altaş)	14,00	420.660	14,00	420.660
Total		193.205.274		218.922.061

Fair value of Çimsa of which shares are traded on the Borsa İstanbul A.Ş. (BIST) (formerly Istanbul Stock Exchange (ISE)) are determined by reference to BIST quoted market bid price at the close of business at December 31, 2017 and December 31, 2016. The current year fair value decrease amounting to TL 25.716.787 (December 31, 2016 – TL 6.065.279 increasing), is included in the comprehensive income statement

Since it is not possible to calculate the fair value of Eterpark, Liman İşletmeleri, Arpaş and Altaş, these financial non-current assets are carried at restated cost (according to inflation accounting until the end of 2004) in the balance sheet.

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

6. Financial liabilities**Short term financial liabilities**

December 31, 2017	Currency	Balance	Maturity	Rate (%)	TL Balance
Short term loans	TL (**)	100.000.000	October 5, 2018	14,20%	103.073.563
	TL (**)	50.000.000	December 18, 2018	15,75%	50.393.195
	TL (**)	100.000.000	October 8, 2018	13,75%	103.074.287
	TL (**)	60.000.000	April 13, 2018	14,20%	65.798.549
	TL (**)	63.000.000	January 1, 2018	15,15%	63.079.539
					385.419.133
December 31, 2016	Currency	Balance	Maturity	Rate (%)	TL Balance
Short term loans	TL (**)	80.000.000	December 15, 2017	12,25%	80.385.539
	TL (*)	16.510.084	January 1, 2017	-	16.510.084
					96.895.623

Short term portion of long-term borrowings

The balance of the short term portion of the long-term borrowings of the Company as of December 31, 2017.

December 31, 2016	Currency	Balance	Maturity	Rate (%)	TL Balance
Current portion of long-term bank borrowings	TL (**)	50.000.000	25 Eylül 2017	10,60%	50.033.741
	TL (**)	60.000.000	30 Mart 2017	10,55%	61.588.159
					111.621.900

(*) Temporary short-term interest-free loans

(**)Fixed interest rate loans

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

7. Trade receivables and payables**Trade receivables****Short-term trade receivables**

	31 Aralık 2017	31 Aralık 2016
Trade receivables (net)	234.964.631	189.842.170
Notes receivables and post-dated checks	218.787.815	196.394.977
Due from associates (Note 26)	122.669	101.174
Due from other related parties (Note 26)	16.133.278	30.434.478
Doubtful receivables	14.140.947	13.225.430
Provision for doubtful receivables (-)	(14.140.947)	(13.225.430)
	470.008.393	416.772.799

The effective interest rates used to calculate net book value of the receivables are 14,9600% for TL, 1,69428% for USD (December 31, 2016 – 10,1340% for TL, 0,9979 % for USD).

The individually impaired receivables are determined based on the past experience of the Company.

The movement of the provision for doubtful receivables for the period ended December 31, 2017 and December 31, 2016 is as follows:

	2017	2016
January 1	13.225.430	12.071.116
Additions (Note 19)	1.500.477	1.939.456
Collections (Note 19)	(584.960)	(785.142)
December 31	14.140.947	13.225.430

The collection period of commercial receivables varies according to product quality and contracts made with the customer and average 90 days (December 31, 2016 - 86 days).

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

7. Trade receivables and payables (continued)**Trade receivables (continued)****Short term trade receivables (continued)**

As of December 31, 2017 and December 31, 2016, the maturity analysis of trade receivables is as follows:

	Past due but not impaired						
	Neither past due nor impaired	Less than one month	1-2 months	2-3 months	3-4 months	4 ay üzeri More than 4 months	Total
December 31, 2017	451.891.283	1.539.193	158.908	50.300	46.741	66.021	453.752.446
December 31, 2016	369.468.383	9.465.132	5.283.763	1.827.533	53.056	139.280	386.237.147

Trade payables**Short term trade payables**

	December 31, 2017	December 31, 2016
Trade payables (net)	258.941.287	244.482.228
Due to associates (Note 26)	4.868.029	1.155.875
Due to other related parties (Note 26)	23.224.149	30.339.212
Due to shareholders (Note 26)	451.028	422.587
	287.484.493	276.399.902

The average payment period of trade payables is between 30 to 45 days.

The effective interest rates used to calculate net book value of the payables are 14,9600% for TL and 1,69428 % for USD (December 31, 2016 10,1340% for TL - 0,9979% for USD).

8. Other receivables, other payables, deferred income and employee benefit obligations**Short term other receivables**

	December 31, 2017	December 31, 2016
Deferred VAT	727.871	7.220.854
Insurance payables	605.879	565.084
Due from personnel (Note 26)	98.902	223.176
Deposits and guarantees given	9.550	9.550
Other (*)	26.625.749	26.357.050
	28.067.951	34.375.714

(*) The 26 Million TL of the other consists of sale of Hobim Bilgi İşlem Hizmetleri A.Ş. to Çukurova Holding A.Ş.

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

8. Other receivables, other payables, deferred income and employee benefit obligations (continued)

Short term other receivables (continued)

	December 31, 2017	December 31, 2016
Deposits and guarantees received	4.133.376	3.710.264
Taxes and funds payable	2.516.155	2.182.653
Other various payables (*)	6.339.009	5.047.812
	12.988.540	10.940.729

(*) A significant part of the balance consists of the government share of mine extracting

Deferred income

	December 31, 2017	December 31, 2016
Advances received	3.487.917	4.776.908
	3.487.917	4.776.908

Short term employee benefit obligations

	December 31, 2017	December 31, 2016
Social security premiums payable	4.318.051	4.153.688
Due to personnel (Note 26)	1.342.159	1.206.971
Taxes and funds payable	2.365.616	2.733.057
	8.025.826	8.093.716

Other long term receivables

	December 31, 2017	December 31, 2016
Deposits and guarantees given	2.464.863	1.639.051
	2.464.863	1.639.051

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

9. Inventories

	December 31, 2017	December 31, 2016
Raw materials, net	106.599.000	121.021.195
Work-in-process	24.175.183	24.538.842
Finished goods	8.317.553	9.944.135
Goods-in transit	11.862.579	4.257.898
	150.954.315	159.762.070

	2017	2016
1 January	19.744.120	17.954.675
Charge for the period	1.617.519	1.789.445
December 31,	21.361.639	19.744.120

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

10. Property, plant and equipment

	1 January 2017	Additions	Transfers (*)	Disposals	December 31, 2017
Cost					
Land, and land improvements	166.466.182	-	4.556.226	(386.776)	170.635.632
Buildings	294.591.473	80.000	6.928.392	(163.346)	301.436.519
Machinery and equipment	1.455.781.715	362.426	84.274.446	(10.626.625)	1.529.791.962
Furniture, fixtures and motor vehicles	88.970.045	857.406	8.885.624	(8.903.762)	89.809.313
Leasehold improvements	59.923.997	18.776	10.638.684	(3.196.189)	67.385.268
Construction-in-progress	46.953.430	116.411.956	(122.620.157)	-	40.745.229
Total	2.112.686.842	117.730.564	(7.336.785)	(23.276.698)	2.199.803.923
Less: Accumulated depreciation					
Land, and land improvements	84.547.582	3.246.603	-	(346.669)	87.447.516
Buildings	182.108.705	10.859.248	-	(130.703)	192.837.250
Machinery and equipment	953.638.364	51.396.075	-	(10.143.965)	994.890.474
Furniture, fixtures and motor vehicles	53.489.122	8.021.764	-	(8.738.101)	52.772.785
Leasehold improvements	38.763.041	4.448.734	-	(1.835.204)	41.376.571
Total	1.312.546.814	77.972.424	-	(21.194.642)	1.369.324.596
Property, plant and equipment, net	800.140.028				830.479.327

