

60 Years!
*Precious Present
Towards the Future*



annual report 2010

 **çimentas**
CEMENTIR HOLDING



contents

5-7

Foreword
and
Agenda

8

Board of
Directors'
Report

11

Introduction

14

Corporate
Governance
Principles
Application
Report

19

Consolidated
Financial
Statements

20

Balance Sheet

23

Income Statement

24

Equity Capital Changing Table

28

Cash Flow Table

31

Notes to the Financial Statements

74

Statutory Auditors' Report

75

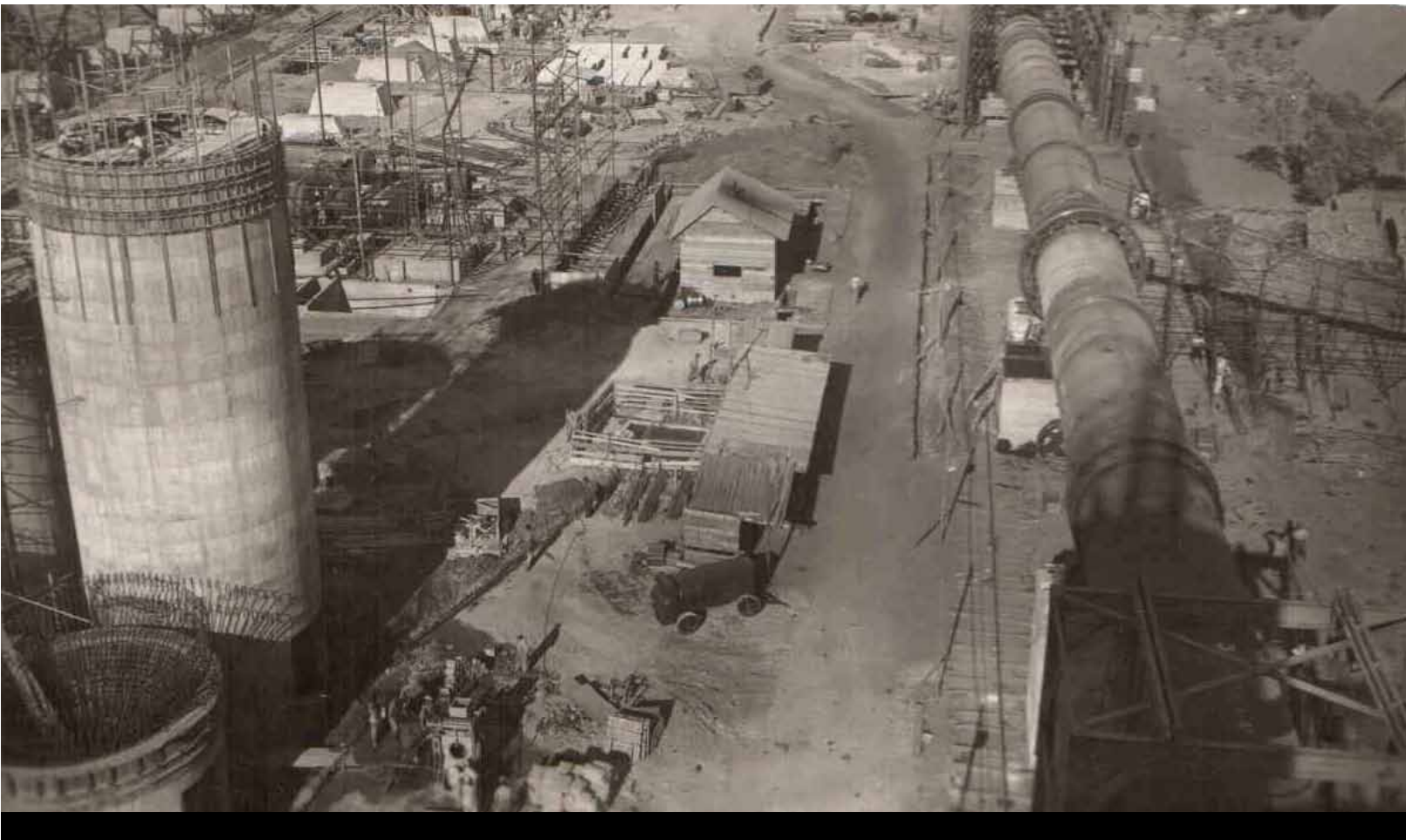
Independent Auditors' Report

76

Profit Distribution Proposal

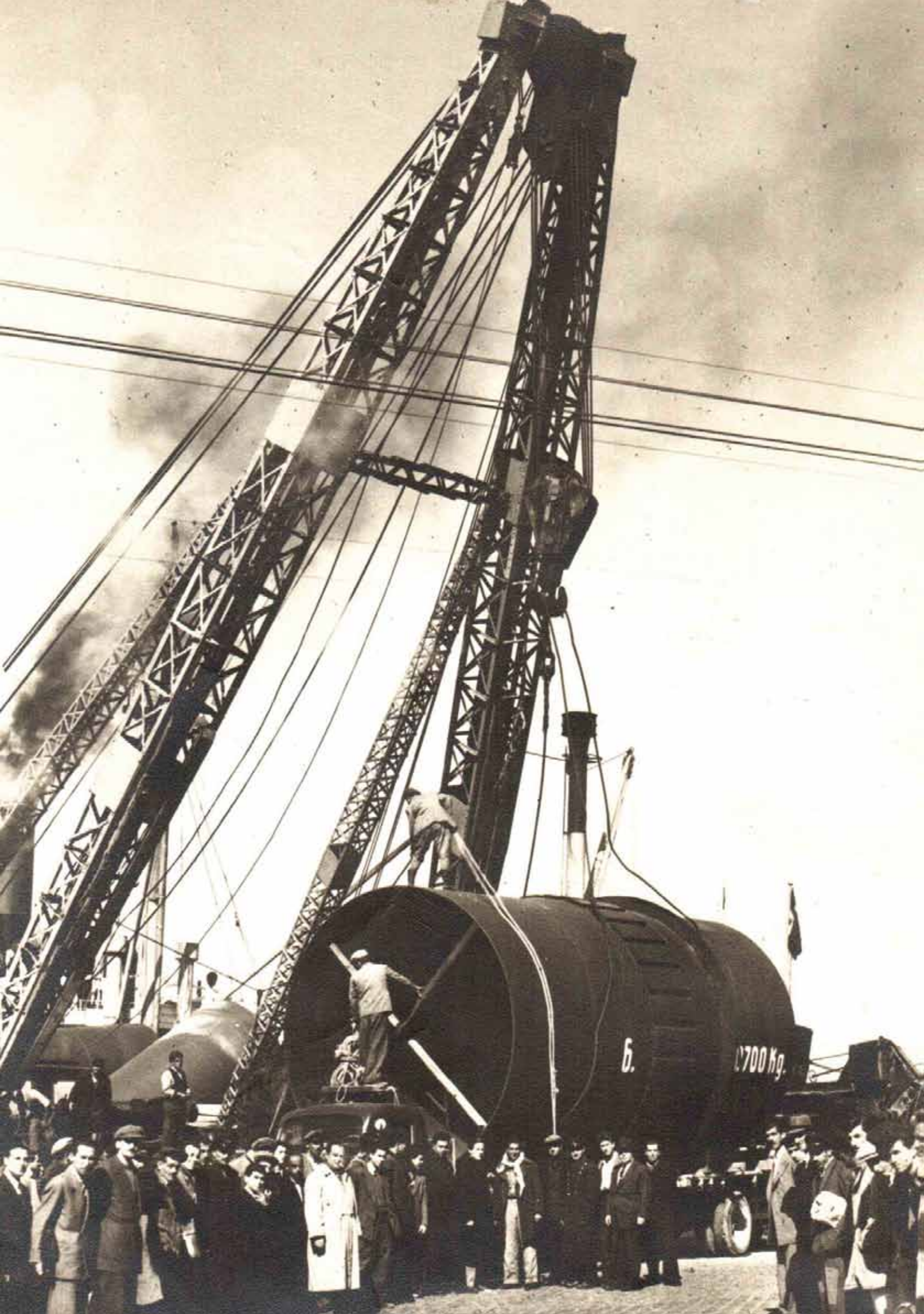
78

Çimentoş Group



Introduction

This report is for presentation to 60th Annual General Assembly Meeting of Shareholders in the Company of Çimentaş İzmir Çimento Fabrikası Türk A.Ş. that is to be convened at the Company's headquarters at the address of Kemalpaşa Caddesi No.4 Işıkkent-İZMİR on 15th of April 2011 at 11.00 to examine and come to a decision on the Company's operational results for the period January 1st 2010 to December 31st 2010.



agenda

1. Opening and roll-call,
2. Formation of the presiding committee and authorization of the committee members to sign the minutes and other meeting-related documents pursuant to article 16 of the company's articles of association,
3. Reading and deliberation of the annual report of the Board of Directors, the statutory auditors, and the independent auditing firm,
4. Reading, deliberation, and decision concerning approval of the 2010 balance sheet, income statement and other financial tables,
5. Decision about the approval of appointment of Marco Maria Bianconi as the new Board member due to resignation of Fabio Gera,
6. Individual acquittal of each of the members of the Board of Directors and the statutory auditors of their fiduciary responsibilities for the accounts and transactions of the company in 2010,
7. Deliberation and decision about the 2010 profit,
8. Deliberation and resolution about approval of the Independent External Audit Firm assigned by the Board and the independent external audit agreement,
9. Determination of the number and term of duties of the BoD members. Selection of BoD members,
10. Determination of the numbers and term of duties of the Statutory Auditors. Selection of Statutory Auditors,
11. Deliberation and decision concerning the remuneration of the directors and the statutory auditors,
12. Authorization of the directors pursuant to articles 334 and 335 of the Turkish Commercial Code,
13. Information and deliberation concerning the donations and charities made within the year 2010,
14. Disclosure and negotiation about guarantees provided by the Company to assure 3rd parties debts,
15. Petitions and adjournment.

Board of Directors' Report 2010

Dear Shareholders,

I am pleased to welcome you to the 60th General Assembly meeting to present you the Annual Report of the year 2010.

Global Financial Situation

The global financial crisis played an extraordinary role in the world's and Turkey's economies. Both internal and external markets were seriously affected resulting in drastically decline in production and employment level in addition to capacity utilization rates. Profitability was affected by increased cost of energy, raw materials and maintenance. Thanking to the reforms of banking sector made in the past decade, successful measures implementation in addition to the Government's support, Turkish economy managed to soften the impact of the recent worldwide recession. As the result of mid-term practices to reduce the impact of global recession and increase domestic demand and production, Turkish economy achieved an uptrend starting from the second half of 2009 and continued its growth in 1st and 2nd half of 2010 for 11% and 7,8% respectively.

Dissociation between growing performances of developed and developing countries is still on going. It is interesting to observe that the developed countries revealing slow growing tendency have not reached at GDP levels of pre-crash period. Growth in Euro has been considerably slowed down. In spite of the low and fragile growth tendency in developed countries, high growth performance in developing countries has continued in the final quarter of the year. In a continuously changing world economy, the years ahead cannot be predicted. Risks regarding future such as high joblessness, inconsistency of consumption expenditures and insufficient income growth will remain. Recovery is expected to continue even if it may be gradual and slow for years. Activity in the advanced economies is projected to expand 2.5% during 2011/12 while growth in developing economies is expected to remain high at 6.5% versus the 7.0% of 2010. Also in Turkey, on the expectation of continuing capital inflows, domestic demand is projected to remain strong. GDP is forecast to expand by a robust 4.5% in 2011.

Cement Sector

The construction sector registered the largest contraction of 16.3% among all the section in 2009 when Turkey GDP shrank by 4.7%. A strong recovery in 2010 primarily by high infrastructural investments especially in the central and eastern part of Turkey has occurred; 18.4% cumulative in the first 9 month and 24.6% in the 3rd quarter of 2010 compared to the same period of 2009.

In line with this performance of construction sector, also cement and RMC demand have been increased at a rate of approximately 15%. Also the export performance remained strong (above 27 mln tons) with a decrease of 17% compared to the extraordinary performance of 2009 (above 19 mln tons).

Our Performance

Çimentoş continued its growth by becoming more flexible and responsive organization thanking to its innovative business structure and change projects. Going forward, we will focus our energies on minimizing our production costs, improving operational efficiencies and streamlining our procurement processes. We will also continue to invest in our staff, technology as well as contribution to the numerous entities in the communities we operate in.

Çimentoş has a strong commitment and primary goal to create more value for our shareholders, employees, business partners and stakeholders as well as the society, environment and Turkish economy.



As the result of our activities in 2010; the performance of our company and its main subsidiaries is;

- Çimentaş with a consolidated net profit of 27.773.000 TL,
- Elaziğ with the net term profit of 18.491.474 TL,
- Kars with the net term profit of 12.946.811 TL,
- Süreko with net term profit of 1.361.000 TL.

One of the determinant entities of ready mixed concrete market in Aegean region, Çimbeton has closed the fiscal year with loss because of arising high cost increase in materials and services, - as it is happening since the last few years-. It has not been passed on the sales prices due to the very high competition in the market. Çimentaş & Çimbeton have been competing in this environment -both domestic & export- maintaining their market position in spite of the high tension on the pricing due to the existing extra capacities.

Destek A.Ş. has gradually continued its contributions to ÇEVSAK.

Continuous Growth

Being aware of the importance of environmental protection and contributes to the protection of natural resources and waste management, our company continued its investments in "Waste Management & Renewable Energy" sector. We opened our Waste Disposal and Recycling facility in Kula with the honorable presence of Vice Prime Minister Mr. Bülent Arınç. This investment enables us to diversify and optimize energy and increase the use of alternative fuel as well as contribution in maintaining our sustainable basis for future operations. I am confident that these initiatives will translate into suitable value for you in the foreseeable future.

Dear Partners,

2010 was an important year for our company. It was the 60th anniversary of the foundation of our company. 60th anniversary has been celebrated and shared with our employees, our clients, our business partners and public authorities through various activities.

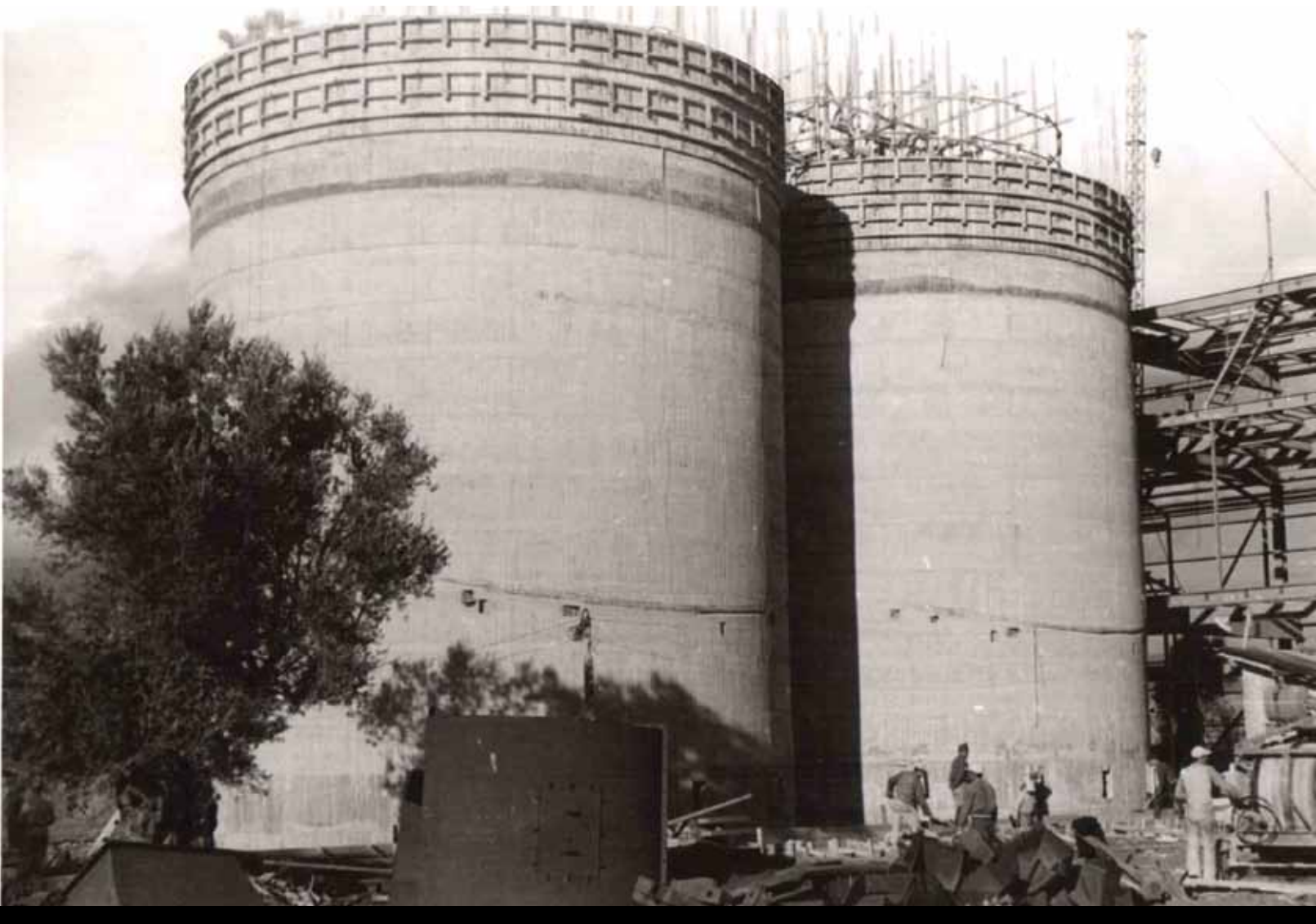
Appreciation

I would like to express my sincere gratitude to you shareholders for the support you have continued to provide to our company. I would also like to recognize the contribution of the Board for their vision and unity of purpose. I would like to congratulate the entire management and staff of Çimentaş for their commitment and hard work to achieve an important growth and successfully position us for the challenges and opportunities that lie ahead. Also, I would like to extend my thanks to all our business partners and customers for their loyalty and unwavering support.

