

**ÇATI MADENCİLİK
İTHALAT VE İHRACAT
ANONİM ŞİRKETİ
FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT
AUDITOR'S REPORT
AS OF 31 MARCH 2014**

ÇATI MADENCİLİK İTHALAT VE İHRACAT ANONİM ŞİRKETİ
INDEPENDENT AUDITOR'S REPORT
AS OF 31 MARCH 2014

**Eren Bağımsız Denetim ve
Yeminli Mali Müşavirlik A.Ş.**
Abide-i Hürriyet Caddesi
Bolkan Center 211 C Kat 3
34381 Şişli / İstanbul, Turkey

To the Shareholders and the Board of Directors of
Çatı Madencilik İthalat ve İhracat Anonim Şirketi
İstanbul

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1. We have audited the accompanying financial statements of Çatı Madencilik İthalat ve İhracat Anonim Şirketi ("the Company") which comprise the balance sheet as at 31 March 2014 and the statement of income for the period then ended, and a summary of significant accounting policies and other notes to the financial statements.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.


EREN
BAĞIMSIZ DENETİM VE YMM A.Ş.

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

Opinion

6. In our opinion, the financial statements present fairly, in all material respects, the financial position of Çatı Madencilik İthalat ve İhracat Anonim Şirketi as of 31 March 2014 and its financial performance for the period then ended in accordance with International Financial Reporting Standards.

EREN Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
Member Firm of Grant Thornton International



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BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.

Yaşar Emin Taylan
Partner

Istanbul, 29 April 2014

ÇATI MADENCİLİK İTHALAT VE İHRACAT A.Ş.


BALANCE SHEETS AS OF 31.03.2014 AND 31.03.2013

(Currency - Turkish Lira)

(Amounts translated into USD at respective year end exchange rates for convenience purposes)

ASSETS	Note	31.03.2014		31.03.2013	
		USD	TL	USD	TL
CURRENT					
Cash and Cash Equivalents	4	124.031	271.603	88.078	159.307
Inventories	5	642.797	1.407.597	-	-
Other Current Assets	6	1.037.162	2.271.178	42.812	77.434
Total Current Assets		1.803.990	3.950.378	130.890	236.741
NON - CURRENT					
Property, Plant and Equipment	7	606.780	1.328.727	-	-
Intangible Assets	8	107.441	235.274	126.972	229.654
Other Non-Current Assets	6	13.777	30.168	17.098	30.926
Deferred Tax Asset	11	1.579	3.457	344	623
Total Non-Current Assets		729.577	1.597.626	144.414	261.203
TOTAL ASSETS		2.533.567	5.548.004	275.304	497.944

The accompanying notes are an integral part of these financial statements.

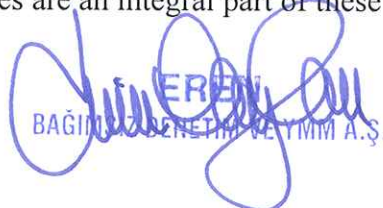

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BAĞIŞLI MADENCİLİK VE İHRACAT A.Ş.

ÇATI MADENCİLİK İTHALAT VE İHRACAT A.Ş.
BALANCE SHEETS AS OF 31.03.2014 AND 31.03.2013

(Currency - Turkish Lira)
(Amounts translated into USD at respective year end exchange rates for convenience purposes)

LIABILITIES	Note	31.03.2014		31.03.2013	
		USD	TL	USD	TL
CURRENT					
Financial Liabilities	9	54.776	119.948	-	-
Trade Payables		587.042	1.285.504	-	-
Other Current Liabilities	10	126.572	277.168	5.736	10.375
Total Short Term Liabilities		768.390	1.682.620	5.736	10.375
NON - CURRENT					
Financial Liabilities	9	185.223	405.602	-	-
Deferred Tax Liability	11	-	-	-	-
Total Long Term Liabilities		185.223	405.602	-	-
SHAREHOLDERS' EQUITY					
Share Capital	12	1.689.652	3.700.000	165.865	300.000
General Reserves	13	61.973	135.709	110.871	200.532
Net Loss for the period		(171.671)	(375.927)	(7.168)	(12.963)
Total Shareholders' Equity		1.579.954	3.459.782	269.568	487.569
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2.533.567	5.548.004	275.304	497.944

The accompanying notes are an integral part of these financial statements.


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BAĞIRCI ZARERETLİ VE YİMM A.Ş.