	1 January 2016	Additions	Transfers (*)	Disposals	December 31, 2016
Cost					
Land, and land improvements	158.689.339	-	8.145.827	(368.984)	166.466.182
Buildings	288.605.260	-	6.061.542	(75.329)	294.591.473
Machinery and equipment	1.378.087.687	192.502	81.681.071	(4.179.545)	1.455.781.715
Furniture, fixtures and motor vehicles	82.641.635	519.758	10.998.601	(5.189.949)	88.970.045
Leasehold improvements	57.210.054	1.108	8.573.437	(5.860.602)	59.923.997
Construction-in-progress	34.709.328	131.290.840	(119.046.738)	-	46.953.430
Total	1.999.943.303	132.004.208	(3.586.260)	(15.674.409)	2.112.686.842
Less: Accumulated depreciation:					
Land, and land improvements	81.800.204	3.058.487	-	(311.109)	84.547.582
Buildings	171.441.678	10.711.542	-	(44.515)	182.108.705
Machinery and equipment	911.235.522	45.505.130	-	(3.102.288)	953.638.364
Furniture, fixtures and motor vehicles	51.262.880	7.371.255	-	(5.145.013)	53.489.122
Leasehold improvements	40.129.776	3.916.511	-	(5.283.246)	38.763.041
Total	1.255.870.060	70.562.925	-	(13.886.171)	1.312.546.814
Property, plant and equipment, net	744.073.243				800.140.028

(*) As of December 31, 2017, there has been transfers amounting TL 7.336.785 and 622.892 from ongoing investments respectively to intangible assets and goodwill (December 31, 2016 - TL 3.586.260)

As of December 31, 2017, the total cost of tangible assets purchased with financial leasing amounts TL 16.327.406 (December 31, 2016– TL 18.573.099) and the total accumulated depreciation amounts TL 10.645.035 (December 31, 2016 – TL 12.411.180).

As of December 31, 2016, total gross value of property, plant and equipment and intangible assets which are fully depreciated/amortized but are still in use is TL 817.157.331 (December 31, 2016 – TL 790.119.847).

Pledge and mortgages on assets

There are no pledges or mortgages on Company's property, plant and equipment as of December 31, 2017 and December 31, 2016.

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

11. Intangible assets

	January 1 2017	Additions/ charge	Transfers from construction-in-progress	Disposals	December 31, 2017
Cost					
Rights and other intangibles	70.755.406	-	6.713.803	-	77.469.209 (*)
Less: Accumulated amortization					
Rights and other intangibles	30.062.998	4.987.207	-	-	35.050.205 (**)
Intangible assets, net	40.692.408				42.419.004

	January 1 2016	Additions / charge	Transfers from construction-in-progress	Disposals	December 31, 2016
Cost					
Rights and other intangibles	67.853.757	-	3.586.260	(684.611)	70.755.406 (*)
Less: Accumulated amortization					
Rights and other intangibles	25.483.234	4.581.750	-	(1.986)	30.062.998 (**)
Intangible assets, net	42.370.523				40.692.408

(*) As of December 31, 2017, intangible assets amounting to TL 44.655.615 consist of mining rights (December 31, 2016 - TL 42.261.913).

(**) As of December 31, 2017, TL 11.968.353 of this amount consists of mining rights related accumulated amortization (December 31, 2016 - TL 11.368.197).

Rights and other intangibles mainly consist of the rights, computer software and mining rights.

12. Goodwill

Fair value determination of the Ladik cement plant's assets and liabilities which were acquired on May 1, 2007 was finalized and as a result of this determination, goodwill amounting to TL 129.457.887 is recognized in the accounts.

As of December 31, 2017, the Company performed an impairment analysis on cash generating unit related with goodwill and as a result, the Company does not require any impairment allowance. The main assumptions used in the discounted cash flow in TL which was prepared based on the approved budgeted figures prepared until 2022 considers the weighted average cost of capital as 17,70% (December 31, 2016 - 13,50%) and performing sensitivity test at 3.00 % (December 31, 2016 - 3%). The Company considers analysis covering a period longer than five years is more appropriate as to evaluation of operating results and prospective assumptions in the sector and therefore impairment test is based on ten years plans.

In addition, the Company purchased Çarşamba Ready-Mixed Concrete Facility for TL 1.059.322 as November 28, 2017. As a result of this transaction, the Company recorded machinery and equipment amounting to TL 436.340 and provisionary reflected the goodwill amounting to TL 662.982. This amount will finally be recorded after one year from the date of purchase.

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

13. Provisions, contingent assets and liabilities**Short-term provisions for employee benefits**

	December 31, 2017	December 31, 2016
Vacation pay liability	3.708.806	3.533.696
Bonus accruals to be paid to executive management	2.326.456	3.159.662
	6.035.262	6.693.358

Other short term provisions

	December 31, 2017	December 31, 2016
Litigation provision	2.805.818	2.088.513
	2.805.818	2.088.513

	Litigations (Note 21)	Vacation pay liability	Bonus accruals to be paid to executive management
January 1, 2017	2.088.513	3.533.696	3.159.662
Change in vacations, net	-	175.110	-
Charge for the current year	-	-	2.326.456
Payments	(247.403)	-	(3.159.662)
Changes in the estimations	964.708	-	-
December 31, 2017	2.805.818	3.708.806	2.326.456

	Litigations (Note 21)	Vacation pay liability	Bonus accruals to be paid to executive management
January 1, 2016	2.764.101	3.033.169	4.114.094
Change in vacations, net	-	500.527	-
Charge for the current year	-	-	3.159.662
Payments	(1.471.484)	-	(4.055.195)
Changes in the estimations	795.896	-	(58.899)
December 31, 2016	2.088.513	3.533.696	3.159.662

Recultivation provision	December 31, 2017	December 31, 2016
January 1	3.728.320	3.443.899
Charge for the year	168.479	125.905
Discount effect	389.243	158.516
December 31,	4.286.042	3.728.320

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

13. Provisions, contingent assets and liabilities (continued)**Guarantees received and given**

As of December 31, 2017 and December 31, 2016 guarantees received and given can be presented as follows:

			December 31, 2017		December 31, 2016
	Currency	Original Amount	TL equivalent	Original Amount	TL equivalent
Letters of guarantee received	EURO	193.568	874.056	854.775	3.171.130
Letters of guarantee received	USD	431.459	1.047.898	357.348	1.257.578
Letters of guarantee received	TL	-	258.054.057	-	262.235.200
Mortgages received	TL	-	17.808.921	-	20.906.323
Cheques and notes received	TL	-	13.312.146	-	12.827.146
Cheques and notes received	EURO	53.100	239.773	403.100	1.495.461
Cheques and notes received	USD	135.225	510.055	135.225	475.883
Total guarantees received			291.846.906		302.368.721

			December 31, 2017		31 Aralık 2016
	Currency		TL equivalent	Original Amount	TL equivalent
A. Total amount of guarantees given on the behalf of legal entity			55.406.140		56.629.493
TL		-	50.190.229	-	49.068.431
USD		990.770	3.737.085	52.000	182.998
EURO		327.500	1.478.826	1.988.750	7.378.064
B. Total amount of guarantees given on behalf of associations that included in full consolidation		-	-	-	-
C. Total amount of guarantees given on behalf of third parties liabilities within the context of business operations		-	-	-	-
D. Total amount of other guarantees given		-	-	-	-
i. Total amount of guarantees given on behalf of main shareholder		-	-	-	-
ii. Total amount of guarantees given on behalf of group Company which is not under Section B and C		-	-	-	-
iii. Total amount of guarantees given on behalf of third parties which is not under Section C		-	-	-	-
Total guarantees given			55.406.140		56.629.493

The percentage of the Company's other GPMs to the Company's equity is 0% as of December 31, 2017 (December 31, 2016 – 0%).

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

13. Provisions, contingent assets and liabilities (continued)

Insurance coverage on assets

Insurance coverage on assets including cash, inventories and property, plant and equipment of the Company is TL 3.040.151.134 (December 31, 2016 – TL 2.830.819.828).

Litigations

As of December 31, 2017, there were a number of legal proceedings outstanding against the Company in which total claims amounted to TL 12.092.619 (December 31, 2016 – TL 9.497.959). These litigations principally involve matters relating to employee claims against the Company or claims by the families of employees due to accidents which occurred at work and cases opened by third parties due to accidents because of the alleged negligence of the Company's personnel. As of December 31, 2017, the Company has provided a provision for an amount of TL 2.805.818 (December 31, 2016– TL 2.088.513) for the litigations, which may result against the Company in the future and which are not covered by the employer's insurance.