Regards,

Walter Montevecchi

Chairman of the Board of Directors
Managing Director



Introduction

Reporting Period

01.01.2010 - 31.12.2010

Members of The Board of Directors Within Period

Walter Montevecchi	Chairman & Managing Director	25.04.2008-15.04.2011
Francesco Caltagirone	Vice Chairman	25.04.2008-15.04.2011
Mehmet Nazmi Akduman	Member	25.04.2008-15.04.2011
Francesco Gaetano Caltagirone	Member	25.04.2008-15.04.2011
Alessandro Caltagirone	Member	25.04.2008-15.04.2011
Marco Maria Bianconi	Member	14.11.2010-15.04.2011
Mario Ciliberto	Member	25.04.2008-15.04.2011
Riccardo Nicolini	Member	25.04.2008-15.04.2011
Massimiliano Capece Minutolo	Member	25.04.2008-15.04.2011

Statutory Auditors

Sıtkı Şükürer	Statutory Auditor	25.04.2008-15.04.2011
Bumin Anal	Statutory Auditor	25.04.2008-15.04.2011

Authorization Limits

Furnished with powers specified in the Capital Market Law, Turkish Commercial Code, Articles of Association of the Company and other legislation.

Upon the CMB decision dated 09.09.2009 and No.28/780, which was announced by the bulletin No.2009/40, the listed companies are restricted to provide guarantees, such as mortgage, pledge etc. in the name of third parties for the debts of third parties. Accordingly the companies were obliged to make necessary amendments in their articles of association. In this respect, article 3 of the AoA of the Company, which is the "Aim and Scope", had been amended via the Board decision dated 05.02.2010 No.1309. This amendment had been approved by the General Assembly held on 16th of April 2010. This amendment had been registered on 18.05.2010 and published on the Trade Registry Gazette of 26th of May 2010.

Company, upon decision of the Board of Directors dated 28.07.2009 had adopted the "Registered Capital System" and increased its issued share capital, which was in the sum of TL 75.749.968 (seventy five million seven hundred and forty nine thousand and nine hundred and sixty eight Turkish Lira), up to TL 87.112.463,20 (eighty seven million one hundred and twelve thousand and four hundred and three point twenty Turkish Lira) by increasing it in the sum of TL 11.362.495,20 (eleven million, three hundred and sixty two thousand, four hundred and ninety five point twenty Turkish Lira) in cash within the limits of its registered share capital ceiling of TL 200.000.000 (two hundred-million Turkish Lira).

Capital Markets Board, by its quotation certificate nr.96/932 dated 17.11.2009, had released consent for the increase of our issued share capital from TL 75.749.968,- to TL 87.112.463,20 by way of a nominal contribution of TL 11.362.495,20 in cash. It had, by its letter nr.14917 dated 31.12.2009, also confirmed the completion of capital increase process.

After the approval and confirmation of the capital increase by the Board of Directors of the Company it was registered with the Trade Registry on 08.01.2010 and published on the Trade Registry Gazette on 11.01.2010.

The Company has been performing production activities in Izmir and Trace enterprises. Klinker production is conducted through 2 rotary kilns in Izmir enterprise and 1 rotary kiln in Trace enterprise; cement production is, on the other hand, conducted through 4 mills in Izmir enterprise and 3 mills in Trace enterprise.

In 2010 the Group focused on environmental and cost optimization investments. Within this scope, some of the investments towards usage of alternative fuels aiming to reduce the CO2 emissions and costs had been completed and 2011 investment plans had been prepared. In addition, investments aiming reduction on energy consumption and raise in productivity have been taken into the agenda of the Group.

The shrinking and decrease in the world economy due to the economic crisis started in 2008 and spread all over the world in 2009 influencing the world and Turkey had turned into a growing trend since the beginning of 2010. In fact, Turkey is estimated to reach a growing rate of 7,8% by the end of 2010.

Growing general economic indicators influenced the construction sector in a positive way as well. In connection with the growth in the construction sector domestic demand of cement also grew, but showing differences among separate regions. As a matter of fact, comparing the first 10 months domestic sales figures, we conclude that while the increase in East Anatolia is by 20%, in Marmara it is 14% and in Aegean it is 5% only.

Analysing the domestic sales performances of the Group companies in İzmir, Trakya, Elazığ and Kars it is seen that their performances are in parallel with the developments of the regions that they are located in.

While the domestic market is growing we observe a shrink in the export markets. Gathering both data together we can observe an increase of 8% in total sales of the Group due to the decrease of export sales.

In order to increase financial performance of all enterprises in sector:

- Increases occurred in energy and coal costs should be eliminated.
- Procurement of increase in the usage of alternative fuels is needed,
- Investors should be supported in concrete road investments.
- Exchange rate and investment policies which would increase the amount of export should be supported
- Public investments as a significant part of the construction sector should be increased and additionally private sector investments should be incentivized.

Financing model of the Group is based on equity weighted financing model which is determined by Cementir Holding SpA. The ratios of the Company comparable with the previous year and which have not been stated in the financial tables in accordance with the Capital Market legislation and accountancy standards are indicated below.

RATE	2009	2010
Current Rate	1,32	2,17
Liquidity Rate	0,90	1,67
Debts/Assets	0,32	0,25
Debts/Equity	0,38	0,33
Equity/Assets	0,64	0,75
Profitability by sales	0,19	0,18

Due to the resignation of Fabio Gera, the Board member, Mr.Marco Maria Bianconi was appointed to replace him by the board as to be submitted to the General Assembly.

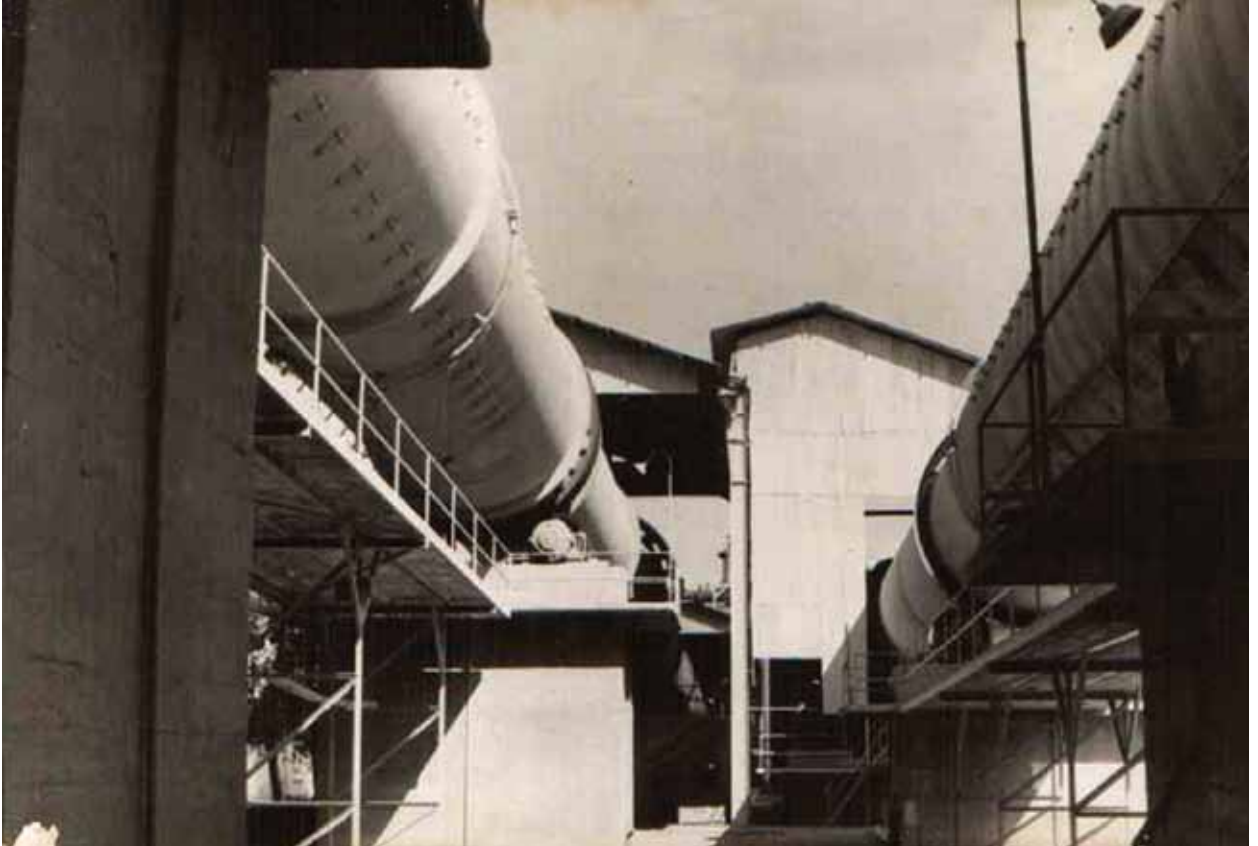
The new top management composition after the completion of the Organizational Improvement Project (OIP) which was completed within the period is as follows;

Name -Surname	Title
Walter Montecvecchi	Chairman and Managing Director
Mustafa Güçlü	General Relations Coordinator
Ergün Olgun	Technical Affairs Coordinator
İsmail Ali Özinönü	Marketing and Sales Director
Ali İhsan Özgürman	Finance Director
Erciyes Edipoğlu	Human Resources Director
Dario Nichetti	Procurement Director
Francesco Malara	Waste & Renewable Energy Director
Selahattin Mersin	Technical Operations Director
Bahri Zuhal	RMC Director

Wages and social benefits of employees are being determined according to sector averages, performance and merit principle by also considering present and potential financial and monetary situation of the company.

Regarding the employees in worker position, policies stipulated by Cement Producer Employers Union are complied with and collective labor contract valid for 2008-2009-2010 was signed in March 2008. Increase of wages and social benefits of personnel in worker positions has been realized by means of that contract. The collective labor agreement negotiations for 2010-2011 is pending.

Donations and welfares of the Company within the period amount to 137.728 TL consisting of 116.827 TL in cash and 20.901 TL as commodity. Donations/Total sales ratio is 0,028%



APPLICATIONS OF CORPORATE GOVERNANCE PRINCIPLES

I- SHAREHOLDERS

I.1. Shareholders Relations Department

The title of the "Legal Affairs Department", which is conducting relations with shareholders in coordination with Finance Directorate has been changed as "Legal Affairs and Investor Relations Department". Accordingly, those relations are conducted by this department.

Essential activities of this department have been focusing on the point of conducting relations with either shareholders or Capital Market Board ("CMB") and Istanbul Stock Exchange ("ISE"). Such activities include following company shares, transactions related to shareholders' rights, disclosure of special events to public and arrangement of general assembly meetings of Company.

Having been received from investor individuals and institutions as well as intermediary entities, 25 applications have been replied and requirements of the relevant parties have been met within the period.

I.2. Shareholders' rights to Obtain and Evaluate Information

Information demands received by the company from shareholders as well as investors and intermediary entities have been especially intensified on demands for activity report as well as profit division for the year 2009 and capital increase within the period. Such demands as mentioned above have been met by means of providing necessary explanations and documents.

Studies related to publishing developments concerning utilization of rights by shareholders through electronic media are underway. Such developments are announced in frame of legal arrangement in force presently. Assignment of private auditor was not regulated as an individual right in scope of the Articles of Association, any demand for assignment of private auditor was not received within the period.

I.3. General Assembly Details

Ordinary General Assembly meeting for the year 2009 was held on 16 April 2010 and 98% participation was realized in Ordinary General Assembly for the year 2009. Articles of Association do not contain a particular provision related to quorum therefore the relevant provisions of Turkish Commercial Code are taken as basis.

Invitation to General Assembly Meeting for shareholders are announced through necessary publications under the provisions of Turkish Commercial Code and Capital Market Law. Registration proceedings for shareholders to participate in General Assembly are conducted under the provisions of Turkish Commercial Code and Capital Market Law.

Information related to Ordinary and Extra Ordinary General Assembly meetings is made available for shareholders to review in the headquarters of the company pursuant to Turkish Commercial Code.

As management and administration of the company have been arranged under the provisions of Turkish Commercial Code, approval of General Assembly is not sought for the matters such as purchasing, sell, rent assets in significant amount and such proceedings are conducted within frame of legal regulations.

In order to facilitate participation of shareholders in General Assembly, besides announcement and publications, due diligence is used for access to information on the matters constituting the agenda of General Assembly and requirements of legal regulations are stuck.

Media members are also invited to General Assembly meeting and they attend. Minutes and documents related to General Assembly meetings are permanently made available for shareholders to review in the headquarters of the Company.

I.4. Voting Rights and Minority Rights

Shares of the Company do not provide privilege in voting and each share gives only 1 voting right to its holder.

For the matter of voting by companies having mutual participation relation, the rules of "disfranchisement" contained in Turkish Commercial Code is applied

Since minority shares are low (about 2%) in company, they are not represented in management. Articles of Association of the Company does not contain a provision for method of cumulative voting in election of board of directors and statutory auditors.

I.5. Profit Distribution Policy and Timing

Regarding to sharing profit of Company, incorporators' shareholders are furnished with privilege, therefore, after deduction of taxes and legal liabilities as well as loss of former years from net profit and after separation of 5% legal reserve under article 466 of Turkish Commercial Code and 50% I. Dividend under Articles of Association , 10% of the remaining dividend amount is distributed to Incorporators' Shareholders.

Although the communiqué published by Capital Markets Board states 20% for 1st dividend, such rate has been determined as 50% in Articles of Association of the Company as specified above. This circumstance is the yield of the policy regarding to maximizing profit share rights of the shareholders. We try to stick to such policy upon considering economical conditions of country and present situation of Company. Legal periods in profit distribution are strictly followed.

I.6. Assignment of Shares

As the whole shares of the Company have been converted to bearer shares upon modification of Articles of Association as resolved in the Ordinary General Assembly meeting for the year 2005, a particular provision restricting assignment of shares does not exist.

II-PUBLIC DISCLOSURE AND TRANSPARENCY

II.1. Company Information Policy

The Company has not announced a separate "Disclosure Policy" except from the ones set by the legislation. However, it is still pending the studies to provide under the CMB Communiqué " Regarding the Special Event Disclosures" published on the Official Gazette of 02.02.2009 and came into force on 01.05.2009.

II.2. Special Event Disclosures

Company has made 10 special event disclosures within the period; 4 of them is made upon demand of ISE/CMB and they are not in nature of an additional explanation. Any sanction has not been applied by CMB concerning special event disclosures within the period.

II.3. Web Site of Company

Web site named www.cimentas.com has been established and activated.

II.4. Disclosure of Real Person Controlling Shareholders of the Company

Company does not have real person controlling shareholders of the Company. The controlling shareholders are legal persons and annual report contains information on this matter.

II.5. Insiders

İçeriden öğrenebilecekler ile ilgili olarak kamuya herhangi bir açıklama yapılmamıştır.

6 Şubat 2009 tarihli Resmi Gazete'de yayımlanarak 1 Mayıs 2009 tarihinde yürürlüğe giren Seri VIII No:54 sayılı "Özel Durumların Kamuya Açıklanmasına İlişkin Esaslar Tebliği" uyarınca çalışmalar yapılmaktadır.

III-STAKEHOLDERS

III.1 & 2. Informing Stakeholders and Their Participation in Management

Relations between stakeholders and the Company are entirely based on written agreements, relations and operations between the parties are governed within the framework defined by the agreements.

Information on the Company and its activities is given during the meetings having been held with both personnel and other stakeholders time to time. Apart from that, any model regarding participation in the management and informing was not constituted.

II.3. Human Resources Policy

Basic guidelines of HR policy of the Company may be summarized under the headings below;

- (i) Recruiting and employment; Raising quality in employing new staff and continuously increasing labor quality available
- (ii) Training; Focusing on training studies for the purpose of developing human resource available
- (iii) Remuneration; Developing a remuneration system that also takes market conditions in account
- (iv) Activities increasing motivation; Making organizations and arrangements to raise loyalty and working motivation of employees

III.4. Information on Relations with Customers and Suppliers

Basic policy of the Company on the matter of customer satisfaction was set on providing product and service quality together and with priority. Therefore, product quality is continuously inspected and suggestions from customers are also taken in account. Also, quality in service is taken as priority of employees in marketing and purchasing departments and beside the quality of product, service quality is also continuously followed up.

III.5. Social Responsibility

The Company, in the frame of social responsibility consciousness and understanding has been sustaining its assistance especially in the fields of training, health and sports over years through ÇESVAK Foundation and Çimentaş Amateur Athletics Specialized Sports Club Besides, any sanction related to the environmental issues was not encountered within the period. The Company is acting in full compliance to Environmental Legislation although ÇED report is not available as the business of the Company was started before ÇED legislation.

IV-BOARD OF DIRECTORS

IV.1. Structure and Constitution of Board of Directors, Independent Members

Members of Board of Directors

Walter Montevecchi	Chairman and Managing Director
Francesco Caltagirone	Vice Chairman
M. Nazmi Akduman	Member
Francesco Gaetano Caltagirone	Member
Alessandro Caltagirone	Member
Marco Maria Bianconi	Member
Mario Ciliberto	Member
Riccardo Nicolini	Member
Massimiliano Capece Minutolo	Member

There is not any independent member holding a position in the Board of Directors due to shareholding structure of the company.

IV.2. Qualifications of the Members of Board of Directors

The entire Board of Directors members have the qualifications stated in the articles 3.1.1, 3.1.2 and 3.1.5 of the CMB Corporate Governance Principles Chapter IV Articles of Association of the Company does not contain a particular provision concerning qualifications of the members of Board of Directors.

IV.3. Mission, Vision and Strategic Aims of Company

Although the Company has determined its vision and policies, it has not announced that to the public individually. However, these matters are being shared with shareholders, employees and public for several occasions time to time. Accordingly, the vision of the Company is to become the leader in domestic market that would be pointed out as a model with its trademark and high quality in global market. Policies to apply in order to achieve such aims are to ensure customer satisfaction by keeping product and service quality in forefront, to follow technological developments, to give priority to work safety and environment sensitivity in business.