ÇATI MADENCİLİK İTHALAT VE İHRACAT A.Ş.
STATEMENT OF INCOME
FOR THE PERIOD ENDED 31.03.2014 AND 31.03.2013
(Currency - Turkish Lira)

(Amounts translated into USD at respective year end exchange rates for convenience purposes)

INCOME STATEMENT	Note	01.04-31.03.2014		01.01-31.03.2013	
		USD	TL	USD	TL
Net Sales		13.045	28.565	-	-
Cost of Sales		(8.604)	(18.842)	-	-
GROSS PROFIT		4.441	9.723	-	-
Marketing, Selling and Distribution Expenses	14	(1.780)	(3.898)	-	-
General Administrative Expenses	15	(210.400)	(460.735)	(7.251)	(13.115)
BASIC OPERATING LOSS		(207.739)	(454.910)	(7.251)	(13.115)
Other Income / (Expenses), net		(1.079)	(2.362)	2.574	4.656
Financial Income / (Expenses), net	16	35.853	78.511	(2.835)	(5.127)
LOSS BEFORE TAX FOR THE PERIOD		(172.965)	(378.761)	(7.512)	(13.586)
Tax		-	-	-	-
Deferred Tax Income	11	1.294	2.834	344	623
NET LOSS FOR THE PERIOD		(171.671)	(375.927)	(7.168)	(12.963)

The accompanying notes are an integral part of these financial statements.


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 BAĞIMSIZ DENETİM VE YATIRIM MENKUL DEĞERLER A.Ş.

ÇATI MADENCİLİK İTHALAT VE İHRACAT A.Ş.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 31.03.2014

(Currency - Turkish Lira)

	Share Capital	General Reserves	Net Loss for the period	Total Equity
Balance, 31.03.2013	300.000	200.532	(12.963)	487.569
Transfer to general reserves	-	(12.963)	12.963	-
Increase in share capital	-	-	-	-
- out of general reserves	51.860	(51.860)	-	-
- in cash	3.348.140	-	-	3.348.140
Net loss for the period	-	-	(375.927)	(375.927)
Balance, 31.03.2014	3.700.000	135.709	(375.927)	3.459.782

The accompanying notes are an integral part of these financial statements.


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BAGIMSIZ DENETİM VE YMMM A.Ş.

ÇATI MADENCİLİK İTHALAT VE İHRACAT A.Ş.
STATEMENTS OF CASH FLOW
FOR THE PERIOD ENDED 31.03.2014
(Currency - Turkish Lira)

01.04-
31.03.2014
TL

CASH FLOWS FROM OPERATING ACTIVITIES

Loss before tax for the period	(378.761)
<u>Adjustment to reconcile net profit to net cash:</u>	
Depreciation and amortization expenses	69.718

Operating cash flows provided before changes in working capital (309.043)

Changes in operating assets and liabilities:

Inventories	(1.407.597)
Other assets	(2.192.986)
Trade payables	1.285.504
Other short term liabilities	266.793

Net Cash Flows Used in Operating Activities (2.357.329)

CASH FLOWS FROM FINANCING ACTIVITIES

Short term financial liabilities	119.948
Long term financial liabilities	405.602
Increase in share capital-in cash	3.348.140

Net Cash Flows Generated From Financing Activities 3.873.690

CASH FLOWS FROM INVESTMENT ACTIVITIES

Acquisitions of tangible fixed assets	(1.390.872)
Acquisitions of intangible assets	(13.193)

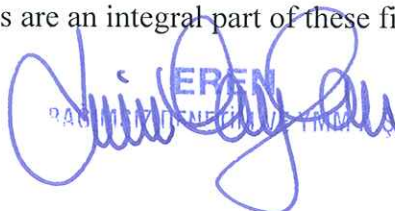
Net Cash Flows Used in Investment Activities (1.404.065)

Net Increase in Cash and Cash Equivalents **112.296**

Cash and Cash Equivalents at Beginning of period **159.307**

Cash and Cash Equivalents at the End of Period **271.603**

The accompanying notes are an integral part of these financial statements.



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ÇATI MADENCİLİK İTHALAT VE İHRACAT ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
AS OF 31.03.2014
(Currency – Turkish Lira unless otherwise expressed)

1. General

Çatı Madencilik İthalat ve İhracat Anonim Şirketi (the Company) incorporated in Istanbul, Turkey on 25th June, 2012. The Company is owning mining for Chrome ore mines based in Pınarbaşı, near Kayseri.

2. Basis of Presentation of the financial statements

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect.

The Company maintains its book of account and prepares its statutory financial statements in accordance with accounting principles in the Turkish Commercial Code (“TCC”) and tax legislation. The financial statements are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

Presentation and functional currency

The financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the functional and presentation currency of the Company is accepted as TL.

Convenience translation of financial statements

For the convenience of the reader, the accompanying financial statements have been translated from Turkish Lira to USD with the Central Bank buying exchange rates at period-ends (31.03.2014: USD 1= TL 2,1898; 31.03.2013: USD 1= TL 1,8087). Such convenience translations are not intended to comply with the provisions of IAS 21 “The Effects of Changes in Foreign Exchange Rates”.