Possible contingencies relating to environment law and land protection and utilization law

According to the Environment Law, the operations of the Company such as mining, cement production are subject to legislation in Turkey. All liabilities such as taxes, duties and emission fees resulting from this legislation have been fulfilled by the Company. However, this legislation did not specifically address the costs that could arise from recovering the damage, pollution in the land while vacating the mines. The Company calculated the estimated cost of the actions that the Company deems that would meet the requirements of legislation related with the mini ng area it operates on. As a result, related with the surface area which is already excavated as of December 31, 2017, the Company has accounted a recultivation provision at an amount of TL 4.286.042 (December 31, 2016 – TL 3.728.320) in "Long term provisions".

Forward and option contracts

As of December 31, 2017, the Company has no outstanding forward and option contracts (December 31, 2016 - None).

14. Commitments

Operational lease commitments

Future minimum rentals payable under non-cancellable operating leases are as follows:

Operating lease commitments	December 31, 2017	December 31, 2016
Within one year	11.465.654	2.283.742
After one year but not more than five years	16.179.817	1.907.903
More than five years	2.768.152	1.872.000
	30.413.623	6.063.645

As of December 31, 2017, TL 4.408.428 (December 31, 2016 – TL 3.653.202) of the Company's expenses related with the operating lease transactions is reflected in the consolidated income statement.

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

15. Employee benefits

Long term provision for employee termination benefits

	December 31, 2017	December 31, 2016
Provision for employee termination benefits	34.311.969	29.523.925
Seniority incentive premium	6.236.256	6.476.915
	40.548.225	36.000.840

In accordance with existing social legislation in Turkey, the Company 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 the retirement after 25 years of service (20 years for women) or for reasons such as military obligation or death. Such payments are calculated on the basis of 30 days' pay and limited to a maximum historical TL 4.732,48 as of December 31, 2017 (December 31, 2016 - TL 4.297,21) per year of employment.

In accordance with TAS 19 - Employee Benefits, actuarial calculations are necessary for determining the Company's liabilities. The Company accounts for the employee termination benefits by using "Projection Method" in accordance with TAS 19 based on employees' service period and assumptions by professional actuaries and reflect these figures on financial statements. All actuarial gains and losses are recognized as other comprehensive income/(expense) in the statement of equity.

The principal actuarial assumptions used at the balance sheet dates are as follows:

	December 31, 2017	December 31, 2016
Discount rate	%11,50	%11,00
Estimated salary increase rate	%6,50	%6,50

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

15. Employee benefits (continued)

Movement of the reserve for the employee termination benefits as of December 31, 2017 and December 31, 2016 is as follows:

Provision for employee termination benefits	December 31, 2017	December 31, 2016
January 1	29.523.925	21.283.399
Retirement pay liability paid	(5.029.637)	(3.760.672)
Actuarial gain/loss	6.406.643	8.387.751
Interest expense	3.065.328	1.941.108
Charge for the year	345.710	1.672.339
	34.311.969	29.523.925

Sensitivity analysis of the discount rates used for retirement pay liability calculation as of December 31, 2017 and December 31, 2016 is as follows:

	2017		2016	
	%1 decrease	%1 increase	%1 decrease	%1 increase
Sensitivity	(%10,50)	(%12,50)	(%10,00)	(%12,00)
Retirement pay liability change	875.000	(702.000)	658.000	(526.000)

On January 27, 2016, the Company has signed the Collective Bargaining Agreement with effect from January 1, 2016 to December 31, 2017, by agreeing to Collective Labor Agreement negotiations between the Cement Industry Employers' Union and T. Çimse-İş Trade Union.

Seniority incentive premium	December 31, 2017	December 31, 2016
Opening	6.476.915	5.260.124
Paid seniority incentive premium	(1.228.778)	(2.020.749)
Charge for the year	988.119	3.237.540
	6.236.256	6.476.915

Seniority incentive premium is the employee benefit provided in accordance with the Company policy and the liability as of balance sheet date is recognized in the financial statements after discounting to the present value by using the effective discount rate.

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

16. Prepaid expenses, other assets and liabilities**Short term prepaid expenses**

	December 31, 2017	December 31, 2016
Advances given to suppliers	7.460.590	7.518.703
Prepaid expenses	3.696.748	2.352.959
Advances given	55.883	-
	11.213.221	9.871.662

Long term prepaid expenses

	December 31, 2017	December 31, 2016
Investment advances	2.487.922	6.015.778
Prepaid rent expenses	966.422	1.040.770
Other	111.890	-
	3.566.234	7.056.548

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

17. Shareholders’ equity

Issued capital and adjustments to share capital and equity investments

	December 31, 2017	December 31, 2016
Number of common shares (authorized and outstanding)		
TL 0,01 par value	19.144.706.825	19.144.706.825

As of December 31, 2017, the Company's paid-in capital is TL 191.447.068 (December 31, 2016 - TL 191.447.068) (based on historical costs).

As of December 31, 2017 and December 31, 2016, the composition of paid-in capital (presented in number of shares and historical cost) can be summarized as follows:

	December 31, 2017		December 31, 2016	31 Aralık 2016
	Amount	%	Amount	%
Hacı Ömer Sabancı Holding A.Ş.	76.035.136	39,72	76.035.136	39,72
HeidelbergCement Mediterranean Basin Holdings S.L.	-	-	76.035.135	39,72
HeidelbergCement AG	76.035.135	39,72	-	-
Publicly traded shares	39.376.797	20,56	39.376.797	20,56
Nominal share capital total	191.447.068	100,00	191.447.068	100,00

There is no additional right, privilege and restriction related with these shares.

Legal and other reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory net income at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's issued capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's issued capital. The legal reserves are not available for distribution unless they exceed 50% of the issued capital, other than that legal reserves can not be used.

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from February 1, 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

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

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

17. Shareholders’ equity (continued)

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. However, the inflation adjustment to issued capital is subject to corporate tax if used in dividend distribution in cash.

As of December 31, 2017 and December 31, 2016, the composition of consolidated legal reserves, statutory reserves, extraordinary reserves, accumulated profit (loss) and other reserves can be summarized as follows:

	December 31, 2017	December 31, 2016
Legal reserves	222.598.194	173.337.191
Statutory reserves	35	35
Extraordinary reserves	215.096	199.687
Accumulated profit due to inflation difference	7.758.970	7.758.970
Other reserves	3.428.990	3.428.990

The Company resolved at the General Assembly meeting to pay TL 1,2389 gross=net dividend to TL 1,00 nominal share resulting in 123,89 % to the fully fledged tax payers and foreign-based tax payers earning dividend through an office or an ordinary agent in Turkey. In addition, TL 1,2389 gross, TL 1,0531 net dividend to TL 1 nominal share resulting in 123,89 % has been paid to other shareholders. Total of TL 237.183.773 cash dividend payment has been made starting from March 30, 2017.

The Company resolved at the General Assembly meeting to pay TL 1,34550 gross=net dividend to TL 1 nominal share resulting in 134,550% to the fully fledged tax payers and foreign-based tax payers earning dividend through an office or an ordinary agent in Turkey. In addition, TL 1,34550 gross, TL 1,14370 net dividend to TL 1 nominal share resulting in 134,550% has been paid to other shareholders. Total of TL 257.592.030 cash dividend payment has been made starting from March 30, 2016.

Non-controlling Interests

All non-controlling shares are eliminated from equity accounts, including paid-in capital, of consolidated subsidiaries and presented as "Non-controlling interest" in "Shareholders’ equity" in the consolidated balance sheet.