Board of Directors and Managing Directors, nominated among the members of the Board, have been managing the company. Managing directors have been assessing monthly activity results every month and periodical activities are being reviewed by Board of Directors once a quarter.

IV.4. Risk Management and Internal Audit Mechanism

A risk management system named "Credit Risk Management (CRM)" has been developed by Company Management in order to follow all receivables and risks of the company on the basis of buyers (covering entire customers in general and authorized distributors), and receivables and risks of the company have been heavily shared with banking system. In this system, all receivables and risks of the company are followed and reported to top management daily.

Company, thanks to the system "SAP" based on information technologies put into service at the beginning of 2005, aims to activate all activities of the company and accordingly internal auditing mechanism. As a matter of fact, studies have started in order to constitute internal audit department upon a decision taken in 2007 and the said department has been constituted at the beginning of 2008 and it has started to operate as directly associated to Managing Directors.

IV.5. Authorizations and Responsibilities of Members of Board of Directors and of Managers.

Authorizations of the Members of Board of Directors are indicated in Articles of Association in frame of general provisions. Authorizations and responsibilities of managers are not stated in Articles of Association of the company. Members of Board of Directors and Managers have been bound with the authorizations and responsibilities stated in the Turkish Commercial Code in accordance with the provisions stated in Articles of Association.

IV.6. Fundamental Functions of Board of Directors

As the majority of the members of Board of Directors are located in abroad, meetings of Board of Directors are usually realized without convening, but in videoconference form by utilizing technological facilities pursuant to the article 330/1 of the Turkish Commercial Code. Board of Directors has issued 11 (eleven) resolutions within the period.

Secretariat of Board of Directors (preparation of agenda, informing of members etc.) is being conducted by Legal Affairs Management. There is no cumulative vote or negative veto right at the Board of Directors.

IV.7. Prohibition of Engaging in Activities and Competition with Company

Prohibition of engaging in activities and competition with company does not apply to members of Board of Directors upon the permission of the General Assembly within the period, because members of Board of Directors are the representatives of legal person shareholder and competent authorities of parent company. Moreover, these persons have neither been dealing any treatment with the company nor performing any activity requiring competition with company.

IV.8. Ethical Rules

Any ethical rule determined and published by Board of Directors does not exist.

IV.9. Number, Structure and Independency of Committees Constituted in Board of Directors

Any committee other than "Audit Committee" was not constituted among the members Board of Directors.

IV.10. Financial Rights Provided to Board of Directors

Apart from the attendance fee for the Board of Directors' (BoD) members and the salary paid to Chairman and Managing Directors, there is no other fee or salary to BoD members, or a rewarding system based upon the performance. Board of Directors determines the amount of salary paid to Chairman and Managing Directors. Company as a principle is not providing credit to members of Board of Directors and management personnel. However Managing Director may utilize the power of providing limited credit to managers in urgent cases.



2010

Consolidated Financial Statements
As at and for the Year Ended
31 December 2010
with Independent Auditors' Report
(Originally Issued in Turkish)

ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

Amounts expressed in thousand Turkish Lira ("thousand TL") unless otherwise stated.

ASSETS	Notes	Audited	
		31 December 2010	31 December 2009
Current Assets		314.577	217.189
Cash and Cash Equivalents	4	139.795	62.728
Trade Receivables		93.533	73.466
Due From Related Parties	26	142	106
Other Trade Receivables	6	93.391	73.360
Other Receivables		454	769
Due From Related Parties	26	333	284
Other Receivables	7	121	485
Inventories	8	72.274	69.174
Other Current Assets	16	8.521	11.052
Non-Current Assets		789.325	692.820
Trade Receivables		561	-
Other Receivables	7	1.062	1.056
Goodwill	11	175.249	175.249
Investment Property	12	143.321	-
Property, Plant and Equipment	9	452.826	502.471
Intangible Assets	10	12.006	11.586
Deferred Tax Asset	24	476	109
Other Non-Current Assets	16	3.824	2.349
TOTAL ASSETS		1.103.902	910.009

ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

Amounts expressed in thousand Turkish Lira ("thousand TL") unless otherwise stated.

LIABILITIES	Notes	Audited	
		31 December 2010	31 December 2009
Short-Term Liabilities		145.012	164.132
Loans and Borrowings	5	54.717	97.997
Trade Payable		66.283	47.773
Due to Related Parties	26	6.764	6.466
Other Trade Payables	6	59.519	41.307
Other Payables		8.711	6.826
Due to Related Parties	26	63	92
Other Payables	7	8.648	6.734
Tax Liabilities	24	2.877	1.659
Provisions	13	2.793	1.782
Other Short - Term Liabilities	16	9.631	8.095
Long-Term Liabilities		132.259	53.042
Loans and Borrowings	5	76.983	-
Other Payables	7	2.794	7.440
Employee Benefits	15	10.599	8.791
Deferred Tax Liability	24	26.713	24.904
Other Long-Term Liabilities	16	15.170	11.907
TOTAL LIABILITIES		277.271	217.174
EQUITY		826.631	692.835
Equity of Parent Company		702.840	580.869
Paid-in Capital	17	87.112	87.112
Inflation Adjustment on Capital	17	20.069	20.069
Investment / Share Capital Elimination	17	(3.381)	(5.466)
Share Premium	17	161.554	161.584
Translation Reserve		(5)	(3)
Legal Reserves		6.392	6.392
Revaluation Surplus		97.300	-
Retained Earnings		313.420	264.882
Net Profit for the Period		20.379	46.299
Non-Controlling Interest		123.791	111.966
TOTAL LIABILITIES AND EQUITY		1.103.902	910.009



ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

Amounts expressed in thousand Turkish Lira ("thousand TL") unless otherwise stated.

	Notes	Audited	
		31 December 2010	31 December 2009
Revenues	18	478.489	446.172
Cost of Sales (-)	18	(390.384)	(361.136)
GROSS PROFIT		88.105	85.036
Selling, Marketing and Distribution Expenses (-)	19	(13.947)	(17.641)
Administrative Expenses (-)	20	(54.825)	(49.467)
Other Income	22	17.807	50.235
Other Expense (-)	22	(5.294)	(3.153)
OPERATING PROFIT		31.846	65.010
Finance Income	23	45.905	49.079
Finance Costs (-)	23	(45.157)	(56.537)
PROFIT BEFORE INCOME TAX		32.594	57.552
Income Tax Expense	24	(8.514)	(7.397)
Deferred Tax Benefit	24	3.693	3.609
NET PROFIT		27.773	53.764
Other Comprehensive Income			
Revaluation of Property, Plant and Equipment	12	97.864	-
Change in Fair Value of Available- For-Sale Financial Assets		-	(52.976)
Change in Translation Reserve of Available for Sale Financial Assets		-	10.387
Translation Reserve		-	(3.604)
Change in Fair Value Due to Sale of Consolidated Subsidiary		-	16.395
Change in Translation Reserve Due to Sale of Consolidated Subsidiary		-	(70.248)
Effect of Fair Value and Translation Reserve to Non-Controlling Interest		-	(43)
OTHER COMPREHENSIVE INCOME (AFTER TAX)		97.864	(100.089)
TOTAL COMPREHENSIVE INCOME		125.637	(46.325)
Distribution of Profit:			
Non-Controlling Interest		7.394	7.465
Owners of the Company		20.379	46.299
Distribution of Total Comprehensive Income:			
Non-Controlling Interest		7.958	7.422
Owners of the Company		117.679	(53.747)
Basic and Diluted Earnings per Share (TL)	25	0.24	0,61

CONVENIENCE TRANSLATION TO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS
 ORIGINALLY ISSUED IN TURKISH ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş. AND ITS
 SUBSIDIARIES CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2010

Amounts expressed in thousand Turkish Lira ("thousand TL") unless otherwise stated.

	Share Capital	Inflation Adjustment on Share Capital	Investment Share Capital Elimination	Share Premium	Revaluation Surplus
1 January 2009	75.750	20.069	(2.105)	70.721	36.581
Total comprehensive income					
Net Income	-	-	-	-	-
Other comprehensive income					
Fair value change of ready to sell financial asset	-	-	-	-	(52.976)
Change in Fair Value Due to Sale of Consolidated Subsidiary	-	-	-	-	16.395
Change in Fair Value of Available - For-Sale Financial Assets	-	-	-	-	-
Foreign Currency Translation Difference	-	-	-	-	-
Change in Fair Value Due to Sale of Consolidated Subsidiary	-	-	-	-	-
Effect of Fair Value and Translation Reserve to Non- Controlling Interest					
Total other comprehensive income					(36.581)
Total Comprehensive Income For the Year					(36.581)
Transactions with owners of The Group, recognised directly in equity					
Transfers	-	-	-	-	-
Dividend payment	-	-	-	-	-
Addition to Consolidation by Purchase	-	-	-	-	-
Share Capital increase	11.362	-	-	90.863	-
Purchase of Shares of Parent Company	-	-	(3.361)	-	-
Change in Fair Value Due to Sale of Consolidated Subsidiary	-	-	-	-	-
31 December 2009	87.112	20.069	(5.466)	161.584	-

Translation Reserve	Legal Reserves	Effect of Sales of Shares Between Subsidiaries	Retained Earnings	Net Profit/ (Loss)	Total	Non Controlling Interest	Total Equity
63.462	14.147	11.366	301.074	(32.608)	558.457	11.636	570.093
-	-	-	-	46.299	46.299	7.465	53.764
-	-	-	-	-	(52.976)	-	(52.976)
-	-	-	-	-	16.395	-	16.395
10.387	-	-	-	-	10.387	-	10.387
(3.604)	-	-	-	-	(3.604)	-	(3.604)
(70.248)	-	-	-	-	(70.248)	-	(70.248)
						(43)	(43)
(63.465)					(100.046)	(43)	(100.089)
(63.465)				46.299	(53.747)	7.422	(46.325)
-	(7.755)	-	(24.853)	32.608	-	-	-
-	-	-	(401)	-	(401)	-	(401)
-	-	-	-	-	-	502	502
-	-	-	-	-	102.225	-	102.225
-	-	-	-	-	(3.361)	-	(3.361)
-	-	(11.366)	(10.938)	-	(22.304)	92.406	70.102
(3)	6.392	-	264.882	46.299	580.869	111.966	692.835

CONVENIENCE TRANSLATION TO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS
 ORIGINALLY ISSUED IN TURKISH ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş. AND ITS
 SUBSIDIARIES CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2010

Amounts expressed in thousand Turkish Lira ("thousand TL") unless otherwise stated.

	Share Capital	Inflation Adjustment to Share Capital	Cross Shareholding Capital Adjustment	Share Premium	Value Increase Fund
1 January 2010	87.112	20.069	(5.466)	161.584	-
Total comprehensive income					
Net Income	-	-	-	-	-
Other comprehensive income					
Change in Revaluation Surplus, Net of Tax	-	-	-	-	97.300
Total other comprehensive income	-	-	-	-	97.300
Total Comprehensive Income For the Year	-	-	-	-	97.300
Transactions with owners of the Group, recognised directly in equity					
Transfers	-	-	-	-	-
Share Capital increase	-	-	-	(30)	-
Sale of shares of subsidiaries	-	-	-	-	-
Sale of shares of parent company	-	-	2.085	-	-
Dividend payment	-	-	-	-	-
31 December 2010	87.112	20.069	(3.381)	161.554	97.300



Translation Reserve	Legal Reserves	Effect of Sales of Shares Between Subsidiaries	Retained Earnings	Net Profit/(Loss)	Total	Non Controlling Interest	Total Equity
(3)	6.392	-	264.882	46.299	580.869	111.966	692.835
-	-	-	-	20.379	20.379	7.394	27.773
-	-	-	-	-	97.300	564	97.864
-	-	-	-	-	97.300	564	97.864
-	-	-	-	20.379	117.679	7.958	125.637
-	-	-	46.299	(46.299)	-	-	-
-	-	-	-	-	(30)	1.800	1.770
-	-	-	2.682	-	2.682	2.067	4.749
(2)	-	-	-	-	2.083	-	2.083
-	-	-	(443)	-	(443)	-	(443)
(5)	6.392	-	313.420	20.379	702.840	123.791	826.631



ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

Amounts expressed in thousand Turkish Lira ("thousand TL") unless otherwise stated.

		Audited	
	Notes	31 December 2010	31 December 2009
Cash flows from operating activities			
Net profit for the period		27.773	53.764
Adjustments to:			
Depreciation and amortisation	9-10	43.666	44.715
Current tax expense	24	8.514	7.397
Deferred tax benefit	24	(3.750)	(3.609)
Changes in provision for employee severance indemnity	15	4.176	2.254
Interest income		(2.976)	(2.336)
Interest expense		1.829	7.239
Gain on sale of property, plant and equipment	9-10	(116)	(2)
Gain on sale of shares of parent company		(2.366)	-
Change in fair value of investment property	12	(12.615)	-
Foreign exchange differences arose from participation to share capital increase of subsidiaries		-	(3.588)
Gain on sales of subsidiaries		-	(47.052)
Foreign exchange loss from payable related to purchase of subsidiary		-	219
Loss from forward transactions		-	417
Unrealized foreign exchange loss / (gain) of loans and borrowings		2.124	(1.597)
		66.259	57.821
Changes in assets and liabilities:			
Decrease / (increase) in accounts receivable	6	(20.592)	2.159
Decrease / (increase) in inventories	8	(3.100)	11.252
Decrease / (increase) in due from related parties	26	(369)	162
Decrease / (increase) in short term receivables and current assets	16	2.960	(435)
Decrease / (increase) in long term receivables and non-current assets	16	(1.481)	730
Increase in trade payables	6	18.212	6.738
Increase in due to related parties	26	298	899
Increase in short term payables and liabilities	14-16	4.932	6.294
Increase / (decrease) in other long term payables	7	417	7.440
Taxes paid		(7.269)	(7.567)
Employee termination paid	15	(2.368)	(1.578)
Net cash from operating activities		57.899	71.327
Investing activities:			
Interest received		2.821	1.884
Acquisition of property, plant and equipment and intangibles	9-10	(22.243)	(22.018)
Decrease / (increase) in other receivables from related parties	26	284	901
Proceeds from sale of property, plant and equipment and intangibles	9-10	269	20
Proceeds from acquisition of subsidiaries		-	(9.306)
Proceeds from sale of subsidiaries shares		4.749	184.989
Net cash from / (used in) investing activities		(14.120)	156.470
Financing activities:			
Cash used in forward transactions		-	(417)
Decrease in other payables to related parties		(29)	(1.869)
Gain from share capital increase		-	102.225
Capital increase adjustment		30	-
Increase in loans and borrowings		116.467	-
Repayment of loans and borrowings		(85.387)	(267.100)
Purchase of parent company shares		-	(3.361)
Sale of parent company shares		4.451	-
Dividend paid	26	(443)	(401)
Interest paid		(1.801)	(11.806)
Net cash from/ (used in) financing activities		33.288	(182.729)
Net increase in cash and cash equivalents		77.067	45.068
Cash and cash equivalents at the beginning of the period		62.728	17.660
Cash and cash equivalents at the end of the period		139.795	62.728





2010

Notes to the consolidated financial
statements prepared according to
international financial reporting
standarts

ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

Amounts expressed in thousand Turkish Lira ("thousand TL") unless otherwise stated.

1. ORGANIZATION AND NATURE OF BUSINESS

Çimentaş İzmir Çimento Fabrikası Türk A.Ş. ("Çimentaş" or "the Company"), parent company, was established on 7 August 1950. The Company operates in production, sale and transportation of bulk and bagged cement. The major shareholder of the Company is Cementir Holding Group which is resident in Italy.

Çimentaş's subsidiaries ("Subsidiaries") and their major line of operations are as follows:

Subsidiaries	Country	Nature of Business
• Çimbeton Hazır Beton ve Prefabrik Yapı Elemanları San. ve Tic. A.Ş. ("Çimbeton")	Turkey	Ready mixed concrete production
• Kars Çimento Sanayi ve Tic. A.Ş. ("Kars Çimento")	Turkey	Cement production
• Destek Organizasyon Temizlik, Akaryakıt, Tabldot Servis San. ve Tic. A.Ş. ("Destek")	Turkey	Service
• Elazığ Altınova Çimento Sanayi ve Tic. A.Ş. ("Elazığ Çimento")	Turkey	Cement and ready mixed concrete
• Bakırçay Çimento San. ve Tic. A.Ş. ("Bakırçay")	Turkey	A Non-operating company
• Yapıtek Yapı Teknoloji San. ve Tic. A.Ş. ("Yapıtek")	Turkey	A Non-operating company
• İlion Çimento İnşaat San. ve Tic. Ltd. Şti. ("İlion Çimento")	Turkey	Production of flying ash
• Cemit LLC. ("Cemit")	Russian Federation	Cement production and trade
• Recydia Atık Yönetimi Yenilenebilir Enerji Üretimi ve Lojistik Hizmetleri San. ve Tic. A.Ş. ("Recydia")	Turkey	Waste management
• Süreko Atık Yönetimi Nakliye Lojistik Sanayi ve Ticaret A.Ş. ("Süreko")	Turkey	Waste management

Çimentaş and Çimbeton are registered to Capital Markets Board ("CMB") and their shares are traded on İstanbul Stock Exchange ("ISE"). As at 31 December 2010, 2.20 % (2009:2.20%) of Çimentaş's shares and 23.72% (2009:15.26%) of Çimbeton shares are listed in ISE

The registered address of the Company is Kemalpaşa Caddesi No:4, 35070 Işıkkent/ İzmir /Turkey.

For the Company and its subsidiaries "the Group" name will be used throughout the report.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1. Basis of Preparation

2.1.1. Statement of compliance

The Group maintains its book of accounts and prepares its statutory financial statements in TL in accordance with the Turkish Uniform Chart of Accounts, Turkish Commercial Code and Turkish Tax Code. The subsidiary which is registered in Russian Federation prepares its book of accounts and prepares its statutory financial statements according to the Russian legislations.