Adoption of new and revised International Financial Reporting Standards

The Company applied the revised standards and interpretations that are relevant to its operations, published by International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC) and effective from 1 January 2013.

(a) New standards and revisions and interpretations to existing standards effective as of 1 January 2012

- IFRS 7 (amendments), “Disclosures: Transfers of Financial Assets”, will be effective for annual periods beginning on or after 1 July 2011.
- IAS 12 (amendments), “Deferred Tax: Recovery of Underlying Assets”, will be effective for annual periods beginning on or after 1 January 2012.

(b) Standards that are issued but not yet effective and have not been early adopted by the Company and amendments and interpretations to existing standards

- IAS 1 (amendments), “Presentation of Items of Other Comprehensive Income”, will be effective for annual periods beginning on or after 1 July 2012.
- IAS 1 (amendments), “Clarification of the Requirements for Comparative Information”, will be effective for annual periods beginning on or after 1 January 2013.
- IAS 19 (amendments), “Employee Benefits”, will be effective for annual periods beginning on or after 1 January 2013.

ÇATI MADENCİLİK İTHALAT VE İHRACAT ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS

AS OF 31.03.2014

(Currency – Turkish Lira unless otherwise expressed)

- IFRS 10, “Consolidated Financial Statements”, will be effective for annual periods beginning on or after 1 January 2013.
- IFRS 11, “Joint Arrangements”, will be effective for annual periods beginning on or after 1 January 2013.
- IFRS 12, “Disclosure of Interests in Other Entities”, will be effective for annual periods beginning on or after 1 January 2013.
- IFRS 13, “Fair Value Measurement”, will be effective for annual periods beginning on or after 1 January 2013.
- IFRS 7 (amendments), “Disclosures: Offsetting Financial Assets and Financial Liabilities”, will be effective for annual periods beginning on or after 1 January 2013.
- IFRS 10, IFRS 11 and IFRS 12 (amendments), “Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guide”, will be effective for annual periods beginning on or after 1 January 2013.
- IAS 27 (revised), “Separate Financial Statements”, will be effective for annual periods beginning on or after 1 January 2013.
- IAS 28 (revised), “Investments in Associates and Joint Ventures”, will be effective for annual periods beginning on or after 1 January 2013.
- IFRIC 20, “Stripping Costs in the Production Phase of a Surface Mine”, will be effective for annual periods beginning on or after 1 January 2013.
- Amendments to IFRSs, “Annual Improvements to IFRSs 2009-2011 Cycle except for the amendment to IAS 1, IAS 16 (amendments) Property, Plant and Equipment and IAS 32 (amendments) Financial Instruments: Presentation”, will be effective for annual periods beginning on or after 1 January 2013.
- IAS 32 (amendments), “Offsetting Financial Assets and Financial Liabilities”, will be effective for annual periods beginning on or after 1 January 2014.
- IFRS 9, “Financial Instruments”, will be effective for annual periods beginning on or after 1 January 2015.
- IFRS 9 and IFRS 7 (amendments), “Mandatory Effective Date of IFRS 9 and Transition Disclosures”, will be effective for annual periods beginning on or after 1 January 2015.

The Company management will evaluate the effect of the aforementioned changes within its operations and apply changes starting from effective date. It is expected that the application of the standards and the interpretations above will not have a significant effect on the financial statements of the Company.

3. Summary of Significant Accounting Policies

The principal accounting policies followed in the preparation of the accompanying financial statements are set forth below:

Related parties

For the purpose of the accompanying financial statements, key personnel in management and board of directors, their family and controlled or dependent companies, participations and subsidiaries of the Company are referred to as related parties.

Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, bank deposits and short-term investments, which can easily be converted into cash for a known amount, has high liquidity with maturities of 3 months or less. The amounts paid under the reverse repurchase agreements are included in the cash and cash equivalents. Recorded value is estimated market value of other cash and bank deposits on the balance.

ÇATI MADENCİLİK İTHALAT VE İHRACAT ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
AS OF 31.03.2014

(Currency – Turkish Lira unless otherwise expressed)

Finance leases

Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property after tax advantages or incentives have been deducted, or the present value of the minimum lease payments. Principal lease payments are recorded as a payable and are reduced as paid; the interest element is charged to the statement of income as expense during the lease period. Property, plant and equipment acquired under finance leases are depreciated over the estimated useful life of the asset.

Trade payables

Trade payables are stated at their nominal values, discounted to present value as appropriate.

Intangible assets and related amortization

An intangible asset is recognized if it meets the identifiable criterion of intangibles, control exists over the asset; it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the costs can be measured reliably. Intangible assets are carried at cost less accumulated amortization and impairment. Amortization of intangible assets is allocated on a systematic pro-rata basis using the straight-line method. Intangible assets including acquired rights, information systems and computer software are amortized using the pro-rata method over their estimated useful economic lives of 10 years.