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

18. Sales and cost of sales

Sales revenue

	January 1 – December 31, 2017	January 1 – December 31, 2016
Domestic sales	1.369.087.002	1.335.161.153
Foreign sales	181.712.238	170.537.892
Sales discount (-)	(24.048.898)	(30.003.824)
Other discounts (-)	(39.150.286)	(34.644.394)
	1.487.600.056	1.441.050.827
Domestic service sales	31.400.659	20.004.463
Total	1.519.000.715	1.461.055.290

Cost of sales

	January 1 – December 31, 2017	January 1 – December 31, 2016
Direct material and supplies expenses	919.940.984	797.953.982
Direct labor expenses	71.918.979	68.569.756
Depreciation and amortization expenses	72.474.323	67.074.479
Other production expenses	90.532.095	81.317.679
Total production cost	1.154.866.381	1.014.915.896
Change in work-in-process	363.659	(3.712.197)
Beginning WIP	24.538.842	20.826.645
Ending WIP	24.175.183	24.538.842
Change in finished goods	1.626.582	(1.199.837)
Beginning finished goods	9.944.135	8.744.298
Ending finished goods	8.317.553	9.944.135
Cost of merchandise sold	39.766.686	23.790.739
Cost of domestic service sold	16.573.105	13.318.685
Total	1.213.196.413	1.047.113.286

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

19. Selling, marketing and distribution expenses, general and administrative expenses

	January 1 – December 31, 2017	January 1 – December 31, 2016
General and administrative expenses	60.712.698	62.683.802
Selling, marketing and distribution expenses	19.596.434	18.484.922
	80.309.132	81.168.724

	January 1 – December 31, 2017	January 1 – December 31, 2016
General and administrative expenses		
Personnel expenses	30.581.994	31.495.336
Consultancy expenses	7.250.078	6.829.607
Outsourced services	4.212.663	5.196.601
Depreciation and amortization expenses	7.509.858	6.235.213
Rent expenses	3.113.681	2.522.164
Representation and entertainment expenses	825.547	1.265.492
Traveling expenses	886.215	905.486
Taxes, duties and fees	638.659	989.881
Insurance expenses	243.919	208.096
Other expenses	5.450.084	7.035.926
	60.712.698	62.683.802

Selling, marketing and distribution expenses		
Personnel expenses	9.113.196	9.027.901
Representation and entertainment expenses	1.883.499	1.314.173
Sales guarantee expenses	2.350.161	1.997.352
Rent expenses	1.294.747	1.131.038
Outsourced services	1.143.047	1.033.406
Traveling expenses	348.671	319.145
Depreciation and amortization expenses	239.652	201.175
Taxes, duties and fees	102.097	65.725
Doubtful receivable expenses (Note 7)	915.517	1.154.314
Other expenses	2.205.847	2.240.693
	19.596.434	18.484.922

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

20. Nature of expenses**Depreciation and amortization expenses**

	January 1 – December 31, 2017	January 1 – December 31, 2016
Property, plant and equipment		
Production costs	71.598.672	66.186.070
General and administrative expenses	3.646.114	2.724.427
Selling and distribution expenses	230.365	190.701
Other operating expenses	2.497.273	1.461.727
Total depreciation expenses	77.972.424	70.562.925
Intangible assets		
Production costs	875.651	888.409
General and administrative expenses	3.863.744	3.510.786
Selling and distribution expenses	9.287	10.474
Other operating expenses	238.525	172.081
Total amortization expenses	4.987.207	4.581.750

	January 1 – December 31, 2017	January 1 – December 31, 2016
Personnel Expenses		
Wages and salaries	78.525.456	75.593.932
Other social expenses	29.401.041	30.752.240
Provision for employee termination benefits, net (Note 15)	3.411.038	3.613.447
	111.337.535	109.959.619

21. Other operating income / expenses**Other operating income**

	January 1 – December 31, 2017	January 1 – December 31, 2016
Operational foreign exchange gains	3.445.897	6.820.013
Rent income	3.357.153	3.444.693
Gain on sale of auxiliary materials	1.779.640	1.174.117
Maturity difference income	268.046	473.466
Litigation provisions no longer required (Note 13)	-	675.588
Rediscount income	65.508	1.205.832
Other	4.672.852	2.692.014
	13.589.096	16.485.723

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

21. Other operating income / expenses (continued)**Other operating expenses (-)**

	January 1 – December 31, 2017	January 1 – December 31, 2016
Donations	2.952.690	6.130.059
Property and estate taxes	10.431.587	7.701.390
Operational foreign exchange losses	3.322.167	3.322.141
Rediscount expenses	2.377.599	25.911
Expense of rented terminals	1.811.441	1.423.473
Indemnity and punishments	717.305	-
Recultivation provision (Note 13)	588.680	4.358.747
Litigation provision (Not 13)	168.479	125.905
Other	1.509.970	1.298.051
	23.879.918	24.385.677

22. Income from investing activities

As of December 31, 2017 and December 31, 2016, revenues from investment activities are as follows:

	January 1 – December 31, 2017	January 1 – December 31, 2016
Dividend income (*)	22.870.983	23.070.660
Gain on sale of property, plant and equipment, net	3.189.718	1.443.483
Income from sale of subsidiaries	-	26.200.403
	26.060.701	50.714.546

(*) As of December 31, 2017 and December 31, 2016, details of dividend income are as follows:

	January 1 – December 31, 2017	January 1 – December 31, 2016
Çimsa	17.225.395	18.074.534
Arpaş	5.645.588	4.996.126
	22.870.983	23.070.660

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

23. Financial income and expenses

As of December 31, 2017 and December 31, 2016, details of financial income are as follows:

	January 1 – December 31, 2017	January 1 – December 31, 2016
Financial foreign exchange gains	13.071.894	14.446.638
Interest income	2.779.734	1.832.147
	15.851.628	16.278.785

As of December 31, 2017 and December 31, 2016, details of expenses from investing activities are as follows:

	January 1 – December 31, 2017	January 1 – December 31, 2016
Interest expenses	65.357.924	34.439.361
Financial foreign exchange losses	12.047.372	8.900.320
	77.405.296	43.339.681

24. Tax assets and liabilities (including deferred tax assets and liabilities)

As of December 31, 2017 and December 31, 2016, details of deferred tax assets and liabilities are as follows:

	Deferred tax assets (*)		Deferred tax liabilities (*)		Deferred tax income/ (expense)	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	1 January- December 31, 2017	1 January- December 31, 2016
Temporary differences on property, plant and equipment & intangibles	-	-	(28.789.059)	(26.064.325)	(2.724.734)	(1.729.731)
Goodwill	-	-	(25.916.497)	(25.891.577)	(24.920)	-
Inventories	4.972.269	4.352.978	-	-	619.291	(225.520)
Allowance for employee termination benefits	7.039.075	5.904.885	-	-	1.134.190	1.648.205
Allowance for unearned/unaccrued interest included in receivables and payables, net	827.612	348.301	-	-	479.311	(131.816)
Provision to make mine fields natural	904.988	745.664	-	-	159.324	56.884
Other timing differences, net (including renewal fund)	(1.742.338)	(16.523)	-	-	(1.725.815)	(1.611.609)
Financial loss	22.751	-	-	-	22.751	-
Tax income/expense related with other comprehensive income	-	-	(3.657.034)	(6.224.202)	2.567.168	1.374.286
	12.024.357	11.335.305	(58.362.590)	(58.180.104)	506.566	(619.301)

(*) The net total of these two balances is presented in the balance sheet as deferred tax asset with the amount of TL 989.811 (December 31, 2016 – TL 1.008.726) and deferred tax liability with the amount of TL 47.328.044 (December 31, 2016 – TL 47.853.525)

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

24. Tax assets and liabilities (including deferred tax assets and liabilities) (continued)

As of December 31, 2017 and December 31, 2016, movement of net deferred tax liabilities is as follows:

	January 1 – December 31, 2017	January 1 – December 31, 2016
Balance as at January 1,	46.844.799	46.225.498
Deferred income tax recognized in income statement	2.060.602	1.993.587
Tax income/expense related with other comprehensive income	(2.567.168)	(1.374.286)
December 31, net balances	46.338.233	46.844.799

Deferred tax is calculated by using the liability method as the temporary differences between recorded values and tax bases of assets and liabilities in the financial statements. This calculation is made by using the enacted tax rates as of the date of the statement of financial position.