The accompanying consolidated financial statements have been prepared in accordance with the communiqué Serial: XI, No:29 "Basis for Financial Reporting in the Capital Markets" ("Communiqué No: XI-29") issued by Capital Markets Board ("CMB") which is published at 9 April 2008 in the Official Gazette numbered 26842.

In accordance with the fifth paragraph of the Communiqué No: XI-29, the companies are required to prepare their financial statements in accordance with the International Financial Reporting Standards as accepted European Union ("EU GAAP"). However, until Turkish Accounting Standards Board ("TASB") publishes the differences between the European Union accepted IAS/IFRS and International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB"), IAS/IFRS has to be applied by the companies in the application of the fifth article based on temporary second article of the Communiqué. Within the above mentioned scope the Company prepared the consolidated financial statements as at and for the year ended 31 December 2010 in accordance with IAS/IFRS as accepted by TASB.

With the resolution taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by IASB is no longer required for companies operating in Turkey and preparing their financial statements in accordance with CMB Accounting Standards. Therefore, starting from 1 January 2005, IAS 29: "Financial Reporting in Hyperinflationary Economies" which was issued by IASB, has not been applied in the consolidated financial statements.

2.1.2. Basis of presentation of financial statements

In the preparation of consolidated financial statements as at and for the year ended 31 December 2010, basis stated in "Basis for Financial Reporting and Preparation of Financial Statements and Notes to Consolidated Financial Statements in the Capital Markets" ("Communiqué No: XI-29") issued by CMB on 17 April 2008 with decision numbered 11/467.

Approval of Consolidated Financial Statements

The Group's consolidated financial statements which have been prepared in accordance with IAS/IFRS as accepted by IASB were approved by the board of directors of the Company at 3 March 2011. The Board of directors and related legal authorities has right to emendate the financial statements of the Company according to the legal legislation.

2.1.3. Functional and presentation currency

The accompanying consolidated financial statements are presented in TL, which is the Group's functional currency. All financial information presented in TL unless otherwise stated. All other currencies are stated full unless otherwise stated.

2.1.4. Basis of consolidation

The accompanying consolidated financial statements include the accounts of the parent company, Çimentoş, its subsidiaries from the date that control commences until the date that control ceases. The financial statements of the entities included in the consolidation have been prepared in accordance with CMB Financial Reporting Standards as at the date of the consolidated financial statements.

Subsidiaries

Subsidiaries are the companies that the Company has direct or indirect control over their operations. The Company takes interests from the results of the operations of the subsidiaries according to its control over its subsidiaries' financial and operational politics. The existing and convertible vote limits are considered in determination of control. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Ownership rates of the Company over its subsidiaries as at 31 December 2010 and 31 December 2009 are presented below:

	Çimentoaş and its subsidiaries direct or indirect shares(%)	
	2010	2009
Cemit	100,00	100,00
Destek	99,98	99,98
Recydia	99,91	99,91
Yapitek	99,70	99,81
Çimbeton	76,28	84,74
Ilion Çimento	76,28	84,74
Süreko	69,90	69,90
Elaziğ Çimento	60,95	60,95
Bakırçay	59,27	59,27
Kars Çimento	58,38	58,38

2.1.5. Comparative information

The accompanying consolidated financial statements are prepared comparatively to represent the tendency in the financial position, financial performance and cash flows of the Group. If necessary, in order to meet the consistency with the presentation of the financial statements in the current period, comparative information is reclassified and material differences are explained.

2.2. Changes in Accounting Policies

The Group has applied accounting policies consistent with prior period. Material changes in accounting policies or material errors (if any) are corrected, retrospectively; restating the prior period financial statements.

2.3. Changes in Accounting Estimates and Errors

Effect of changes in accounting estimates affecting current period (if any) is recognized in the current period; effect of changes in accounting estimates affecting current and future periods is recognized in the current and also in future periods.

2.4. Changes in IFRS

2.4.1. The standards and interpretations which are in effect in year 2010 but has not effect to the Group's consolidated financial statements

The Group, has applied all the standards which are effective in 2010 issued by IASB and all interpretations of IASB's International Financial Reporting Interpretations Committee ("IFRIC").

2.4.2. New standards and interpretations not yet adopted as at 31 December 2010

A number of new standards, amendments to standards and interpretations which are not yet effective for the year ended 31 December 2010, and have not been applied in preparing these consolidated financial statements. The following standards and amendments are not expected to affect the consolidated financial statements of the Group.

2.5. Significant Accounting Policies

Significant accounting policies used in the preparation of the consolidated financial statements are summarised as follows:

2.5.1. Foreign currency

Transactions in foreign currencies have been translated to TL at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates ruling at that date. Foreign exchange differences arising on translation are

recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

2.5.2. Financial instruments

Non-derivative financial instruments

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Trade and other receivables, cash and cash equivalents, borrowings, trade and other payables, due to and due from related parties and short term liabilities are non-derivative financial instruments. Non-derivative financial instruments are measured on their initial costs. Subsequent to initial recognition, they are measured as below:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Receivables comprise of trade and other receivables and due from related parties. Trade receivables and payables are measured on their initial costs netted with transactions transaction costs. Subsequent to initial recognition trade receivables and payables are measured at amortized cost using the effective interest method by recognizing in the consolidated statement of comprehensive income through the maturity of them. In case of a situation that the Company cannot collect an amount, an impairment provision is recognized in profit or loss. Except the expected doubtful trade receivables, provision is recognised for receivables that are past due or are subject to lawsuit or not paid although requested for several times. Following the recognition of impairment provision, if some or whole part of the related doubtful receivable is collected, then the collected amount is deducted from the impairment provision and recognised as income.

Cash and cash equivalents comprise cash, deposits with maturity periods of less than three-months and highly liquid investments with maturity periods of less than three-months and having no conversion risk exposure other than the impact of foreign currency changes.

Short term other receivables and payables are measured on their initial costs.

Loans and borrowings are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method and the difference between the amortised cost and the initial cost is recognised in profit or loss.

Other non derivative financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses.

The changes in the fair values of the derivative financial instruments which are not held for trading purpose and risk hedge purposes are recognised in profit and loss.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Financial assets are recognised at the date commitment related to purchase or sale of the related financial asset. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

As of 31 December 2010 , the Group does not have any non-derivative financial instruments (31 December 2009: --).

2.5.3. Property, plant and equipment

The costs of tangible assets purchased before 1 January 2005 are restated for the effects of inflation in TL units current at 31 December 2004 less accumulated depreciation and impairment losses. The costs of tangible assets purchased after 1 January 2005 are carried at cost less accumulated depreciation and impairment losses (Note 9).

Cost includes expenditure that is directly attributable to the acquisition of the asset. Gains or losses on disposals of property plant and equipment are included in the relevant income and expense accounts and the cost and accumulated depreciation of property, plant and equipment has been written off from the relevant accounts as appropriate. When parts of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent Costs

The cost of replacing part of an item of property plant and equipment together with the repair and maintenance costs can be capitalised. Subsequent cost can be capitalised if it is probable that the future economic benefits will flow to the Company. All other expense items are recognized in the consolidated statement of comprehensive income on an accrual basis.

Depreciation

Depreciation on the property and equipment is provided on straight line method according to their useful lives from the date of recognition or assembly of the related assets. Depreciation on the leaseholds is provided on straight line method according to shortest of their rent period or useful lives.

The useful lives of the related property, plant and equipments are as follows:

Buildings and land improvements	5-50 years
Machinery and equipment	4-25 years
Leaseholds	5-6 years
Furniture and fixture	4-15 years

Lands are not subject to depreciation since their useful lives are accepted as unlimited.

The depreciation method, useful lives and depreciated costs of the property, plant and equipment are reviewed every reporting period.

Reclassification to investment property

If a property is built to be used as investment property in the future, it is recorded as property, plant and equipment throughout the development phase. After the construction, it is classified to investment property with its fair value. Any change in fair value of investment property is recognised in profit or loss. If the use of property in the company has changed and it is held as investment property then it is presented with its fair value in the consolidated statement of financial position. Any gain in fair value during classification from property, plant and equipment to investment property is recognised in equity and any loss is recognised in profit or loss.

2.5.4. Intangible assets

Intangible assets are comprised of computer rights. The costs of intangible assets purchased before 1 January 2005 are restated for the effects of inflation in TL units current at 31 December 2004 less accumulated amortization and impairment losses. The costs of intangible assets purchased after 1 January 2005 are carried at cost less accumulated amortization and impairment losses. If there is an impairment, the recorded value of the intangible assets are decreased to their recoverable values (Note 10).

Amortization

Intangible assets are amortized on a straight-line basis in consolidated statement of comprehensive income over their estimated useful lives.

The useful lives of the related intangible assets are as follows:

Rights 3-6 years

The depreciation method, useful lives and depreciated costs of the intangible assets are reviewed every reporting period.

2.5.5. Investment properties

Investment properties are those which are held either to earn rent income or for capital appreciation or for both. Investment properties are measured with their fair values and the changes in their fair values are recorded under profit or loss.

If the usage of the property has changed and reclassified as property, plant and equipment, the fair value of the property at the reclassification date will be considered as its cost.

2.5.6. Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is recognized at an amount equal to the lower of its fair value and the present value of the minimum lease payments on the asset side of the statement of financial position and also as a liability on the liability side. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets leased under agreements that do not transfer substantially all the risks and rewards associated with ownership to the Group, other than the legal title, are classified as operating leases. Lease payments are recognized in the consolidated statement of comprehensive income with straight line method through the term of the lease.

2.5.7. Inventories

Inventories are valued at the lower of cost or net realizable value. The cost of the inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost for finished goods includes overhead costs in accordance with normal production capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses (Note 8). The cost of inventories is based on the weighted average cost basis.



2.5.8. Impairment of assets

Financial Assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on items that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy.

The Group considers evidences of impairment for receivables at both a specific asset or on collective level. All individually significant receivables are assessed for specific impairment. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. If financial assets are subject to significant impairment amounts when considered separately, then they are considered for impairment collectively.

All impairment losses are recognized in the profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. The reversal of the impairment in respect of the discounted financial assets is recognized in profit or loss.

Non financial assets

Carrying amounts of the Group's non-financial assets, other than inventories, deferred tax assets and investment properties are reviewed at each reporting date to determine whether there is any indications of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill, impairment tests are performed every year to estimate the recoverable amount of it.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets are described as cash-generating unit. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of the cash generating units are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

2.5.9. Employee benefits

According to the enacted laws the Group is liable to pay lump sum payments to its employees in case of retirement or the termination of the employment contract of the employees except for the rules stated in the labour laws. Such payments are computed according to the severance indemnity ceiling valid at the statement of financial position date. Employee severance indemnity recognized as the present value of the estimated total reserve of the future probable obligation of the Group.

The Group makes compulsory premium payments to the Social Security Institution and does not have any other liabilities. These premium payments are accrued at the financials as they incur.

2.5.10. Provisions, contingent liabilities and contingent assets

A provision is recognized in the accompanying consolidated financial statements if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

Contingent liabilities are reviewed to determine if there is a possibility that the outflow of economic benefits will be required to settle the obligation. Except for the economic benefit outflow possibility is remote, such contingent liabilities is disclosed in the notes to the financial statements (Note 14).

If the entry of the economic benefit to the Group is possible, explanations are included in the disclosures of the financial statements about the contingent asset. If the entry of economic benefit is certain, the asset and its related income changes are included in the financial statements at the date that they occurred.

2.5.11. Revenue

Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists that the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably. Group systematically issues invoice after the issuance goods dispatched noted and the related sales amount is transferred to consolidated comprehensive income.

If there is a material amount of financing cost in the sales, the fair value is determined by deducting the future collections with the imputed interest rate in financing costs. The difference between nominal values and recorded values is realized as interest income according to accrual basis (Note 23).

2.5.12. Government grants and incentives

Government grants are recognized in the consolidated financial statements when there is a reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grants.

Grants that compensate the Group for expenses incurred are recognized in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

2.5.13. Finance income and costs

Finance income are comprised of time deposits' interest incomes and foreign currency income. Finance costs are comprised of interest expenses of borrowings, factoring expenses and guarantee expenses.

2.5.14. Income taxes

Income taxes comprised current and deferred tax expenses. The current period tax and deferred tax are recognized directly under the equity or other comprehensive income statement. Current tax liability includes the tax payable on the taxable income for the period using tax rates enacted at the reporting date (Note 24).

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

temporary differences arise from the restatement of property, plant and equipment and recognition of income expenses in different taxation periods.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity (Note 24).

2.5.15. Earnings per share

Earnings per share disclosed in the consolidated statement of comprehensive income are determined by dividing net income by the weighted average number of shares that have been outstanding during the related period concerned (Note 25).

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

2.5.16. Subsequent events

Subsequent events represent the events that occur against or on behalf of the Group between the consolidated statement of financial position date and the date when the consolidated statement of financial position was authorized for the issue. As at the consolidated statement of financial position date, if the evidence with respect to such events or such events has occurred after the consolidated statement of financial position date and such events require restating the financial statements; accordingly the Company restates the financial statements appropriately. If such events do not require restating the financial statements, such events have been disclosed in the related notes.

2.5.17. Expenses

Expenses are recognised on accrual basis. Operating expenses are recognized as they incur.

2.5.18. Paid-in capital and dividends

Ordinary shares are classified as paid-in capital (Note 17). Dividends distributed on ordinary shares are offset with retained earnings in the period in which they are declared.

2.5.19. Related Parties

For the purpose of the accompanying consolidated financial statements, shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties in accordance with IAS 24 "Related Party Disclosures". The operations with the related parties are disclosed at Note 26.

2.5.20. Cash Flow Statement

In the cash flow statement, cash flows are classified as operating, investing and financing activities. Cash flows from operating activities represent the Group's cash flows generated from operating activities. Group presents operating cash flows in indirect method by adjusting net income with non cash expenses, income or expense accruals or deferrals and income and expense items related to investment or financing activities.

Cash flows from investing activities represent the cash flows used in / provided from investing activities (tangible and intangible investments). Cash flows from financing activities represent the funds used in and repayment of the funds during the period

Cash and cash equivalents in the cash flow statement include cash on hand, demand deposits, short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months less interest accrual at the reporting date.

2.5.21. Goodwill / Negative Goodwill

Business combinations is bringing together two different entities or two different operating activities by forming a different reporting type. Business combinations are accounted for using the acquisition method in accordance with IFRS 3 "Business Combinations".

The excess of the consideration transferred over the fair value of the identifiable assets, liabilities and contingent liabilities acquired by the acquirers is accounted as goodwill (Note 11). If the cost of the acquisition is less than the fair values of identifiable assets and liabilities, then negative goodwill arises and recognized in profit or loss in the period in which it occurs. Assets that are not included in the acquired company's financial statements in business combinations, but that can be identified from goodwill, intangible assets (like brand value) and/or contingent liabilities are recognized in the consolidated comprehensive income with their fair values as long as the fair values can be measured reliably. Goodwill in the acquired company's financial statements can not be assessed as identifiable asset. Goodwill is allocated to the smallest cash generating units that company management can follow for internal reporting purposes for impairment tests. Goodwill impairment test are performed every year and if any indication related to impairment of goodwill then impairment test are repeated more frequently. An impairment loss in respect of goodwill is not reversed.

2.6. Use of Estimates and Judgements

The preparation of consolidated financial statements in conformity with accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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

Note 12: Investment Property

Note 24: Tax assets and liabilities

Note 15: Employee Benefits

Notes 2.5.3 and 2.5.4: Useful lives of tangible and intangible assets

Note 6.1: Impairment of trade receivables

Note 13: Provisions

Note 11: Goodwill

3. SEGMENT REPORTING

The Group has two strategic reportable segments that were used in resource allocation and performance evaluation. These strategic reportable segments are reviewed periodically by the Group management in accordance with their performances and resource allocations since they are effected by different economic conditions and different geographical positions.

The Group's main segments are cement and ready-mixed concrete. In other segment, there are waste management and meal services. As these two do not meet the criteria of a single reporting segment, they are grouped under the other segment.

In assessment of the segments, gross profit is considered. The Group management sees gross profits the the most suitable indicator in assessing the performance of the segments since gross profits are comparable with the gross profits of other companies in the same sector.