As of January 1, 2018, since the 3-year valid tax rate has changed to 22%, this rate is applied for the deferred tax calculation as of December 31, 2017, for the temporary differences expected to be deferred for 3 years (2018, 2019, 2020). However, since the corporate tax rate for the years after 2020 is 20%, the tax rate applied to calculate expected to be incurred/closed temporary differences.

In Turkey, the corporation tax rate is 20%. Corporate tax returns are required to be filed until the fifteenth of the fourth month following the balance sheet date and paid in one instalment until the end of the fourth month. The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts paid are offset against the final corporate tax liability for the year.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

Corporate tax losses can be carried forward for a maximum period of five 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. As of December 31, 2017, the Company's subsidiary Karçimsa has financial loss amounting to TL 103.413 (December 31, 2016 - None).

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

24. Tax assets and liabilities (including deferred tax assets and liabilities) (continued)

Income tax payables as of December 31, 2017 and December 31, 2016 are summarized as follows:

	December 31, 2017	December 31, 2016
Current period corporate tax	28.837.177	59.554.328
Prepaid tax in current period	(20.023.675)	(48.908.497)
Income tax payable	8.813.502	10.645.831

A reconciliation of income tax expense applicable to profit before income tax at the statutory income tax rate to income tax expense reported in the income statements for the periods ended December 31, 2017 and December 31, 2016 is as follows:

	January 1 – December 31, 2017	January 1 – December 31, 2016
Profit before tax and non-controlling interest	179.711.381	348.526.976
At the effective statutory income tax rate of 20%	(35.942.276)	(69.705.395)
Income exempt from tax	4.689.632	8.514.132
Expenses that are not deductible	(246.016)	(114.605)
Other	600.881	(242.047)
	(30.897.779)	(61.547.915)

25. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. As of December 31, 2017 and December 31, 2016 weighted average number of shares is 19.144.706.825.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

Earnings per share and dividends per share distributed as follows:

	January 1 – December 31, 2017	January 1 – December 31, 2016
Net income for the period	148.693.675	286.354.013
Average number of ordinary shares outstanding (kr 1 each)	19.144.706.825	19.144.706.825
Earnings per share (kr) (*)	0,777	1,496
Dividends distributed	237.183.773	257.592.030
Gross dividends per share (kr) (*)	1,239	1,345

(*) Since all shareholders have same rights and there is not preferred stock, common stock dividend diluted earnings per share amounts do not differ.

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

26. Related party disclosures

Entities are defined as related if one of the entities has control over the other entity or has a significant influence over the other entity's financial and administrative decisions. The Company is controlled by Hacı Ömer Sabancı Holding A.Ş. (39,72%) (December 31, 2016 – 39,72%) and Heidelbergcement Group (39,72%) (December 31, 2016 – 39,72%). For the purpose of the consolidated financial statements, shareholder companies, financial investments and its associates and subsidiaries and other Sabancı and Heidelbergcement Group companies are presented separately and those companies and their senior executives are referred to as related parties.

Related party balances as of December 31, 2017 and December 31, 2016 and related party transactions for the years ended December 31, 2017 and December 31, 2016 comprise mainly following:

Sales to related parties

	January 1 – December 31, 2017			January 1 – December 31, 2016		
Related party	Product	Service	Other (*)	Product	Service	Other (*)
Shareholders						
Hacı Ömer Sabancı Holding A.Ş.	-	-	6.728	-	-	-
Financial assets						
Çimsa Çimento Sanayi ve Ticaret A.Ş. (Çimsa)	238.545	-	65.525	1.051.492	-	52.110
Arpaş Ambarlı Römorkaj Pilotaj Ticaret A.Ş. (Arpaş)	-	747.845	-	-	546.739	-
Other (*)						
HeidelbergCement A.G.	-	-	437.295	-	-	565.496
HC Trading Malta Ltd.	170.469.400	-	4.909.056	172.946.032	-	93.394
Afyon Çimento Sanayii ve Tic. A.Ş.	-	-	6.333	344.335	-	-
Enerjisa Üretim Santralleri A.Ş.	-	-	951.885	-	-	-
Temsa İş Makinaları İmalat Pazarlama A.Ş.	-	-	-	-	-	203.547
Kardemir Demir Çelik San. Ve Tic. A.Ş.	-	-	-	-	-	565.496

(*) Related parties of Company shareholders.

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

26. Related party disclosures (continued)

Purchases from related parties

Related party	1 Ocak – 31 Aralık 2017			January 1 – December 31, 2016		
	Product	Service	Other (*)	Product	Service	Other (*)
Shareholders						
Hacı ÖmerSabancı Holding A.Ş.	-	-	756.309	-	-	715.093
Financial assets						
Çimsa	2.048.759	985.451	-	11.116	-	-
Liman İşletmeleri ve Nakliyecilik A.Ş. (Liman İşletmeleri)	-	1.627.277	451.125	-	1.293.177	425.121
Eterpark End. Ürün. İmal.Tic.İth.lhr.Paz.A.Ş.(Eterpark)	-	1.990.962	155.624	-	1.739.353	160.356
Altaş Ambarlı Liman Tesisleri Tic. A.Ş. (Altaş)	-	-	1.481.704	-	-	1.061.131
Arpaş Ambarlı Römorkaj Pilotaj Tic A.Ş (Arpaş)	-	2.357	-	-	-	1.725
Other(**)						
Aksigorta Sigortacılık A.Ş.	-	119.721	5.359.598	-	3.981.127	-
Brisa Bridgestone Lastik Sanayi ve Ticaret A.Ş.	-	-	354.629	221.334	-	-
Bimsa Uluslararası İş Bilgi ve Yönetim Sistemleri A.Ş.	-	105.769	1.200.098	-	98.322	416.119
Kardemir Demir Çelik San. Ve Tic. A.Ş.	4.686.802	-	14.007	3.630.803	-	13.457
Avivasa Sigorta A.Ş.	-	13.634	234.344	-	18.511	206.455
Teknosa İç ve Dış Tic. A.Ş.	-	-	166.546	-	-	168.042
S.A.Cimenteries Cbr.	-	-	1.183	23.577	662.886	-
Carrefoursa	-	-	193.062	-	-	185.593
HeidelbergCement A.G.	-	-	12.536	-	7.540	-
HC Trading Malta Limited	-	-	3.926.439	-	-	-
Enerjisa Üretim Santralleri A.Ş.	-	-	-	101.056.697	-	-
Enerjisa Enerji A.Ş.	70.921.752	-	-	549.862	-	-
Temsa İş Makinaları İmalat Pazarlama ve Satış A.Ş.	-	-	208.604	-	-	962.495
HC Technology Center	-	709.988	-	-	-	-
Kordsa	-	-	701.070	-	-	-

(*) Mainly comprises of purchases / sales of property, plant and equipment, purchase of electricity, term difference income and expenses and foreign currency gains and losses.
(**) Related parties of Company shareholders.

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

26. Related party disclosures (continued)

	Due from Related Parties		Due to Related Parties	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Shareholders				
Hacı ÖmerSabancı Holding A.Ş.	-	-	451.028	422.587
Total (*)	-	-	451.028	422.587
Financial assets				
Arpaş	71.607	64.862	789	884
Çimsa	51.062	36.312	3.579.839	8.726
Liman İşletmeleri	-	-	277.618	425.222
Eterpark	-	-	488.786	464.898
Altaş	-	-	520.997	256.145
Total (*)	122.669	101.174	4.868.029	1.155.875
Other(***)				
Aksigorta Sigortacılık A.Ş.	-	-	34.951	48.537
Brisa Bridgestone Lastik Sanayi ve Ticaret A.Ş.	-	-	195.457	78.024
Teknosa A.Ş.	-	-	40.674	-
Bimsa Uluslararası İş Bilgi ve Yönetim Sistemleri A.Ş.	-	-	1.330.558	1.343.961
Ak Finansal Kiralama A.Ş.	-	176.797	-	-
Avivasa Sigorta A.Ş.	3.598	2.082	20.094	-
Enerjisa Enerji A.Ş.	-	-	18.907.286	-
Enerjisa Üretim Santralleri A.Ş.	-	-	-	27.460.903
HeidelbergCement A.G.	-	4.406	12.536	4.204
HC Trading Malta Ltd.	15.267.836	27.552.145	-	-
Kardemir Demir Çelik San. Ve Tic. A.Ş.	277.674	2.093.672	1.063.479	714.224
Çukurova Dış Ticaret A.Ş.	5.442	5.442	-	-
S.A.Cimenteries Cbr.	-	-	-	306.491
Temsa İş Makinaları İmalat Pazarlama ve Satış A.Ş.	-	-	81.863	382.868
HC Techonoly Center	-	-	709.988	-
Kordsa	-	-	827.263	-
Akbank	578.728	599.934	-	-
Total (*)	16.133.278	30.434.478	23.224.149	30.339.212
Employee (**)				
	98.902	223.176	1.342.159	1.206.971
Total	16.354.849	30.758.828	29.885.365	33.124.645

(*) Presented in "Current trade receivables/payables" accounts (Note 7).
(**) Presented in "Other receivables/payables" accounts.
(***) Related parties of Company shareholders

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

26. Related party disclosures (continued)

As of December 31, 2017, receivables from "Direct debit system" in trade receivables amounting to TL 14.153.801 (December 31, 2016 – TL 4.935.712) are receivables from Akbank T.A.Ş.