31 December 2010

Revenue	Ready-mixed		Segment		Total
	Cement	Concrete	Other	Adjustment	
External revenue	364.845	96.928	16.717	-	478.490
Intersegment revenue	35.249	217	32.517	(67.983)	0
Net sales	400.094	97.145	49.234	-	478.490
Cost of Sales	(311.592)	(94.510)	(41.293)	57.011	(390.384)
Gross Profit	88.502	2.635	7.941	-	88.106
Interest income	5.193	49	30	(2.296)	2.976
Interest expense	(2.694)	(706)	(725)	2.296	(1.829)
Depreciation and amortisation	41.078	2.294	294	-	43.666
Segments assets	1.018.058	54.111	31.733	-	1.103.902
Capital expenditure	12.009	466	9.768	-	22.243
Segment liabilities	226.367	30.536	20.368	-	277.271

31 December 2009

Revenue	Ready-mixed		Segment		Total
	Cement	Concrete	Other	Adjustment	
External revenue	347.081	82.089	17.002	-	446.172
Intersegment revenue	29.440	41	20.448	(49.929)	0
Net sales	376.521	82.130	37.450	-	446.172
Cost of Sales	(288.041)	(81.305)	(34.154)	42.364	(361.136)
Gross Profit	88.480	825	3.296	-	85.036
Interest income	7.091	51	3	(4.809)	2.336
Interest expense	(11.422)	(450)	(176)	4.809	(7.239)
Depreciation and amortisation	41.971	2.644	100	-	44.715
Segments assets	825.450	50.761	33.798	-	910.009
Capital expenditure	24.187	303	1.299	-	25.789
Segment liabilities	166.412	25.452	25.310	-	217.174

4. CASH AND CASH EQUIVALENTS

At 31 December, cash and cash equivalents comprised the following:

	31 December 2010	31 December 2009
Cash on hand	41	64
Cash at banks		
• Demand deposits	7.606	6.117
- Foreign currency	4.615	3.747
- Turkish Lira	2.991	2.370
• Time deposits	132.148	56.547
- Foreign currency	124.380	50.309
- Turkish Lira	7.768	6.238
	139.795	62.728

The maturities of time deposits are between one to three months (31 December 2009 : one month). As of 31 December 2010 the foreign currency time and demand deposits comprise US Dollars 70.971.955 and Euro 9.405.146 (2009: US Dollars 22.223.253 and Euro 9.529.973). The weighted average yearly effective interest rates of the time deposits of the related currencies are as follows:

	31 December 2010	31 December 2009
TL time deposits	7.25%	6.50%
US Dollar time deposits	2.92%	2.26%
EURO time deposits	2.80%	2.58%

5. BANK BORROWINGS

At 31 December, short term bank borrowings comprised the following:

	31 December 2010		31 December 2009	
	Thousand TL	Weighted average effective yearly interest rates %	Thousand TL	Weighted average effective yearly interest rates %
Short term bank borrowings				
USD bank borrowings	53.868	1.41	60.331	1.20
Other financial liabilities (Spot Loans)	695	-	471	-
Short term portion of the long term bank borrowings				
USD bank borrowings	154	1.59	37.666	1.48
Total short term bank borrowings	54.717	-	98.468	-
Long term bank borrowings				
USD bank borrowings	76.983	1.59	-	-
Total long term borrowings	76.983	-	-	-

As at 31 December 2010 the Group has borrowings amounting to USD 66.936 thousand that equals to TL 103.483 thousand. The maturity of one of the related borrowings is 31 December 2012 and other one's maturity is 5 August 2013. Their interest rates are libor+1.30 and Libor+1, respectively. Interest and capital repayments are made every three months. The Group has utilised the related borrowings for share capital increase and investments of Sureko.

Cementir Holding is guarantor to the borrowing that the Group has utilised as at 7 April 2010 amounting to USD 26.939 thousand equaling to TL 41.643 thousand.

Cementir Holding is guarantor to the borrowing that the Group has utilised as at 5 August 2010 amounting to USD 44.000 thousand equaling to TL 68.024 thousand.

6. SHORT TERM TRADE RECEIVABLES

6.1. Short Term Trade Receivables

At 31 December, short term accounts receivable comprised the following:

	31 December 2010	31 December 2009
Accounts receivables	77.352	64.940
Notes and cheques receivables	18.793	10.790
Less: Allowance for doubtful receivables (-)	(2.037)	(2.010)
Unaccrued finance income from credit sales	(717)	(360)
	93.391	73.360

As of 31 December 2010, TL 142 (31 December 2009:TL 106 thousand) of trade receivables are due from related parties and the detailed information is given in Note 26.

The average collection period for trade receivables is 63 days (31 December 2009:60 days)

Maturity of short trade receivables excluding doubtful receivables for the years ended 31 December, were as follows:

	31 December 2010	31 December 2009
Overdue	17.441	20.261
0-30 days	25.334	23.884
31-60 days	30.467	20.409
61-90 days	14.979	6.466
91-120 days	5.170	2.340
Total	93.391	73.360

The receivables of Group mainly comprises cement and ready-mixed concrete sales. As of 31 December 2010, receivables from customers and vendors over which no provision is allocated amounts to TL 93.391 thousand (2009:TL 73.360 thousand). Considering the past experiences, the Group management expects that there will not be collection problem for those receivables.

As of 31 December 2010 and 2009, the effective interest rates of the trade receivables according to their currencies are as follows:

	31 December 2010	31 December 2009
TL trade receivables	6.73%	6.88%
USD trade receivables	0.26%	0.43%
EURO trade receivables	0.71%	0.41%

The movement in the allowance for doubtful receivables during the years ended 31 December, were as follows:

	2010	2009
Opening	2.010	2.421
Provision for the year	27	-
Collections	-	(411)
31 December	2.037	2.010

6.2. Short Term Trade Payables

As of 31 December 2010, the short term trade payables amounts TL 59.519 thousand (31 December 2009: TL 41.307 thousand) and comprises of payables to suppliers.

As of 31 December 2010 and 2009, the effective interest rates of the trade receivables according to their currencies are as follows:

	2010	2009
TL trade payables	6.73%	6.84%
USD trade payables	0.26%	0.23%
Euro trade payables	0.71%	0.80%

Payment terms of accounts payable is 59 days, (2009 : 30 days).

7. OTHER RECEIVABLES AND PAYABLES

7.1. Short Term Other Receivables

	31 December 2010	31 December 2009
Deposits and guarantees given	117	249
Receivables from tax offices	4	236
	121	485

7.2. Long Term Other Receivables

	31 December 2010	31 December 2009
Advances given	-	924
Deposits and guarantees given	1.062	132
	1.062	1.056

7.3. Short Term Other Payables

	31 December 2010	31 December 2009
Payables arising from purchase subsidiary shares	8.357	6.481
Deposits and guarantees received	239	240
Other	52	13
	8.648	6.734

Payables arising from purchase subsidiary shares is planned to be paid in the following three years period in accordance with agreement. According to verbal negotiations with the seller of the shares of the subsidiary, the Group classified Euro 4.078 thousand equivalent to TL 83.57 thousand in short term other payables and Euro 1.349 thousand equivalent to TL 2.766 thousand in long term other payables.

7.4. Long Term Other Payables

	31 December 2010	31 December 2009
Payables arising from purchase subsidiary shares	2.766	7.237
Deposits and guarantees received	-	179
Other	28	24
	2.794	7.440

8. INVENTORIES

At 31 December, inventories comprised the following:

	31 December 2010	31 December 2009
Raw materials	28.208	20.164
- Fuel	19.291	12.213
- Packaging materials	1.969	1.902
- Iron ore	1.755	1.651
- Plaster	798	1.404
- Clay	2.105	940
- Other	2.290	2.054
Work in process	10.407	14.002
Finished goods	3.169	3.424
Spare parts and operating supplies	30.207	31.226
Other	283	358
	72.274	69.174

Raw materials, work in process and finished goods transferred to cost of sales amount to TL 143.679 (2009: TL 160.362. thousand).

9. PROPERTY, PLANT AND EQUIPMENT

Group's property, plant and equipment comprise mine assets and other tangible assets and the net book values of them are as follows:

	31 December 2010	31 December 2009
Mine assets	9.951	8.957
Other tangible assets	442.875	493.514
	452.826	502.471

9.1. Mine Assets

Mine assets comprised discounted costs of asset retirement obligations and rehabilitations of the mine sites. The movement of the mine asset as of 31 December is as follows:

	1 January 2010	Additions	31 December 2010
Asset retirement obligation costs	9.510	1.820	11.330
Accumulated depreciation	(553)	(826)	(1.379)
	8.957		9.951

	1 January 2009	Additions	31 December 2009
Asset retirement obligation costs	8.401	1.109	9.510
Accumulated depreciation	-	(553)	(553)
	8.401		8.957

9.2. Other Tangible Assets

For the year ended 31 December 2010, movement in the property, plant and equipment comprised the following:

Cost:	1 January 2010	Addition	Disposal	Transfers (Note 19)	Transfers to Investment Property	31 Dec. 2010
Land	102.235	148	-	-	(23.508)	78.875
Land improvements	64.988	825	-	1.552	-	67.365
Buildings	131.963	183	-	1.219	(6.309)	127.056
Machinery and equipment	732.551	5.861	(18.531)	3.635	-	723.516
Motor vehicles	26.542	65	(570)	158	-	26.195
Furniture and fixtures	22.545	372	-	352	-	23.269
Other tangible assets	3.407	-	(13)	-	-	3.394
Construction in progress	4.505	12.764	-	(7.752)	-	9.517
	1.088.736	20.218	(19.114)	(836)	(29.817)	1.059.187
Accumulated Depreciation:						
Land improvements	(48.833)	(1.214)	-	-	-	(50.047)
Buildings	(58.207)	(2.784)	-	-	2.167	(58.824)
Machinery and equipment	(443.856)	(35.893)	18.378	-	-	(461.371)
Motor vehicles	(22.940)	(1.363)	570	-	-	(23.733)
Furniture and fixtures	(18.018)	(938)	-	-	-	(18.956)
Other tangible assets	(3.368)	(26)	13	-	-	(3.381)
	(595.222)	(42.218)	18.961	-	2.167	(616.312)
Net book value	493.514					442.875

The Group classified TL 39.981 thousand (2009: TL 40.356 thousand) of depreciation expense to cost of sales, TL 2.196 thousand (2009: TL 2.194 thousand) of depreciation expenses to administrative expenses, TL 228 thousand (2009: TL 250 thousand) of depreciation expenses to sales and marketing and TL 1.259 thousand (2009: TL 1.915 thousand) of depreciation expenses to inventories.

As of 31 December 2010 and 2009 there is no pledge or mortgage on property, plant and equipment. For the year ended 31 December 2009, movement in the property, plant and equipment comprised the following Cost:

	1 January 2010	Addition	Disposal	Transfers (Note 19)	Transfers to Investment Property	31 Dec. 2010
Land	101.331	466	-	-	438	102.235
Land improvements	64.874	114	-	-	-	64.988
Buildings	131.836	125	-	2	-	131.963
Machinery and equipment	719.632	6.689	(138)	5.891	477	732.551
Motor vehicles	26.121	17	-	-	404	26.542
Furniture and fixtures	22.726	152	(606)	246	27	22.545
Other tangible assets	3.407	-	-	-	-	3.407
Construction in progress	2.489	7.124	-	(6.495)	1.387	4.505
	1.072.416	14.687	(744)	(356)	2.733	1.088.736

Accumulated Depreciation:

Land improvements	(47.620)	(1.213)	-	-	-	(48.833)
Buildings	(55.444)	(2.763)	-	-	-	(58.207)
Machinery and equipment	(406.812)	(37.114)	120	-	(50)	(443.856)
Motor vehicles	(21.219)	(1.689)	-	-	(32)	(22.940)
Furniture and fixtures	(17.669)	(952)	604	-	(1)	(18.018)
Other tangible assets	(3.325)	(43)	-	-	-	(3.368)
	(552.089)	(43.774)	724	-	(83)	(595.222)
Net book value	520.327					493.514

10. INTANGIBLE ASSETS

For the year ended 31 December 2010, movement in the intangible assets comprised the following:

	1 January 2010	Additions	Transfers	31 December 2010
Rights	14.333	205	837	15.375
Less: Accumulated amortization	(2.747)	(622)	-	(3.369)
	11.586			12.006

For the year ended 31 December 2009, movement in the intangible assets comprised the following:

	1 January 2009	Additions	Transfers	Additions via purchase of a subsidiary	Disposal from the scope of consolidation	31 Dec. 2009
Rights	3.985	9.993	356	1	(2)	14.333
Less: Accumulated amortization	(2.359)	(388)	-	-	-	(2.747)
	1.626					11.586

11. GOODWILL

	31 December 2010	31 December 2009
Goodwill from purchase of Lalapaşa	138.665	138.665
Goodwill from purchase of Sureko	21.691	21.691
Goodwill from purchase of Elazığ Çimento	13.506	13.506
Goodwill from purchase of İlion Çimento	1.387	1.387
	175.249	175.249

The Group performed impairment test for the goodwills using discounted cash flow method in accordance with IAS 36. As of 31 December 2010, considering current conditions, generally accepted valuation techniques, the results of impairment tests and economic improvements in 2010, no impairment indication was identified.

12. INVESTMENT PROPERTY

For the years ended 31 December, movement in investment property comprised of the following:

	2010
1 January	-
Transfer to property, plant and equipment	27.650
Fair value changes recognised in profit or loss	12.615
Fair value changes recognised in revaluation surplus	103.056
31 December	143.321

The Group re considered the situation of some of its lands and buildings and decided that they will not use them in Group's operations in future. As a result of this, related assets are classified as "Investment Property" as of 1 July 2010 and the fair values of these assets were determined. The Group assigned a valuation company to determine the fair values of the related properties and in accordance with the appraisal reports prepared by registered independent appraisers having an appropriate professional qualification, investment properties were stated at their fair values. Difference between the carrying amount and fair values of investment properties amounting to TL 103.056 thousand is classified to revaluation surplus. Fair value difference after 1 July 2010 amounting to TL 12.615 thousand is recognised in profit or loss.

13. PROVISIONS

At 31 December, short term provisions comprised the following:

	31 December 2010	31 December 2009
Personnel bonuses	1.000	920
Government limestone usage compensations	990	-
Taxes and lawsuits provisions	600	443
Other	203	419
	2.793	1.782

As at 31 December, movement of the provision was as follows:

	31 December 2010	31 December 2009
1 January	443	1.313
Current period provision	420	576
Paid up provisions for lawsuits and penalties	(265)	(1.446)
Cancellation of provision for penalty of Competition Board (Note 22)	-	-
Provisions no longer required (Dipnot 22)	2	-
31 December	600	443

14. COMMITMENTS

In accordance with the decision of CMB on 29 September 2009 related to the guarantee, pledge and mortgages that publicly owned companies gave to ensure 3rd party's debts, and in accordance with decision numbered 28/780;

For companies publicly traded other than publicly traded investment partnership and financial institutions;

- i) For their own corporate identities,
- ii) In favor of fully consolidated associations,
- iii) In favor of 3rd parties to continue their operations will not be limited,

After the decision is published at the Platform of Public Enlightenment, publicly owned companies will not give commitments to real people or corporations other than mentioned at the bullets (i) and (ii) above or to third parties other than mentioned at the bullet (iii). If any commitments are already given it will be reduced to nil until 31 December 2014.

14.1. Commitments and Liabilities

As at 31 December the commitments given by the Group were as follows:

	31 December 2010	31 December 2009
A. Commitments given in the name of the Group's legal entity	16.812	10.692
B. Commitments given in favor of full consolidated subsidiaries	-	93
C. Commitments given to guarantee the debts of third parties to continue their operations	-	-
D. Other commitments given;	-	-
in favor of parent company	-	-
- in favor of group companies other than mentioned in bullets B and C	-	-
- in favor of 3rd parties other than mentioned in bullet C	-	-
Total	16.812	10.785
The rate of the other commitments given to equity of the Group	0.00%	0.00%

14.2. Guarantees Given

	31 December 2010	31 December 2009
Guarantee letters	16.812	10.692
Guarantee notes	-	-
	16.812	10.692

14.3. Bails Received

	31 December 2010	31 December 2009
Bails received	109.667	66.251

14.4. Bails Given

	31 December 2010	31 December 2009
Bails Given	-	93

14.5. Guarantees Received

	31 December 2010	31 December 2009
Guarantee letters	121.641	92.696
Bails	2.345	6.290
Guarantee notes	4.966	3.515
Mortgages	9.256	3.511
Letter of credits	269	1.085
Cheques	398	498
	138.875	107.595

14.6. Important Lawsuits

Lawsuits Against the Group:

Files opened by the owners of the lands against the damages as a result of the work done on the land by the Group amounts to TL 5.129 thousand (31 December 2009: TL 4.732 thousand). Most of the lawsuits are settled against the Group and the Group made payments amounting to TL 8.729 thousand for those lawsuits (31 December 2009: TL 8.541 thousand). The Group recorded provision for the probable legal interest costs and expenses of lawsuits amounting to TL 420 thousand (31 December 2009: TL 263 thousand). The Group additionally evaluated the possible lawsuits in parallel of those mentioned above and expected the amounts of lawsuits for the damages to be TL 2.600 thousand at most. However the Group management cannot give a healthy decision whether those lawsuits can be opened or not under the lights of current circumstances and thus did not allocate any provision.

Lawsuit About the Disagreement of Tariff of Electricity:

The Group awarded an injunction to prevent the payment of tariff difference in electricity bill amounting to TL 974 thousand related to late delivery of Industrial Registry Document and opened a lawsuit against Gediz Elektrik Dağıtım A.Ş for its indebtedness. Court rejected the application of the Group for the injunction and the Group paid TL 1.310 thousand including the interest portion in addition to the principal in 2009. The Group then filed an appeal related to the case. Supreme Court of Appeals has approved the decision of local court. The Group applied for the correction of decision for the review of the case but correction of decision application of the Group was rejected and the decision finalized.

Compensation Lawsuit Against the Group About the Mining Activities:

A company which has land near the Group's land in Edirne/Keşan filed a law suit amounting to TL 1.045 thousand stating that they incurred losses as the Group extracts pozzuolana from the ground. Statement of court expert during the trial was against the Group. The Group prepared a petition against the decision

of the court expert with a scientific view supported by Dokuz Eylül University, faculty of law. In the end court decided the Group to pay for TL 800 thousand. The Group management filed an appeal against the decision. Company filed another lawsuit against the Group for the same reasons amounting to TL 3.141 thousand and final decision has not been given yet. By the way, Supreme Court of Appeals quashed the judgment related to first court decision. Group management did not allocate provision for the case as they and their legal advisors believe that it is highly probable to win the case. Additionally the same company has filed another lawsuit for the cancellation of mining right of the Group and the court expert prepared its report on 29 March 2010 in favour of the Group.

The Lawsuit about the Competition Group:

As a result of investigation of Turkish Competition Board dated 24 April 2003 and numbered 03-27 of the companies including Çimentaş and Çimbeton for the doubt of unfair competition exercises, Çimentaş and Çimbeton were fined to a penalty of TL 2.957 thousand and TL 340 thousand, respectively in 2004 due to violation of Law No. 4054 on the Protection of Competition. On 25 May 2007, Çimentaş has paid the penalty of TL 2.957 thousand as the State Council did not give its decision related to stay of execution on that date. Council of State had rejected the request related to stay of execution. The Group filed an appeal against the the decision of 13th desk of Council of State. Based on the legal grounds that established a base to stay of execution, Turkish Authority Board gave another decision on 25 September 2008 numbered 08-56/898-358 and fined the Çimbeton to TL 218 thousand in 2008. The Company has paid the fine penalty in cash with a discount of 25% amounting to TL 163 thousand in accordance with 17th article 6th clause of Misdemeanor Law in 2008. The Group has brought an action for rescission against the decision of Turkish Authority Board on State of Council in 2008. As of 31 December 2010, state of council did not give its decision yet.

14.7. Contingent Liabilities

Tax Authorities initiated an investigation on the accounting records of Çimentaş related to years 2005, 2006, 2007, 2008 and 2009 and finished its investigation. Tax Authorities criticised purchase and sale transaction of shares of subsidiary of the Group namely Alfacem S.R.L. in 2005 and 2009 and foreign exchange losses and interest expenses incurred and paid related to the borrowings utilized from abroad for the financing of the purchase of the shares of the related subsidiary was rejected. As a result, Hasan Tahsin Tax Office charged a penalty amounting to TL 67.897 thousand to the Company on 23 November 2010. TL 32.359 thousand is related with original tax amount and TL 46.538 thousand is related with loss of tax revenue. Again in the same investigation report with the same reasons Tax Authorities anticipated decrease in tax losses amounting to TL 60.059 thousand by making correction in tax losses of 2008 and 2009.

Group mangement filed a lawsuit against Hasan Tahsin Tax Office for the cancellation of the decision related to the decrease of tax losses in 2008 and 2009 amounting to TL 60.059 thousand on 9 December 2010. If the expected result could not be achieved from the application for compromise on 9 December 2010 for the sake of formality the Group management decided to file a lawsuit related to tax penalty decision of Tax Authorities amounting to TL 67.897 thousand. Based on the advice obtained from third party expert, the Group management considered the likelihood of paying the penalty as remote. Additionally the Group management believe that it is highly probable to win the case and has not recorded any provision related to the tax penalty as at 31 December 2010 in this regard.

15. EMPLOYEE BENEFITS

As at 31 December, the employee severance indemnity was as follows:

	31 December 2010	31 December 2009
Employee severance indemnity	10.599	8.791
	10.599	8.791

Provision for employee severance indemnity has been set as follows:

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002 there are certain transitional provisions relating to the length of service prior to retirement.

The severance pay is calculated as one month gross salary for every employment year and as at 31 December 2010 the ceiling amount has been limited to TL 2.517.01 (31 December 2009: TL 2.365.16).

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

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

The provision for the retirement pay liability of the Group is calculated by using the ceiling of 2.623.23 TL (1 January 2010: 2.427.04) which is valid from the date of 1 January 2011 as the ceiling is arranged every six months period.

The Company's accounting policies requires the Company to use various statistical methods to determine the employee severance indemnity. The reserve has been calculated by estimating the present value of future probable obligation of the Company arising from the retirement of the employees and reflected in the financial statements. Accordingly, the following statistical assumptions were used in the calculation of the total liability:

	31 December 2010	31 December 2009
Discount rate	%4,66	% 5,92
Turnover rate to estimate the probability of retirement	%6	%7

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

The movement of employee severance indemnity was as follows:

	31 December 2010	31 December 2009
Opening balance	8.791	8.109
Entry to scope of consolidation	-	6
Interest cost	410	480
Actuarial loss	605	361
Payments made during the period	(2.368)	(1.578)
Actuarial differences	3.161	1.413
Closing balance	10.599	8.791

16. OTHER ASSETS AND LIABILITIES

16.1. Other Current Assets

At 31 December, other current assets comprised the following:

	31 December 2010	31 December 2009
Waste extermination cost	1.561	628
Income accruals from government incentives	-	4.172
VAT receivables	3.628	3.907
Receivables from personnel	1.011	683
Prepaid expenses	673	656
Income accruals	544	453
Prepaid corporation tax to be offset (Note 24)	167	155
Order advances given	270	148
Job advances given	335	142
Other	332	108
	8.521	11.052

16.2. Other Non-Current Assets

	31 December 2010	31 December 2009
Advances given (**)	3.677	2.183
Prepaid expenses (*)	147	56
Other	-	110
	3.824	2.349

(*)As of 31 December 2010 and 2009 the main part of prepaid expenses is composed of insurance premiums paid by the Group.

(**)As of 31 December 2010 and 2009 advances given is composed of purchase of machinery and equipment for waste management, construction of the storage site, construction of the road of the ovens and development of waste water purification system.

16.3. Other Short Term Liabilities

At 31 December, other short term liabilities comprised the following:

	31 December 2010	31 December 2009
Provision for asset retirement obligation, rehabilitations of the mine sites and shut down of mine	1.147	2.195
Taxes, funds and social security premiums payable	4.718	4.760
Advances received	3.086	670
Payable to personnel	507	454
Other	173	16
	9.631	8.095

16.4. Other Long Term Liabilities

At 31 December, other long term liabilities comprised the following:

	31 December 2010	31 December 2009
Provision for asset retirement obligation, rehabilitations of the mine sites and shut down of mine	15.170	11.907

17. EQUITY

As of 31 December 2010 the issued capital of the Group is TL 87.112 thousand which comprise 87.112.463 shares having a value of TL 1 for one lot (2009: TL 87.112 thousand which comprise 87.112.463 shares having a value of TL 1 for one lot). The shareholding structure of the Group is as follows:

	31 December 2010		31 December 2009	
	Rate of Share (%)	Amount of Share Thousand TL	Rate of Share (%)	Amount of Share Thousand TL
Intercem S.A.	58.46	50.924	58.46	50.924
Cementir Cementerie del Tirreno S.p.A.	37.59	32.749	37.59	32.749
Simest S.p.A	1.75	1.525	1.75	1.525
Other (Publicly traded)	2.20	1.914	2.20	1.914
	100	87.112	100	87.112
Investment / Share Capital Elimination		(3.381)		(5.466)
		83.731		81.646
Inflation Adjustment on Share Capital (*)		20.069		20.069
Total adjusted capital		103.800		101.715

(*)Inflation Adjustment on Share Capital represents the indexation effect of the cash or equivalent capital increases with the purchasing power as of 31 December 2004.

Investment / Share Capital Elimination amounting to TL 3.381 thousand (2009: TL 5.466 thousand) comprises shares of Çimentoş which were purchased from third parties and reflected with their cost values into the consolidated financial statements. As of 31 December 2010 the total number of treasury shares is 520.256 (2009: 936.082).

The share premium amounting to TL 161.554 thousand (2009:TL 161.584 thousand), represents the difference between the nominal values and first sales price. Retained earnings in the statutory books can be distributed except for the arbitrations related with legal reserves mentioned below:

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital. If the dividend distribution is comprise entire net distributable profit, a further 1/11 of dividend distributions, in excess of 5 % of paid-in capitals are to be appropriated to increase second legal reserves. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted. As of 31 December 2010, the total amount of the Group's legal reserves is TL 6.392 thousand (31 December 2009:TL 6.392 thousand).

In accordance with CMB's requirements valid until 1 January 2008, amount that arose from inflation adjustments and kept under "accumulated losses" can be considered as a deduction item in calculation of distributable profit in accordance with inflation adjusted financial statements. Furthermore, it was also possible to net off the related amount kept under accumulated losses if there were any profit or undistributed retained earnings. Remaining loss can be netted off with extraordinary reserves, legal reserves and inflation adjustment difference of share capital, respectively.

Again in accordance with CMB's requirements valid until 1 January 2008, capital, share premium, legal reserves, statutory reserves, special reserves and extraordinary reserves were reflected in financial statement with their carrying amounts and the inflation adjusted difference of related accounts are totally reflected under heading "equity inflation adjustment difference". Equity inflation adjustment difference could be used in bonus issue of share capital or in net off with accumulated losses and extraordinary reserves could be used only in bonus issue of share capital, dividend distribution or in net off with accumulated losses.

Values of "Paid Capital", "Restricted Reserves from profit" and "premiums on sale of share certificates" must be shown on their values in the legal records according to serial XI No: 29 official statement, which was effectuated in the respect of 1st of January, 2008 and announcements of SPK (Capital Markets Board). Differences, which are occurred during the valuations, while the application of this official statement (such as differences arising from inflation adjustments):

In accordance with the Communiqué No: XI-29 which became effective as of 1 January 2008 and related announcement of CMB, equity items of paid-in capital, share premiums, and legal reserves and special reserves under restricted reserves should be presented at their nominal amounts. Accordingly the inflation adjustments provided for within the framework of related Communiqué, for paid-in capital has been presented under inflation adjustment on capital, where as for share premium and legal reserves and special reserves under restricted reserves inflation effects has been presented under retained earnings. Other equity items have been presented at adjusted values in accordance with CMB Financial Reporting Standards. Share capital inflation adjustment can not be used except for additions to share capital.

Dividend distribution of publicly trade companies as instructed by CMB's are explained below:
For corporations traded at stock exchange market, there is not a determined minimum portion of distribution; in this aspect the profit to be distributed will be determined in line with the announcements of CMB Serial IV, Number 27, the articles of the incorporation and will be in accordance with the declarations made to public. In the parent agreement of the Company, the rate of the first legal reserves is determined as 50%.

According to the decision of CMB on 25 February 2009 numbered 7/242 the net amount of distributable profit that is calculated per CMB's minimum profit distribution requirements will be wholly distributed if met by the net distributable profit of statutory records, if the amount per CMB is not met by statutory records, the amount to be distributed will be limited to the amount at the statutory records. If losses are incurred in either of CMB or statutory financial statements, no profit will be distributed. In this context, In the General Assembly Meeting of the Group on 16 April 2010, General Assembly decided not to distribute profit due to 2009 loss.

In accordance with the decision of CMB dated 27 January 2010 and numbered 2/51, it was decided for companies preparing consolidated financial statements, net distributable profit is required to be calculated considering net period profit in consolidated financial statements prepared in accordance with Communiqué No: XI-29 "Basis for Financial Reporting in the Capital Markets" as long as profit to be distributed could be met with resources in their statutory records. In accordance with the same decision, to determine the principles of dividend obtained from 2009 operations of corporations coated to stock

exchange market, it is stated that;

- The Corporation shall disclose that statutory current year profit after previous year losses deducted and total amount of other resources made object of dividend in financial statements prepared in accordance with CMB Communiqué serial: XI Number: 29.

- Time of dividend distribution in accordance with the article 6 of the Communiqué;

i. If the dividend payment is to be made in cash then dividend distribution will continue will until the end of the fifth months of the following period,

ii. If the dividend is to be made by issuing capitalization of shares to partners then it is decided to apply CMB for the registration of the shares to be issued until the end of fifth month of the following period and complete the share distribution until the end of the six month of the following period,

iii. If clause i and ii is to be used together then it is decided to carry out the transactions in each clause separately within the time limits set in each clause.

18. SALES AND COST OF SALES

For the years ended 31 December, sales and cost of sales comprised the following:

	2010	2009
Domestic sales	397.477	307.291
Foreign sales	94.209	149.076
	491.686	456.367
Less: Discounts	(13.197)	(10.195)
Net sales	478.489	446.172
Cost of sales	(390.384)	(361.136)
Gross margin	88.105	85.036

19. SELLING, MARKETING AND DISTRIBUTION EXPENSES

For the years ended 31 December, selling, marketing and distribution expenses comprised the following:

	2010	2009
Loading expenses	10.526	14.288
Personnel expenses	2.499	2.422
Depreciation and amortisation (Note 9)	228	250
Outsourced service expenses	656	652
Other	38	29
	13.947	17.641

20. ADMINISTRATIVE EXPENSES

For the years ended 31 December, administrative expenses comprised the following:

	2010	2009
Personnel expenses	23.048	21.473
Consultancy expenses	9.989	9.844
Outsourced expenses	4.646	4.437
Employee termination expenses (Note 15)	4.177	2.254
Depreciation and amortisation (Note 9)	2.196	2.194
Taxes and duties	2.516	2.095
Advertisement expenses	2.102	1.257
Entertainment expenses	642	534
Donations	322	410
Rent expenses	616	392
Fuel and supplies	186	375
Water and lightening expenses	334	321
Insurance expenses	313	219
Other	3.738	3.662
	54.825	49.647

21. EXPENSES BY NATURE

For the year ended 31 December, expenses by nature comprised the following:

	2010	2009
Raw material,work in process and finished goods costs	171.025	160.362
Lightening and water expenses	70.538	59.911
Personnel expenses	61.024	49.729
Depreciation and amortisation (Notes 9 and 10)	43.665	44.757
Repair and maintenance expenses	24.563	22.489
Transportation expenses	21.073	34.396
Rent expenses	14.441	6.499
Outsourced service expenses	12.646	25.041
Consultancy expenses	9.989	9.844
Employee termination expenses (Note 15)	4.177	2.254
Taxes and duties	2.516	2.095
Advertisement expenses	2.117	1.241
Other	21.383	9.626
	459.157	428.244

22. OTHER OPERATING INCOME / EXPENSE

22.1. Other Operating Income

For the year ended 31 December, other operating income comprised the following:

	2010	2009
Valuation gain on investment property	12.616	-
Gain on sale of subsidiary	2.366	47.052
Insurance income	184	1.068
Gain on sale of scrap goods	1.698	739
Collections from doubtful receivables(Note 6)	-	411
Rent income	179	371
Gain on sale of property,plant and equipment	116	4
Other	648	590
	17.807	50.235

22.2. Other Operating Expenses

For the years ended 31 December, other operating expense comprised the following:

	2010	2009
Receivables that no longer be collected	(3.906)	-
Excavation expenses	(576)	(420)
Lawsuit expenses (Note 13)	(420)	(576)
Penalty and claim expenses	(122)	(1.556)
Provision for doubtful receivables	(27)	-
Provision for the advances given	-	(550)
Loss on sale of property, plant and equipment	-	(2)
Other	(243)	(49)
	(5.294)	(3.153)

23. FINANCE INCOME AND COSTS

For the years ended 31 December, finance income comprised the following;

	2010	2009
Foreign exchange income	41.536	42.818
Interest income from credit sales	1.149	3.260
Interest income	2.976	2.336
Income from foreign currency operations	244	665
	45.905	49.079

For the years ended 31 December, finance costs comprised the following;

	2010	2009
Foreign exchange loss	(41.444)	(45.943)
Interest expenses of borrowings	(1.829)	(7.239)
Bank comission expenses	(843)	(1.979)
Expense from foreign currency operations	(54)	(1.082)
Effect of discount and foreign exchange loss from asset retirement obligation	(575)	(201)
Other	(412)	(93)
	(45.157)	(56.537)

24. TAX ASSETS AND LIABILITIES

As at 31 December, corporate tax provision is as follows:

	31 December 2010	31 December 2009
Corporation tax provision	8.514	7.397
Less: Prepaid corporation tax	(5.804)	(5.932)
Tax provision for the period - net	2.710	1.465

Turkish Tax Legislation does not allow the Group to declare its tax over the financial statements that they consolidate all of the subsidiaries and affiliates. Therefore, the tax charges reflected in these consolidated financial statements are calculated for each of the subsidiaries seperately.

According to this:

	31 December 2010	31 December 2009
Current tax expense	2.877	1.659
Addition to the scope of consolidation	-	(39)
Prepaid income tax	(167)	(155)
	2.710	1.465

In Turkey, corporation tax is payable at a rate of 20 % (2009: 20%). For the future years it will be 20% as well. This rate is applied to the total income after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed. The corporation tax rate in Russia where the Group has subsidiaries is 20% for year 2010 (2009: 20%).

In accordance with Corporation Tax Law numbered 5520 and dated 21 June 2006, 75% gain on sale of participation shares, bonus certificates, preferential rights and real estates which are carried for minimum two years are exempt from corporate tax if they are kept under an account of special fund in the shareholders equity for five years and if the sales prices of them are collected within the two years after the sales date.

The withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15 % (2009:15%). Appropriation of retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20 % on their corporate income. Advance tax is declared by the 10th of the second month following each calendar quarter end and is payable by the 17th of the second month following each calendar quarter end. Tax payments that are made in advance during the year are being deducted from the total final tax liability of the fiscal year. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns on the twenty fifth day of the fourth months following the close of the accounting year to which they relate.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

There are several exceptions in the Corporation Tax Law for the companies. The exceptions which are related with the Group shown below:

Dividend earnings from the participations due to the contributions to the capital of another corporation (except notes of accession of investment funds and profit sharing which is gained from stocks of investment partnership) are exceptional from the corporation tax.

The 75% part of the earnings of the companies from the sales of their pre-emptive rights and earnings from the emission premiums which occurred from the sales of the shares that are issued through the capital increment or through the foundation of corporations are exceptional from the corporation taxes.

Besides that; deductions, which is prescribed by the 8th article of the Corporate Tax Law and 40th article of the Income Tax Law, and other deductions, which is prescribed by 10th article of the Corporate Tax Law, are included.

Transfer pricing

13th article of the law numbered 5520 Corporate Tax Law, which establishes new regulations, came into force since 1st of January, 2007. Serious diversification has been made with the relevant article, which is based on guideline of EU's and OECD's transfer pricing. In this framework, Firms have to apply from the equivalence value for purchase of selling of goods or services from the related parties. The arm's length principle imply that the compliance of the price or charge during the goods and services purchases and sellings from related parties, if there were no relationship between the related corporations. Firms chose the the most suitable method for the transaction's character, which is determined in the law to determine value of equal, which will be applied for the transaction from the related parties. It is required the keeping the substantiating documents such as records, calculation charts that determined prices and charges in the direction of arm's length principle by the Firms. Also, firms have to prepare a report, which includes information and documents belong to transactions from related parties, in accounting period.