	December 31, 2017	December 31, 2016
Banks		
Akbank T.A.Ş.	27.425.270	1.612.563

Financial liabilities		
Akbank T.A.Ş.	219.266.031	130.419.280

	December 31, 2017	December 31, 2016
Financial expenses to related parties		
Akbank T.A.Ş.	28.695.864	7.195.174
Interest income from related parties		
Akbank T.A.Ş.	2.023.089	159.138
Commission income		
Arpaş	866.087	589.649
Donations		
Sabancı Üniversitesi	109.300	97.000
Vaksa Hacı Ömer Sabancı Foundation	2.616.699	3.159.360
	2.725.999	3.256.360

Executive members' remuneration

	December 31, 2017	December 31, 2016
Short term benefits provided to executive management	6.239.397	5.217.947
Post-employment benefits	333.482	1.382.556
Other long term benefits	408.602	155.008
Total benefits	6.981.481	6.755.511
Employer's social security premium portion	237.810	215.449

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

27. Nature and level of risks arising from financial instruments

Financial risk management objectives and policies

The Company's principal financial instruments are bank borrowings, leasing, cash and cash equivalents. The main purpose of use of these financial instruments is to raise finance for the Company's operations. The Company has various other financial instruments such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Company's financial instruments are foreign currency risk, interest rate risks, credit risk and liquidity risk. The Company management reviews and agrees policies for managing each of the risks as summarized below. The Company also follows market risk that arises from using financial instruments.

Foreign currency risk

The Company is exposed to foreign currency risk due to the transactions made in foreign currency. This risk occurs due to purchases, sales and bank borrowings of the Company which are denominated in currencies other than the functional currency.

The Company's net foreign currency position as of December 31, 2017 and December 31, 2016 are TL 15.743.811 long (asset) and TL 7.055.251 long (asset), respectively.

Foreign currency position of the Company is as follows:

Table of foreign currency position								
Current period December 31, 2017								
	TL equivalent (functional currency)	ABD Doları	EUR	GBP	AUD	ISL	SEK	CHF
1. Trade receivables	15.346.039	4.067.398	935	-	-	-	-	-
2a. Monetary financial assets (including cash and bank accounts)	25.984.696	6.805.479	69.784	-	-	-	-	-
Total foreign currency assets (1+2a)	41.330.735	10.872.877	70.719	-	-	-	-	-
3. Trade payables	(25.586.924)	(5.274.006)	(1.204.737)	(49.980)	-	-	-	-
Total foreign currency liabilities	(25.586.924)	(5.274.006)	(1.204.737)	(49.980)	-	-	-	-
Net position	15.743.811	5.598.871	(1.134.018)	(49.980)	-	-	-	-
Export(*)	181.712.238	50.060.614	-	-	-	-	-	-
Import(*)	129.941.397	30.921.495	4.375.312	22.009	-	-	42.720	-

Table of foreign currency position								
Current period December 31, 2016								
	TL equivalent (functional currency)	ABD Doları	EUR	GBP	AUD	ISL	SEK	CHF
1. Trade receivables	27.556.551	7.829.093	1.188		-	-	-	-
2a. Monetary financial assets (including cash and bank accounts)	104.120	18.777	10.253		-	-	-	-
Total foreign currency assets (1+2a)	27.660.671	7.847.870	11.441		-		-	-
3. Trade payables	(20.605.420)	(4.656.803)	(1.130.934)		-	-	(55.840)	-
Total foreign currency liabilities	(20.605.420)	(4.656.803)	(1.130.934)		-	-	(55.840)	-
Net position	7.055.251	3.191.067	(1.119.493)		-	-	(55.840)	-
Export(*)	170.537.892	58.159.749	-	-	-	-	-	-
Import(*)	106.103.413	29.814.059	4.907.320	73.664	307.230	38.376	-	1.751

(*) The import and export figures comprise January-December periods of the years 2017 and 2016.

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - 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 TL, with all other variables held constant, on the Company's income before tax as of December 31, 2017 and December 31, 2016:

Foreign currency sensitivity analysis		
	December 31, 2017	
	Profit/ loss	Profit/ loss
	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation of USD against TL:		
1- USD denominated net asset/ liability	2.111.838	(2.111.838)
2- USD denominated hedging instruments (-)	-	-
3- Net effect in USD (1+2)	2.111.838	(2.111.838)
In case of 10% appreciation of EUR against TL:		
4- EUR denominated net asset/ liability	(512.066)	512.066
5- EUR denominated hedging instruments (-)	-	-
6- Net effect in EUR (4+5)	(512.066)	512.066
In case of average 10% appreciation of other exchange rates against TL:		
7- Other foreign currency denominated net assets, liabilities	(25.391)	25.391
8- Other foreign currency hedging instruments (-)	-	-
9- Net effect in other foreign currency (7+8)	(25.391)	25.391
Total (3+6+9)	1.574.381	(1.574.381)

December 31, 2017		
	Profit/ loss	Profit/ loss
	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation of USD against TL:		
1- USD denominated net asset/ liability	1.123.001	(1.123.001)
2- USD denominated hedging instruments (-)	-	-
3- Net effect in USD (1+2)	1.123.001	(1.123.001)
In case of 10% appreciation of EUR against TL:		
4- EUR denominated net asset/ liability	(415.321)	415.321
5- EUR denominated hedging instruments (-)	-	-
6- Net effect in EUR (4+5)	(415.321)	415.321
In case of average 10% appreciation of other exchange rates against TL:		
7- Other foreign currency denominated net assets, liabilities	(2.155)	2.155
8- Other foreign currency hedging instruments (-)	-	-
9- Net effect in other foreign currency (7+8)	(2.155)	2.155
Total (3+6+9)	705.525	(705.525)

There is not any effect of a possible change in foreign exchange rates to equity accounts of the Company.

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

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

Price risk

Price risk is a combination of foreign currency risk, interest rate risk and market risk. The Company naturally manages its price risk by comparing the same foreign currency denominated receivable and payables and assets and liabilities bearing interest. The Company closely monitors its market risk by analyzing the market conditions and using appropriate valuation methods.

The company does not have any floating rate financial instruments. The Company has fixed rate loan.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company manages its credit risk by limiting exposure to any one institution and revaluing the credibility of the related institutions continuously. The total credit risk of the Company is presented in balance sheet.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location.

The Company manages its credit risk by extending its operations to a large area and avoiding unwanted concentration on people/groups in a specific area/sector. The Company requires collateral from its customers when needed.

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

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

Current period	Trade receivables		Receivables		Deposits in banks
	Related party	Other party	Related party	Other Receivables	
				Other party	
Maximum credit risk exposures as of report date (A+B+C+D+E) (1)	16.255.947	453.752.446	98.902	30.433.912	52.746.496
- Guaranteed portion of credit risk by guarantees, etc.	-	265.093.489	98.902	-	-
A. Net book value of financial assets which are not overdue or not impaired (2)	16.255.947	451.425.122	98.902	30.433.912	52.746.496
B. Net book value of financial assets that conditions are reassessed and become not overdue or impaired (3)	-	466.161	-	-	-
C. Net book value of assets which are overdue but not impaired assets	-	1.861.163	-	-	-
- Under guarantee	-	560.161	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Overdue (gross book value)	-	14.140.947	-	-	-
- Impairment (-)	-	(14.140.947)	-	-	-

Current period	Trade receivables		Receivables		Deposits in banks
	Related party	Other party	Related party	Other Receivables	
				Other party	
Maximum credit risk exposures as of report date (A+B+C+D+E) (1)	30.535.652	386.237.147	223.176	35.791.589	23.394.667
- Guaranteed portion of credit risk by guarantees, etc.	-	243.027.272	223.176	-	-
A. Net book value of financial assets which are not overdue or not impaired (2)	30.535.652	367.398.324	223.176	35.791.589	23.394.667
B. Net book value of financial assets that conditions are reassessed and become not overdue or impaired (3)	-	2.070.059	-	-	-
C. Net book value of assets which are overdue but not impaired assets	-	16.768.764	-	-	-
- Under guarantee	-	3.701.257	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Overdue (gross book value)	-	13.225.430	-	-	-
- Impairment (-)	-	(13.225.430)	-	-	-

(1) When determining the amount, guaranties received and factors increasing the reliability of the loan are not considered.

(2) Guarantees consist of letters of guarantee, guarantee cheques and mortgages taken from customers.

(3) There has been no collection issues related to these customers in the past.

Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The risk is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions.

At liquidation table, the breakdown of non-derivative financial liabilities in accordance with the maturities is presented considering the period from balance sheet date to maturities per written and oral agreements and considering undiscounted cash flows per agreement.

Notes to the consolidated financial statements as of December 31, 2017 (continued)

(Currency - Turkish Lira (TL) unless otherwise indicated)

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

December 31, 2017						
Maturities per agreement	Carrying value	Contractual undiscounted payment (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Over 5 years (IV)
Non-derivative financial liabilities	672.903.626	678.612.129	355.094.948	323.517.181	-	-
Bank loans	385.419.133	386.596.720	63.079.539	323.517.181	-	-
Trade payables	287.484.493	292.015.409	292.015.409	-	-	-

December 31, 2016						
Maturities per agreement	Carrying value	Contractual undiscounted payment (=I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	Over 5 years (IV)
Non-derivative financial liabilities	484.917.425	493.089.569	375.890.680	117.198.889	-	-
Bank loans	208.517.523	214.094.512	96.895.623	117.198.889	-	-
Trade payables	276.399.902	278.995.057	278.995.057	-	-	-

Capital management

The primary objective of the Company's capital management is to maximize shareholder value, provide benefits to other stockowners and to keep the most appropriate capital structure to decrease the capital cost.

The Company follows up the debt to equity ratio in the capital management in parallel with other companies in the sector. This rate is calculated by dividing net debt to total equity.

	December 31, 2017	December 31, 2016
Total debt	807.222.801	615.739.165
Less: Cash and cash equivalents (Note 4)	52.746.580	23.394.673
Net debt	754.476.221	592.344.492
Total shareholder's equity	1.108.973.040	1.227.454.015
Total paid-in share capital	191.447.068	191.447.068
Debt to equity ratio	0,68	0,48

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

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

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm’s length transaction.

The fair values of financial assets and liabilities which are carried with its cost value are considered to approximate their respective carrying values due to the following reasons.

Fair values of cost or amortized cost in the balance sheet values and fair values of financial assets:

The fair values of certain financial assets carried at cost, including cash and cash equivalents plus the respective accrued interest and other financial assets are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses. The carrying values of trade receivables net of allowances for doubtful receivables are considered to approximate their fair values.

Fair values of cost or amortized cost in the balance sheet values and fair values of financial liabilities:

The fair values trade payables and other monetary liabilities are estimated to approximate carrying value due to their short-term nature. Bank borrowings are carried at amortized cost and the transaction costs are added to the initial cost of the borrowing. The fair values of long-term bank borrowings with variable interest are considered to approximate their respective carrying values, since the initial rates applied to bank borrowings are updated periodically by the lender to reflect active market price quotations. It is note that when fixed interest rate applicable as of balance sheet is applied, the fair values of long-term bank borrowings with fixed interest are approximate their respective carrying values. The carrying values of short-term bank borrowings are considered to be their fair values due to their short term nature.

Fair value hierarchy table

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

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

Level 2: Other valuation techniques includes direct or indirect observable inputs Level 3: Valuation techniques does not contains observable market inputs

Notes to the consolidated financial statements as of December 31, 2017 (continued)
(Currency - Turkish Lira (TL) unless otherwise indicated)

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

As of December 31, 2017 and December 31, 2016, the Company’s assets at fair value and its levels are as follows:

December 31, 2017	Level 1 (*)	Level 2	Level 3
Assets at fair value			
Financial assets			
Çimsa	165.824.755	-	-
Total Assets	165.824.755		

December 31, 2016	Level 1 (*)	Level 2	Level 3
Assets at fair value			
Financial assets			
Çimsa	191.541.542	-	-
Total Assets	191.541.542	-	-

(*) Valued by the market price in the stock exchange market as of the balance sheet date.

29. Subsequent events

TL 26 Million obtained from the sale of Hobim Bilgi İşlem Hizmetleri A.Ş., which is recorded as other receivables in financial statements, was collected on January 2, 2018.

Akçansa Çimento Sanayi ve Ticaret A.Ş. 2017 Profit Distribution Table (TL)

1. PAID-IN/ISSUED CAPITAL	191.447.068,25	
2. General Legal Reserve (based on legal records)	194.188.052,14	
Information regarding privileges in profit distribution according to the Articles of Association, if any	None	
	According to CMB	According to Legal Records
3. Profit for the Period	179.711.381,00 TL	169.340.393,37 TL
4. Taxes (-)	30.897.779,00 TL	28.620.349,95 TL
5. Net Profit for the Period (=)	148.693.675,00 TL	140.720.043,42 TL
6. Retained Losses (-)		
7. General Legal Reserve (-)	0,00	0,00
8. NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	148.693.675,00 TL	140.720.043,42 TL
9. Donations Made within the Year (+)	10.464.532,65 TL	
10. Net Distributable Current-Year Profit Including Donations	159.158.207,65 TL	
11. First Dividend to the Shareholders		
- Cash	9.572.353,41 TL	
- Bonus		
- Total	9.572.353,41 TL	
12. Dividends for Privileged Shareholders		
13. Dividends for Others		
- Executive Board Members,		
- Employees,		
- Other than Shareholders		
14. Dividends for Redeemed Shares		
15. Second Dividend to Shareholders	118.429.156,42 TL	
16. General Legal Reserve	11.842.915,64 TL	
17. Statutory Reserves		
18. Special Reserves	875.412,84 TL	875.412,84 TL
19. EXTRAORDINARY RESERVES	7.973.836,69 TL	205,11 TL
20. Other Sources for Distribution	0,00	0,00
- Retained Losses	0,00	0,00
- Extraordinary Reserves		
- Other Reserves Distributable As Per Law and Articles of Association		

DIVIDEND RATES TABLE

	TOTAL DIVIDENDS DISTRIBUTED		TOTAL DIVIDENDS DISTRIBUTED / NET DISTRIBUTABLE PERIOD PROFIT	DIVIDEND CORRESPONDING TO SHARE WITH A NOMINAL VALUE OF 1 TL	
	CASH (TL)	BONUS (TL)	RATE (%)	AMOUNT (TL)	RATE (%)
GROSS	128.001.509,83	-	86,0840	0,66860	66,8600
NET*	108.801.283,36	-	73,1714	0,55831	56,8310

* Net calculation is based on the assumption of 15% income tax withholding.