If the tax payer involves in transactions with related parties relating to trading of products or goods not performed within the framework of the principals regarding to pricing according to peers, then it will be considered that the related profits are shifted in a veiled way via transfer pricing. Profits shifted in a veiled way via transfer pricing will be considered as distributed profit or for foreign based tax payers the amount transfered to headquarter as of the last day of the period that the related conditions are met disclosed in the 13th clause of the Corporate Tax Law. Such veiled shifting of profits via transfer pricing will not be deducted from tax assessment for the purposes of corporate tax. For the corporate taxes previously accrued will be adjusted accordingly. But, in order to make the adjustment over corporate tax, related corporate tax should be determined and paid by the party that shifts the profit in a veiled way via transfer pricing.

Amount to be considered for adjustment should be determined and paid. General communique about issued hidden income by transfer pricing (Serial No:1) was published in order to conclude by Ministry of Finance in 18th of November, 2007 after the transfer pricing rules has come into force since 1st of January, 2007.

After transfer pricing is disclosed in the 13th clause of the Corporate Tax Law under the heading "veiled shifting of profit" via transfer pricing the application details are stated in the "general communique regarding veiled shifting of profits via transfer pricing" published on 18 November 2007.

As of 31 December 2010 and 31 December 2009 tax expenses comprised the following:

	2010	2009
Corporate tax expense	(8.514)	(7.397)
Deferred tax income	3.693	3.609
Total tax expense	(4.821)	(3.788)

The reported taxation charges for the years ended 31 December are different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

	1 January - 31 December 2010	1 January - 31 December 2009
Profit before tax	32,594	57,552
Taxes on reported profit per statutory tax rate of the parent company	(6,519)	(11,510)
Effect of the deducted amounts from tax base	504	9,806
Non-deductible expenses	(203)	(1,120)
Tax exempt income	1,893	-
Tax losses over which deferred taxes were not calculated	-	(1,266)
Current period loss	(138)	-
Other	(358)	302
Total tax expense	(4,821)	(3,788)

24.1. Deferred Tax Assets and Liabilities

Deferred tax liabilities and assets are provided, using the balance sheet method on all taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The tax rate applied to the temporary differences for the forthcoming years is 20% (2009: 20%) The detail of cumulative temporary differences and the resulting deferred tax assets/(liabilities) provided at 31 December 2010 and 31 December 2009, using enacted tax rates at the balance sheet dates, were as follows:

	Taxable accumulated temporary differences		Deferred Tax Asset/(Liability)	
	2010	2009	2010	2009
Difference of tangible and intangible assets	162,034	180,706	(20,161)	(23,858)
Goodwill amortization at statutory books	138,018	138,018	(27,604)	(27,604)
Asset retirement obligation	9,952	8,957	(1,990)	(1,791)
Purchased licences	3,827	5,258	(765)	(1,052)
Energy incentive income accrual	-	4,172	-	(834)
Deductible tax losses	(115,879)	(126,076)	23,176	25,215
Provision for asset rehabilitation and shutdown of mine site	(15,934)	(14,102)	3,187	2,821
Provision for retirement pay liability	(8,839)	(8,363)	1,768	1,673
Provision for doubtful receivables	(4,822)	(945)	964	189
Provision for salaries and bonuses (Note 13)	(1,000)	(920)	200	184
Impairment for advances given	(550)	(550)	110	110
Ongoing lawsuit provisions	(433)	(443)	87	88
Right of usufruct from POAS	(488)	-	98	-
Valuation gain from the investment property	-	-	(5,783)	-
Other	(354)	225	-	(45)
Deferred tax asset			29,590	30,280
Deferred tax liability			(56,303)	(55,184)
Deferred tax liability - net			(26,713)	(24,904)
Provision for retirement pay liability		(428)	352	86
Other		(115)	124	23
Deferred tax asset-net			476	109

The movement of deferred tax liability is as follows:

	31 December 2010	31 December 2009
1 January	(24.795)	(28.249)
Deferred tax benefit	3.693	3.609
Foreign currency translation differences	28	27
Valuation difference of investment property transferred to revaluation surplus	(5.153)	-
Other	(10)	(99)
Sale of subsidiary	-	(83)
31 December	(26.237)	(24.795)

As at 31 December 2010, deferred tax assets of Çimbeton amounting to TL 2.223 thousand (2009: TL 2,215 thousand) have not been recognised with respect to the statutory tax losses carried forward. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

The Group management forecasted Çimbeton to generate taxable income during forthcoming years thereafter and based on this forecast, it has been assessed as probable that the deferred tax assets resulting from tax losses for the period between 1 January 2010 and 31 December 2010 in the amount of TL 5.011 thousand will be realisable; hence, such realisable deferred tax assets in the amount of TL 1.002 thousand are recognised in the consolidated financial statements.

Last usage year	31 December 2010	31 December 2009
2013	4.787	4.743
2014	6.330	6.330
31 December	11.117	11.073

The Group management forecasted Çimentaş to generate taxable income during forthcoming years and based on this forecast, it has been assessed as probable that the deferred tax assets resulting from tax losses carried forward resulting from operations between 1 January-31 December 2008 in the amount of TL 87.977 thousand which were netted of with taxable income resulting from operations between 1 January - 31 December 2010 in the amount of TL 10.233 thousand and tax losses carried forward resulting from operations between 1 January - 31 December 2009 in the amount of TL 38.099 thousand will be realisable; hence, such realisable deferred tax assets in the amount of TL 23.175 thousand are recognised in the consolidated financial statements.

Detail of tax losses based on last usage years is as follows:

Last usage year	31 December 2010	31 December 2009
2013	77.744	87.977
2014	38.099	38.099
31 December	115.843	126.076

25. EARNINGS PER SHARE

As at 31 December the earnings per share comprises as follows:

	31 December 2010	31 December 2009
Net profit for the equity holders of the Company	20.379	46.299
Number of weighted average of ordinary shares (lot value is 1 TL)	87.112.463	76.030.139
Number of weighted average of ordinary shares	(577.674)	(352.171)
	86.534.789	75.677.968
Earning per share (TL)	0,2355	0,6118

26. RELATED PARTIES

26.1. Due from Related Parties

As at 31 December, due from related parties comprised the following:

	31 December 2010	31 December 2009
Çimentaş Eğitim ve Sağlık Vakfı ("Çimentaş Vakfı")	142	106
Other	-	-
	142	106

The due from related parties balances are considered with their not discounted invoice amounts because of having a maturity of less than two months period (2009:less than two months) and the unaccrued interest income effect is immaterial.

26.2. Other Receivables from Related Parties

As at 31 December, other receivables from related parties is as follows:

	31 December 2010	31 December 2009
Cementir Delta	184	184
Intercem	106	80
Cementir Holding	38	16
Other	5	4
	333	284

The other receivables from related parties are considered with their not discounted invoice amounts as the discount effect is immaterial.

26.3. Due to Related Parties

As at 31 December, due to related parties is as follows:

	31 December 2010	31 December 2009
Cementir Holding	6.598	6.313
Çimentaş Vakfı	146	153
Other	20	-
	6.764	6.466

TL 6.215 thousand (2009: TL 4.153 thousand) of payables to Cementir Holding is the payment of 2010 part of the royalty agreement signed with Cementir Holding which is TL equivalence of Euro 3.033 thousand. TL 383 thousand of payables to Cementir Holding is the payment of 2010 part of service agreement signed with Cementir Holding which is TL equivalence of Euro 186 thousand (2009:TL 21.160).

26.4. Other Payables to Related Parties

As at 31 December, other payables to related parties is as follows:

	31 December 2010	31 December 2009
Other	63	92
	63	92

26.5. Goods and Service Sales to Related Parties

As at 31 December, goods and service sales to related parties is as follows:

	1 January - 31 December 2010	1 January - 31 December 2009
Çimentoş Vakfı	980	1.008

26.6. Goods and Service Purchases from Related Parties

As at 31 December, goods and service purchases from related parties is as follows:

	2010	2009
Cementir Holding	6.978	6.774
Çimentoş Vakfı	214	155
	7.192	6.929

Service purchases are composed of brand use and consultancy expenses which are paid in accordance with the royalty agreement dated 13 June 2008, and technical assistance, investment relations, organization, management and internal audit expenses which are paid in accordance to service agreement dated 22 December 2008 with Cementir Holding.

26.7. Finance Expenses Paid to Related Parties

As at 31 December, other transactions made with related parties is as follows:

	1 January - 31 December 2010	1 January - 31 December 2009
Cementir Holding	-	121

26.8. Key Management Cost

As at 31 December, key management cost is as follows:

	1 January - 31 December 2010	1 January - 31 December 2009
Short term benefits	3.275	3.532
Other long term benefits	18	16
	3.293	3.548

27. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

27.1. Financial Risk Management

The Group has exposure to market risk, capital risk, credit risk and liquidity risk which are composed of foreign currency, cash flow and interest rate risks because of its operations. The policy of financial risk management of the Group is focused on the unexpected changes.

Financial risk management policy is determined by the top management, board of directors and finance department together. Board of directors especially prepares policies and principles about the credit, liquidity and capital risks subjects and follows the operational risks in detail.

The aims that are determined by the Group to manage the financial risks can be summarized as follows:

- Providing the cash flows from the Group's operations continuously by considering the currency and interest rate risks,
- Having borrowings with an appropriate type and maturity in order to use effectively for the operations
- Following and keeping the risks from others at the minimum level.

27.1.1. Credit risk

Having financial assets also brings the risks that the opponent party may not obey the rules of the agreements. The Group management minimizes these risks by getting guarantess for every agreement signed (except for related parties). The Group manages these risks by updating the credit limits for the customers within specific periods. The usage of credit limits are followed by Group management and the credit quality of customers are evaluated according to the customer's financial position, past experiences, market prestige and other factors.

	Receivables					
	Trade Receivables		Other Receivables		Deposits at Banks	Other (Guarantees Given)
	Related Party	Other	Related Party	Other		
31 December 2010						
Exposure to maximum credit risk as at reporting date A+B+C+D (*)	142	93.391	333	1.183	139.754	16.145
• Secured part of the maximum credit risk	-	66.665	-	-	-	-
A) Net carrying value of financial assets which are neither impaired nor overdue	142	75.950	333	1.183	139.754	16.145
B) Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-	-
C) Net carrying value of impaired assets	-	17.191	-	-	-	-
• Secured part	-	11.462	-	-	-	-
D) Net book values of the impaired assets	-	250	-	-	-	-
• Overdue (gross book value)	-	2.287	-	-	-	-
• Impairment (-)	-	(2.037)	-	-	-	-
• Secured part of the net value	-	-	-	-	-	-
E) Off balance sheet items with credit risks	-	-	-	-	-	-

Receivables

31 December 2009	Trade Receivables		Other Receivables		Deposits at Banks	Other (Guarantees Given)
	Related Party	Other	Related Party	Diğer Other		
Exposure to maximum credit risk as at reporting date A+B+C+D (*)	106	73.360	284	1.541	62.664	-
• Secured part of the maximum credit risk	-	59.005	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	106	53.099	284	1.541	62.664	-
B. Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-	-
C. Net carrying value of impaired assets	-	19.903	-	-	-	-
• Secured part	-	13.885	-	-	-	-
D. Net book values of the impaired assets	-	358	-	-	-	-
• Overdue (gross book value)	-	2.368	-	-	-	-
• Impairment (-)	-	(2.010)	-	-	-	-
• Secured part of the net value	-	358	-	-	-	-
E. Off balance sheet items with credit risks	-	-	-	-	-	-

According to Group management's evaluation of the past experiences and collections in the following periods, trade receivables which are past due but not impaired do not have a risk of collection. The maturity of the past due but not impaired trade receivables is as follows:

31 December 2010:	Receivables		
	Trade Receivables	Other Receivables	Total
Past due 1 - 30 days	6.581	-	6.581
Past due 1 - 3 months	4.016	-	4.016
Past due 3 - 12 months	4.879	-	4.879
Past due 1 - 5 years	1.965	-	1.965
Past due more than 5 years	-	-	-
Secured by guarantee etc.	(11.462)	-	(11.462)
	17.441	-	17.441



31 December 2009:		Receivables	
	Trade Receivables	Other Receivables	Total
Past due 1 - 30 days	4.964	-	4.964
Past due 1 - 3 months	4.591	-	4.591
Past due 3 - 12 months	6.449	900	7.349
Past due 1 - 5 years	4.257	-	4.257
Past due more than 5 years	-	-	-
Secured by guarantee etc.	(14.243)	-	(14.243)
	20.261	900	20.261

27.1.2. Liquidity Risk

Prudential liquidity risk management means keeping adequate cash and marketable securities, utilization of fund sources by means of adequate borrowing transactions and the power to close out the market positions.

Liquidity risk is the ability to fund the existing and prospective debt requirements is managed by obtaining adequate funding lines from high quality lenders and to keep sufficient amount of cash and marketable securities. Group management follows the collection from its customers closely and tries to minimize the financing need in case of late payments and arranges credit limits from banks when required. In addition, Group's liquidity management includes preparation of cash flow projections as per production units, comparison of liquidity ratios with budgeted ratios. As of 31 December 2010 and 2009 financial liabilities and contractual outflows of those liabilities in respect of their maturities is as follows:

31 December 2010						
	Book Value	Total Contractual Cash Outflows	0-3 months	3 - 12 months	1 - 5 years	More than 5 years
ACCOUNTS PAYABLE						
Borrowings	131.700	131.625	4.635	46.221	80.769	-
Trade Payables	66.283	66.537	66.537	-	-	-
Other Payables	11.505	11.505	354	8.357	2.794	-
	209.488	209.667	71.526	54.578	83.563	-

31 December 2009						
	Book Value	Total Contractual Cash Outflows	0-3 months	3 - 12 months	1 - 5 years	More than 5 years
ACCOUNTS PAYABLE						
Borrowings	97.997	98.668	327	98.341	-	-
Trade Payables	47.773	47.927	47.927	-	-	-
Other Payables	14.266	14.266	345	3.828	10.093	-
	160.036	160.861	48.599	102.169	10.093	-

27.1.3. Market Risk

Foreign Currency Risk

The Group is exposed to currency risk through foreign currencies assets and liabilities. For the exchange rate risk, the management of the Company strictly follows up stabilizing foreign exchange position. The Internal Audit Committee and Board of Directors follows the foreign currency risks throughout the committee meetings and follow the foreign currency position of the Company.

	31 December 2010				31 December 2009			
	TL	USD	Euro	Other	TL	USD	Euro	Other
1. Trade receivables	4.202	2.506	160	-	4.170	2.025	514	11
2a. Monetary financial assets (Including cash and cash at banks)	128.995	70.972	9.405	-	54.055	22.223	9.530	6
2b. Non monetary financial assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4. Current Assets (1+2+3)	133.197	73.478	9.565	-	58.225	22.248	10.044	17
5. Trade receivables	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-
6b. Non monetary financial assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	16	8	2	-
8. Current Assets (5+6+7)	-	-	-	-	16	8	2	-
9. Total Assets (4+8)	133.197	73.478	9.565	-	58.241	24.256	10.046	17
10. Trade payables	(22.018)	(9.893)	(3.281)	-	(14.257)	(5.027)	(3.004)	(198)
11. Financial liabilities	-	-	-	-	(97.997)	(65.084)	-	-
12a. Monetary other liabilities	-	-	-	-	(1.277)	(6)	(575)	(26)
12b. Non monetary other liabilities	-	-	-	-	-	-	-	-
13. Short term liabilities (10+11+12)	(22.018)	(9.893)	(3.281)	-	(113.531)	(70.117)	(3.579)	(224)
14. Trade payables	-	-	-	-	-	-	-	-
15. Financial liabilities	137.727	87.146	-	-	-	-	-	-
16a. Monetary other liabilities	-	-	-	-	-	-	-	-
16b. Non monetary other liabilities	-	-	-	-	-	-	-	-
17. Long term liabilities (15+16+17)	137.727	87.146	-	-	-	-	-	-
18. Total liabilities (13+17)	(156.745)	97.039	(3.281)	-	(113.531)	(70.117)	(3.579)	(224)
19. Net Asset/(liability) position of Derivative instruments (19a-19b)	-	-	-	-	-	-	-	-
19a. Hedged amount of total assets	-	-	-	-	-	-	-	-
19b. Hedged amount of total liabilities	-	-	-	-	-	-	-	-
20. Foreign currency net asset /(liability) position (9-18+19)	(23.548)	(23.561)	6.284	-	(55.290)	(45.861)	6.467	(207)
21. Monetary items net foreign currency Asset/(liability) position (IFRS 7.B23) [=1+2a+5+6a-10-11-12a-14-15-16a]	(23.548)	(23.561)	6.284	-	(55.306)	(45.861)	6.467	(207)
22. Fair value of financial assets used foreign currency hedges	-	-	-	-	-	-	-	-
23. Export	73.855	43.271	6.688	16.879	149.076	56.030	28.495	1.034
24. Import	6.065	3	2.540	857	5.330	4	2.452	49

Currency Sensitivity Analysis 31 December 2010

	Profit/Loss		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
Assumption of devaluation/appreciation by 10% of USD against TL:				
1- Net asset/(liability) of USD	(36.425)	-	36.425	-
2- USD Risk protected part (-)	-	-	-	-
3- USD net effect (1+2)	(36.425)	-	36.425	-
Assumption of devaluation/appreciation by 10% of EURO against TL:				
4- Net asset/(liability) of USD	12.877	(12.877)	-	-
5- Euro Risk protected part (-)	-	-	-	-
6- Euro net effect (4+5)	12.877	(12.877)	-	-
Assumption of devaluation/appreciation by 10% of other currencies against TL:				
7- Net asset/(liability) of other currencies	-	-	-	-
8- Other currencies risk protected part (-)	-	-	-	-
9- Net effect of Other Currencies (7+8)	-	-	-	-
Total (3+6+9)	(23.548)	23.548	-	-

Currency Sensitivity Analysis 31 December 2009

	Profit/Loss		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
Assumption of devaluation/ appreciation by 10% of USD against TL:				
1-Net asset/(liability) of USD	(6.906)	6.906	-	-
2- USD Risk protected part(-)	-	-	-	-
3-USD net effect (1+2)	(6.906)	6.906	-	-
Assumption of devaluation/ appreciation by 10% of EURO against TL:				
4-Net asset/(liability) of USD	1.396	(1.396)	-	-
5-Euro Risk protected part (-)	-	-	-	-
6-Euro net effect (4+5)	32.899	(32.899)	-	-
Assumption of devaluation/ appreciation by 10% of other currencies against TL:				
7-Net asset/(liability) of other currencies	(21)	21	-	-
8-Other currencies risk protected part (-)	-	-	-	-
9-Net effect of Other Currencies (7+8)	(21)	21	-	-
Total(3+6+9)	(5.531)	5.531	-	-

Interest Rate Risk

The Group is exposed to interest rate risk, because of the effects of the changes in interest rates over assets and liabilities. The Group follows a balancing policy between its financial assets and liabilities having variable interest rates.