The General Assembly resolved on February 27, 2018 that; 2017 Annual Report be presented within the predetermined principles and guidelines at the Ordinary General Assembly to be convened on March 29, 2018; and that 148.693.675,00 of the consolidated period profit for 2017 of 179.711.381,00 TL to be distributed as follows as the Net Distributable Current-Year Profit after deducting the General Legal Reserves (First Legal Reserves) and prior period losses, legal obligations and non-controlling interest as per Article 33 of the Articles of Association and in accordance with the CMB communiqués:

First Dividend Share	9.572.353,41 TL
Second Dividend Share	118.429.156,42 TL
Total Gross Profit Share	128.001.509,83 TL
General Legal Reserve (2nd Tier)	11.842.915,64 TL
Special Reserve	875.412,84 TL
Extraordinary Reserve	7.973.836,69 TL

Kar dağıtımının yukarıdaki esaslara göre yapılması neticesinde, Vergi Usul Kanunu hükümlerine göre hazırlanan yasal kayıtlarımız esas alındığında ise;

- Out of the Net Distributable Current-Year Profit of 140.720.043,42 TL that descends in our legal records, 128.001.509,83 TL be distributed as Gross Dividend and out of 875.412,84 TL of revenue obtained from the real estate sales in 2017, 205,11 TL be set aside as Extraordinary Reserves so as to take advantage of the corporate tax exemption stipulated in Article 5/1, sub-paragraph (e) of the Corporate Tax Law,

Hence, total dividends in the amount of 191.447.068,25 TL be distributed for 2017 starting from March 30, 2018 to shareholders representing 128.001.509,83 TL in the capital at a ratio of 66.8600% (gross) and 56.8310% (net) depending on their legal status.

Sincerely yours,
Board of Directors

Information on whether there are organizations outside the head office

General Directorate : Kısıklı Cad. No:38 Altunizade Üsküdar İstanbul
Switchboard : 0 (216) 571 30 00
Fax : 0 (216) 571 31 11

Cement, Ready-Mixed Concrete Facilities, Terminals and Sales Offices

SALES OFFICES	ADDRESS
YARIMCA SALES OFFICE	Rota Limanı Körfez / KOCAELİ
SAMSUN SALES OFFICE	Güzelyalı Mah. 3003 Sok. No:2 Çamkoru Sitesi Atakum/SAMSUN
ÇANAKKALE SALES OFFICE	İnönü Caddesi ÇTSO İş Merkezi No:141 Daire 14-15 Çanakkale
KARTAL/ MALTEPE CEMENT SALES OFFICE	Cevizli Mah. Tugay Yolu Cad. Ofisim İstanbul Plazaları B Blok No:18 K.8 D.49 Maltepe/Kartal

PLANTS	ADDRESS
ÇANAKKALE PLANT	Rota Limanı Körfez / KOCAELİ
BÜYÜKÇEKMECE PLANT	Güzelyalı Mah. 3003 Sok. No:2 Çamkoru Sitesi Atakum/SAMSUN
SAMSUN LADİK PLANT	İnönü Caddesi ÇTSO İş Merkezi No:141 Daire 14-15 Çanakkale

TERMINALS	ADDRESS
AYAZAĞA AGGREGATE PLANT	Cendere Yolu Önerler Petrol Karşısı Kemerburgaz-Eyüp / İSTANBUL
BURSA AGGREGATE PLANT	Eski Kemalpaşa Yolu üzeri Kayapa Beldesi Nilüfer / BURSA
SARAY AGGREGATE PLANT	Kavacık köyü Mevkii Saray / TEKİRDAĞ
DANAMANDIRA AGGREGATE PLANT	Danamandıra Köyü Silivri/İSTANBUL
SAMSUN AGGREGATE PLANT	Çamlıyazı Köyü mevkii Atakum/SAMSUN

READY-MIXED CONCRETE PLANTS	ADDRESS
ALİAĞA READY-MIXED CONCRETE PLANT	18. Cadde No: 4 Horoz Gediği - Aliağa - İZMİR
KEŞAN READY-MIXED CONCRETE PLANT	Yeni Muhacir Beld.Cumhuriyet Mah. İstanbul Yolu Cad. No:123 KEŞAN
MENEMEN READY-MIXED CONCRETE PLANT	Kazımpaşa Mah. 1212.sk.no: 24 MENEMEN / İZMİR
YENİBOSNA READY-MIXED CONCRETE PLANT	Yenibosna Merkez Mah. Cemal Ulusoy Cad. Şehit Yunus Çaça Sk. No: Bila
TEKİRDAĞ READY-MIXED CONCRETE PLANT	Muratlı Yolu Üzeri 4.km TEKİRDAĞ
SİLİVRİ READY-MIXED CONCRETE PLANT	Alipaşa Mahallesi Fatih Sultan Mehmet Cad. No:28 Silivri - İSTANBUL
MERZİFON READY-MIXED CONCRETE PLANT	Alıcık Yolu 1. Km İstanbul Yolu Üzeri Merzifon - AMASYA
SAMSUN READY-MIXED CONCRETE PLANT	Derecik mah. Ovalar cad. 204.sk No: 2 İlkadım - SAMSUN
TOKAT READY-MIXED CONCRETE PLANT	Gökçe Köyü Tombulkaya Mevkii Tokat Sivas Karayolu 10.Km. / TOKAT
ÇERKEZKÖY READY-MIXED CONCRETE PLANT	Mimarsinan mah. Beylikçayırı mevkii Veliköy-Çerkezköy Tekirdağ
KEMERBURGAZ READY-MIXED CONCRETE PLANT	Mimarsinan Mah. Cendere Yolu No:29 Kemerburgaz-EYÜP / İSTANBUL
BORNOVA READY-MIXED CONCRETE PLANT	Ankara Yolu Üzeri No:194 BORNOVA / İZMİR
BÜYÜKÇEKMECE READY-MIXED CONCRETE PLANT	Sultan Murat Cad. No: 12 Mimarsinan-Büyükçekmece / İSTANBUL
BÜYÜKKARIŞTIRAN READY-MIXED CONCRETE PLANT	Yenimahalle D 100 Karayolu Üzeri No:25 Büyükkarıştıran
EDREMİT READY-MIXED CONCRETE PLANT	Yolören Mahallesi 930. Sokak No:4 EDREMİT / BALIKESİR
ESENYURT READY-MIXED CONCRETE PLANT	Orhangazi Mahallesi Mercedes Bulvarı No:5 Esenyurt - İSTANBUL
AYAZAĞA READY-MIXED CONCRETE PLANT	Ayazağa Mahallesi Çakırlar Sokak No:1 Sarıyer / İSTANBUL
ARNAVUTKÖY READY-MIXED CONCRETE PLANT	Eski Edirne Asfaltı Habibler Çıkışı Derbent Mevkii Arnavutköy / İSTANBUL
ÇORUM READY-MIXED CONCRETE PLANT	Ankara Yolu üzeri 4.Km Yaydığın Mahallesi -ÇORUM
NİLÜFER READY-MIXED CONCRETE PLANT	Kayapa Mahallesi Bursa Yolu Caddesi No: 24 / 1 Nilüfer / BURSA
KAVAK READY-MIXED CONCRETE PLANT	Emirli Taşocakları Yolu Karayolları Asfalt Şantiyesi Kavak / SAMSUN
GEBZE II READY-MIXED CONCRETE PLANT	Tavşanlı Mahallesi 4510. Sokak No:37/2 Gebze - KOCAELİ
ÇATALCA II READY-MIXED CONCRETE PLANT	Ferhatpaşa Mah. Çağlayan Ege Sok. Kiptaş Sit. No: 45/ 1 Çatalca/İST
AMASYA READY-MIXED CONCRETE PLANT	Helvacı Mahallesi Derbent Bağları 151-A Merkez - AMASYA
İŞIKKENT BORNOVA READY-MIXED CONCRETE PLANT	Egemenlik Mahallesi Işık Caddesi No: 3 BORNOVA / İZMİR
FİKİRTEPE READY-MIXED CONCRETE PLANT	Merdivenköy Mahallesi Veril Sokak No:2 Kadıköy/İstanbul
BURSA POWER PLANT	Başköy Mah. İzmir Yolu Cad. No:41/3 Nilüfer - BURSA
ÇARŞAMBA POWER PLANT	Seyeri mevkii İçsan sokak Mobil Santral yolu Tekkeköy / SAMSUN