Fixed interest rate financial instruments	31 December 2010	31 December 2009
Financial asset	224.433	131.838
Financial liabilities	77.786	62.039
Variable interest rate financial instruments		
Financial asset	-	-
Financial liabilities	131.700	97.997

1% increase in interest rates at the reporting date assuming all other variables remain constant, net profit for the period would be TL 5.4 thousand less (2009: TL 4 thousand less)

Price Risk

Group's operational profitability and cash inflows generated by operations change with the changes raw material prices, competition in cement and ready mixed concrete and Group management follows the price changes and take precautions to decrease the costs. Related risk are monitored through meetings held by Audit Committee and Board of Directors.

27.1.4. Capital Risk

Group's aim is to keep sustainability of the operations with the most sufficient capital structure to minimize the cost of capital and to provide earnings and benefit to its shareholders. The Group can change the amount of dividend to shareholders, return the capital to shareholders, issue new bonds and sell assets to reduce the debts in order to keep capital structure or to adjust the structure of the capital.

In line with the other companies in the market, the Group follows the capital with the rate of debts/equity.

This rate is calculated by dividing the net debt to equity. Net debt is calculated by subtracting the cash and cash equivalents from total debt amount.

	31 December 2010	31 December 2009
Due to related parties (Note 26)	6.828	6.466
Other trade payables (Note 10)	59.519	41.307
Other payables to related parties (Note 26)	63	92
Other payables (Note 7)	11.442	14.174
Less: Cash and cash equivalents (Note 4)	(139.795)	(62.728)
Net payables	(62.943)	(689)
Total equity	826.631	692.835
Debt/equity	(7%)	0%

27.1.5. Fair value of financial instruments

The Group determines fair values of financial assets by using market data and appropriate valuation methods. But, since judgment may be required in determining fair value, fair values may not reflect the amounts in the market. Group assesses fair values of financial assets and liabilities measured at amortized cost using the effective interest method including cash and banks, other financial assets and other short term financial liabilities as they reflect their fair value because of their short-term nature.

28. FINANCIAL INSTRUMENTS

The Group has classified its financial assets and liabilities as borrowings and receivables. Cash and cash equivalents (Note 4), trade receivables (Note 6, Note 26) and other receivables (Note 7, Note 26) are classified as borrowings and receivables and measured at amortized cost using the effective interest method. The financial liabilities of the Group are composed of trade payables (Note 6) and other payables (Note 7, Note 26) and measured at amortized cost using the effective interest method.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had acted knowledgeably and willingly. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein may not necessarily be indicative of the amounts the Group could realise in a current market exchange.

The below methods and estimations are used for the financial instruments whose fair values can be determined.

Financial Assets

It is accepted that the reasonable values of foreign currency balances which are translated from the year end rates are close to the book values. Cash and cash equivalents are shown with their reasonable values. It is also accepted that the current market values of trade and related party receivables are close to the book values. Financial assets whose reasonable value changes are recognized in the comprehensive income statement are shown with their reasonable values. Nonetheless, the values of the financial assets which are not listed, are determined with generally accepted valuation methods and if there is an impairment over these values, they are deducted and the found value is close to the reasonable values.

Fair values of foreign currency asset translated into TL with the year-end exchange rate have been accepted as closing to carrying values. Carrying amounts of cash on hand and cash at banks are assessed as fair values. Carrying values of trade receivables and due from related parties are assessed as fair values because of their short-term nature. Financial assets of which change in fair values are reflected in comprehensive income are reflected with their fair values. However, values of financial assets available for sale but not quoted in any stock exchange calculated by generally accepted valuation methods or their cost approximate to their fair values.

Financial Liabilities

Values of trade payables, due to related parties and other financial liabilities measured at amortized cost using the effective interest method are assessed as fair values. Fair values of foreign currency liabilities translated into TL with the year-end exchange rate have been accepted as closing to carrying values.

29. OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR MAKE THE FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None.



REPORT BY THE STATUTORY AUDITORS

To The General Assembly of Çimentoaş İzmir Çimento Fabrikası Türk A.Ş.

Name of the Company : Çimentoaş İzmir Çimento Fabrikası Türk A.Ş.
Headquarters Located in : İzmir
Registered Capital : TL. 200.000.000
Capital : TL. 87.112.463.20 entirely paid-in
Principal business activity : Production and sale of clinker, cement
Names, terms of office, and partnership
Status of the statutory auditors : Sitki Şükürer 25.04.2008-15.04.2011 Not a shareholder
H. Bumin Anal 25.04.2008-15.04.2011 Not a shareholder

Number of Board of Directors meetings Participated in during the year : Two
Number of times statutory Auditors Formally convened : Four

Scope and dates of reviews of the company's legal accounts, books and documents and the conclusions that were reached to:

Four reviews were performed (31 March 2010, 30 June 2010, 30 September 2010, 31 December 2010) in accordance with the authorization limit of the Turkish Commercial Code. All records appeared to be in order.

Number of cash accounts performed at the company cashier's office in accordance with the requirements of subparagraph- 3 of paragraph 1 of the article 353 of Turkish Commercial Code and the conclusions that were reached to:

Cash counts were performed at the company cashier's office on 31 March 2010, 30 June 2010, 30 September 2010, 31 December 2010 in accordance with the requirements of the Turkish Commercial Code. All cash balances conformed to the books of accounts.

Dates on which examinations were performed in accordance with the requirements of subparagraph 4 of paragraph 1 of the article 353 of Turkish Commercial Code and the conclusions that were reached to:

Our examinations into this matter revealed that all negotiable instruments entrusted to the company were present.


Charges or complaints of improprieties received and actions taken:

It has not been received any complaint or charge.

We have examined the accounts and transactions of the firm of Çimentoaş İzmir Çimento Fabrikası Türk A.Ş. for the period 1 January 2010 to 31 December 2010 for compliance with the requirements of the Turkish Commercial Code, the Company's Articles of Association, relevant laws and regulations, and generally accepted accounting principles and standards. In our opinion, the enclosed balance sheet for the period 1 January 2010 to 31 December 2010, the contents of which we certify, accurately reflects the true financial standing of the Company on the latter date; the income statement for the period 1 January 2010 to 31 December 2010 accurately and truly reflects the results of business activities during the same period; the proposed distribution of profit is in compliance with the requirements of law and with the Company's Articles of Association. We hereby recommend that the balance sheet and income statement be approved and that the members of the Board of Directors be acquitted of their fiduciary responsibilities.

THE SATUTORY AUDITORS

SITKI ŞÜKÜRER



H. BUMİN ANAL



REPORT OF THE INDEPENDENT AUDITORS

To Board of Directors of Çimentoaş İzmir Çimento Fabrikası Türk A.Ş.,

Introduction

We have audited the accompanying consolidated balance sheet of Çimentoaş İzmir Çimento Fabrikası Türk A.Ş. and its subsidiaries (the "Group") as of 31 December 2010 and the related consolidated statements of income, consolidated statements of changes in equity, consolidated statements of cash flows, the summary of significant accounting policies and explanatory notes for the year then ended.

Responsibility of the Group Management Regarding Financial Statements

The Group management is responsible for the preparation and fairly presentation of consolidated financial statements in accordance with the financial reporting standards published by the Capital Market Board. This responsibility includes the planning, implementation and perpetuation of a necessary internal audit system, making accounting estimations and choosing appropriate accounting policies in order to provide the preparation of consolidated financial statements free of any material mistakes and / or deception.

Responsibility of the Independent Auditors

Our responsibility is to declare an opinion about the consolidated financial statements in respect of our independent audit. Our independent audit has been made in accordance with the auditing standards published by the Capital Market Board. Those standards require; conformity with ethnic principles and planning and conducting the independent audit in order to provide a reasonable assurance whether the consolidated financial statements are reflecting the truth in real and accurate way.

Our independent audit includes; utilization of independent audit techniques in order to provide evidences for the amounts in the consolidated financial statements and the related notes. Selection of independent audit techniques have been made under our professional opinions including a risk evaluation whether the consolidated financial statements contain significant errors including the evaluation whether these are arising from mistake and/or deception. In this risk evaluation we have also taken into consideration the internal control system of the Group. However, it is not our aim to give an opinion on the effectiveness of the internal control system, but to introduce the link between the consolidated financial statements and the internal control in order to design independent audit techniques in conformity with the circumstances. Our independent audit also covers a conformity evaluation on the "as a whole submission" of the accounting policies adopted by the Group, significant accounting assumptions and consolidated financial statements. We believe that independent audit evidences we had during our audit constitute a sufficient and appropriate basis for our opinions.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Çimentoaş İzmir Çimento Fabrikası Türk A.Ş. as of 31 December 2010, and the results of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the financial reporting standards published by the Capital Market Board (Note 2).

Other Matters

The consolidated financial statements of the Group related with the term ending on 31.12.2009 had been audited by another independent audit firm and an affirmative opinion had been given by the independent audit report dated 15th of March 2010.

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

İsmail Önder Ünal,
Responsible Partner Auditor
İzmir, Turkey

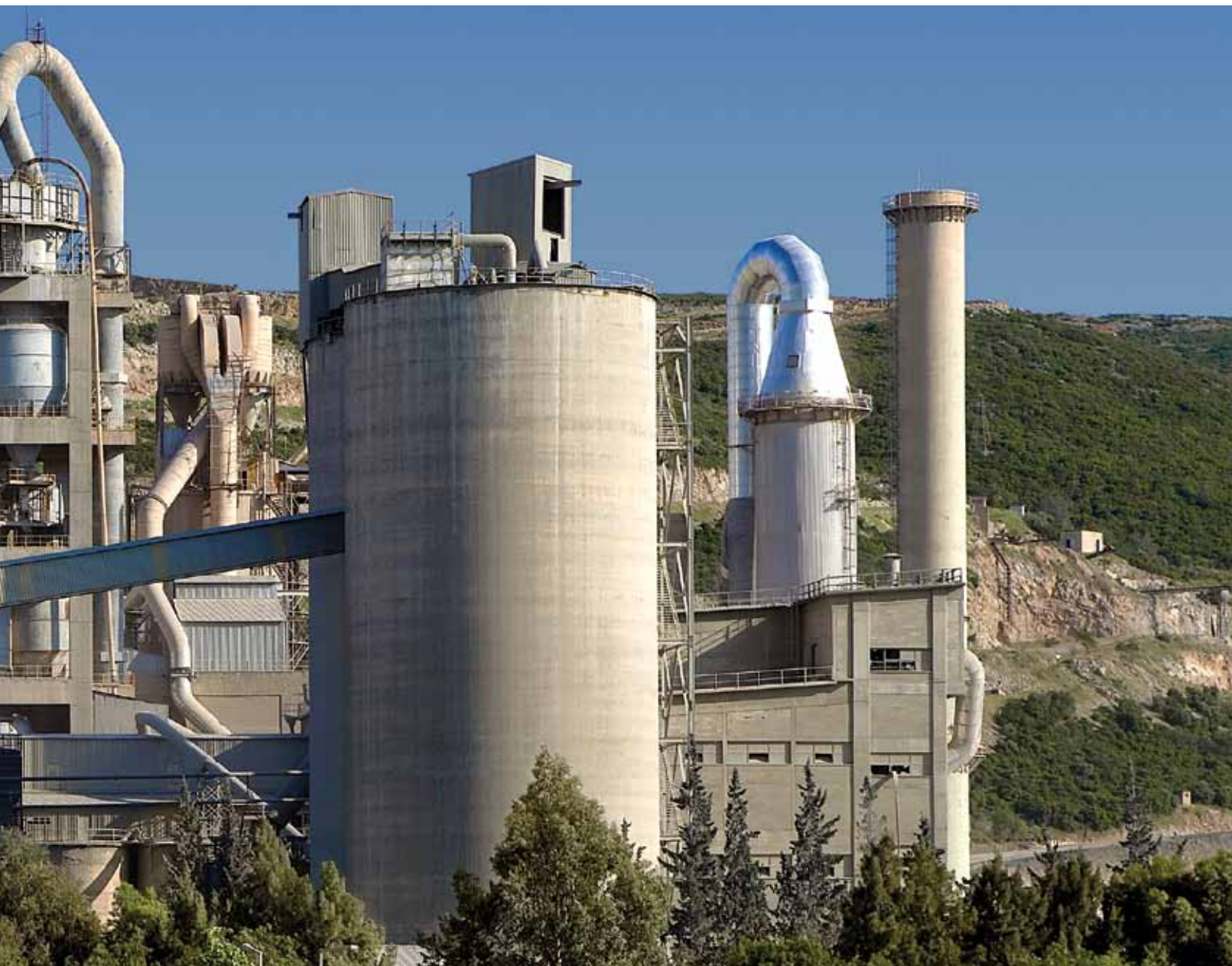


İzmir, 3 March 2011

PROPOSAL FOR PROFIT DISTRIBUTION

Although the Company has “term profit” both in legal and CMB records, there is also previous years’ loss in the legal records of the Company. In accordance with the applicable laws in order to reach to distributable profit the “term profit” should be deducted from the previous years’ loss firstly. As a result of such deduction there is no distributable profit in the legal records of the Company. In accordance with the CMB decision taken on 25.02.2005 with no.7/242; “in case any one of the financial statements prepared in line with the CMB regulations or tax records is resulting with loss, no profit distribution is done”, and as there is no distributable profit after the deduction of term profit from the previous years’ loss it is resolved to propose to the General Assembly not to distribute dividends.





Çimento İzmir Çimento Fabrikası Türk A.Ş.

Having been established as the 1st cement factory of region in 1950, Çimento has made clinker production in 2 kilns and cement production in 4 mills located in İzmir factory.

Çimento İzmir Çimento Fabrikası Türk A.Ş. Trakya Branch

Edirne Lalapaşa Cement Factory obtained by asset sale from the Savings Deposit Insurance Fund on the last days of 2005 has been organized as Trakya Branch of Çimento İzmir Çimento Fabrikası Türk A.Ş. In this way, Çimento has walked into the biggest cement market of our country and has created new opportunities in respect of export to regional countries.

Kars Çimento Sanayi ve Ticaret A.Ş.

Kars Çimento joined the group in 1996 by acquisition from the Privatization Administration in accordance with the comprehension of "corporate responsibility". It is the profitable and efficient establishment in the region in terms of the economic and social situation.

Elazığ Altınova Çimento Sanayi Ticaret A.Ş.

Elazığ Çimento the acquisition of which was accomplished from OYAK-GAMA Joint Venture in September 2006, is one the leading establishments in respect of economic and social development of its region.

Çimbeton Hazır Beton ve Prefabrik Yapı Elemanları Sanayi ve Ticaret A.Ş.

Founded in 1986 Çimbeton A.Ş. is the leading suppliers of region ready mixed concrete market. The company, which indicates the place, meaning and characteristics of the RMC in the construction sector, became the most important institution of the region market. It is one of the profitable and productive companies.

Bakırçay Çimento Sanayi ve Ticaret A.Ş.

Bakırçay Çimento A.Ş., which is located between the strategic points of this region for cement production/distribution and new investment, is the business enterprise that executes the revision aimed at preparations.

İlion Çimento İnşaat Sanayi ve Ticaret Ltd. Şti.

İlion Çimento joined the Group in 2007 and has operations in Soma Seaş Thermal Power Plant to supply fly ash requirements of Çimento and Çimbeton.

Recydia Atık Yönetimi Yenilenebilir Enerji Üretimi, Nakliye ve Lojistik Hizmetleri San. ve Tic. A.Ş.

In order to optimize and diversify our Company's energy sources and for the purposes of benefiting from various opportunities relating to the alternative fuel supply and usage, first attempt of Recydia, established in 2009, was to purchase the plants in the Manisa-Kula and Ankara-Kazan and 70% of Süreko A.Ş.

Süreko Atık Yönetimi Nakliye Lojistik San. ve Tic. A.Ş.

The Company, 70% of which was purchased by our subsidiary Recydia A.Ş. in 2009, through its plants in Manisa-Kula and Ankara-Kazan, has been servicing tu industrial and private sector customers on the waste management in line with the reliable waste management principles. The company with its continuing investments is a candidate to become a leader in its sector.

Yapıtek Yapı Teknolojisi San. ve Tic. A.Ş.

Yapıtek was established in 1987 to carry out the construction work of companies of Çimentoş Group. Its activities have been suspended pending possible restructuring according to developments in its potential market. The policy of the company will reveal in the forthcoming term.

Destek Organizasyon Temizlik Akaryakıt Tabldot Servis San. ve Tic. A.Ş.

Destek A.Ş., which provides logistic support, serves as cleaning and other services beside operating an oil service station, table d'hot and restaurant, also it finances the Çimentoş Education and Health Foundation with its sources and revenue.

Çimentoş Education and Health Fund

One of the important social institutions in the region with a strong reputation for its support of education and health services, Çimentoş Education and Health Fund was founded in 1986 and received tax-exempt status in 1992. Çimentoş Education and Health Fund granted various health and education institutions to the public at the past term.

Çimentoş Amatör Atletizm Kulübü

The club was established in 1978 and in the beginning of the year 1994, it was started to be managed by Çimentoş with the aim of supporting athleticism. Beside the athleticism, Çimentoş brings up champion sportsmen in the area of rhythmic gymnastics. Also, it has been a good sample with her management comprehension for other industrial institutions and sports club.