Impairment of assets

Assets that have indefinite useful lives, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial Instruments

(i) Financial assets

Investments are recognized and derecognized on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned and are initially measured at fair value, net of transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories as 'at fair value through profit or loss', 'held to maturity investments', 'available for sale financial assets' and 'loans and receivables'.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Debt instruments that are held to maturity, are available for sale, or are loans and receivables recognize in income on an effective interest rate basis.

ÇATI MADENCİLİK İTHALAT VE İHRACAT ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
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(Currency – Turkish Lira unless otherwise expressed)

Effective interest method

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

Financial assets held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows.

Financial assets available-for-sale

Available-for-sale securities are those that are not (a) held-to-maturity investments, or (b) securities held for trading. Subsequent to acquisition, available for sale securities are valued at their fair value if reliably measurable. Otherwise, they are accounted for at the amortized cost. Unrealized gains or losses arising from changes in the fair value of securities classified as available for sale are deferred in equity until the financial asset is sold, collected or otherwise is disposed of when available for sale securities are sold, collected or otherwise disposed of, related deferred gains and losses in equity are released to the income statement. All investment securities are initially recognized at cost. Transaction costs are included in the initial measurement of debt securities. Available for sale securities are measured at fair value.

Fair value of available for sale monetary assets denominated in foreign currency is determined in that foreign currency and converted using the spot rate at the reporting date. Change in fair value attributable to conversion differences that result from a change in amortized cost of the asset is recognized in profit or loss, and other changes are recognized in equity.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments, originated or acquired, that are not quoted in an active market, not held for trading, and not designated on initial recognition as assets at fair value through profit or loss or as available-for-sale. Loans and receivables are measured at amortized cost using the effective interest method.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

ÇATI MADENCİLİK İTHALAT VE İHRACAT ANONİM ŞİRKETİ
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(Currency – Turkish Lira unless otherwise expressed)

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available for sale equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

(ii) Financial liabilities

Financial liabilities and equity instruments issued by the Company are classified according to substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set below.

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are recorded at fair value upon initial measurement and re-measured to fair value at each reporting period. Changes in the fair values are accounted in the income statement. Net gains and losses accounted for in the income statement includes interest paid expense incurred on the financial liability.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Taxation and deferred income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

ÇATI MADENCİLİK İTHALAT VE İHRACAT ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
AS OF 31.03.2014
(Currency – Turkish Lira unless otherwise expressed)

Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax related to the equity items is carried under the equity and not reflected to income statement. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset accordingly.

Employee benefits / Retirement pay provision

Under the Turkish law and union agreements, severance payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No: 19 (revised) “Employee Benefits” (“IAS 19”). The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

Operating expenses

Operating expenses are recognized in profit or loss upon utilization of the service or at the date of their origin.

Revenue recognition

Revenue involves the goods and service sales invoiced value. Revenues are recognized on an accrual basis at the time deliveries of goods and services or acceptances are made, the transfer of risks and benefits related to good are realized, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company, at the fair value of the consideration received or receivable. The significant risks and benefits in sales are transferred when the goods are delivered or legal proprietorship is transferred to the customer. Interest income and expenses are recognized in the income statement on an accrual basis. Net sales represent the invoiced value of goods shipped less sales returns and commission and excluding sales taxes.

Sale of goods: Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Rendering of services: Revenue earned from rendering of services is recognized by using a reference to the stage of completion of the contract.

Interest revenue: Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount. Dividend revenue from investments is recognized when the shareholders’ rights to receive payment have been established.

ÇATI MADENCİLİK İTHALAT VE İHRACAT ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
AS OF 31.03.2014
(Currency – Turkish Lira unless otherwise expressed)

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Foreign currency transactions

Transactions in foreign currencies during the periods have been translated at the exchange rates prevailing at the dates of these transactions. Balance sheet items denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. The foreign exchange gains and losses are recognized in the income statement.

Provisions

Provisions are recognized when, and only when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are recognized by the amortized amount as of balance sheet date in case that the monetary loss is material. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Commitments and contingencies

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non-occurrence of certain future events, unless the expected performance is remote. Accordingly, contingent losses are recognized in the financial statements if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Significant management judgment in applying accounting policies

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements:

Revenue: Management needs to make significant judgment in determining when to recognize income from after-sales services.

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Impairment: An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management makes assumptions about future events and circumstances.

Provisions: The Company is currently defending certain lawsuits where the actual outcome may vary from the amount recognized in the financial statements.

EBITDA

EBITDA is defined as earnings before interest expense, income tax expense (benefit), depreciation and amortization. This information should be read with the statements of cash flow contained in the accompanying financial statements.

4. Cash and Cash Equivalents

	31.03.2014		31.03.2013	
	USD	TL	USD	TL
Cash on hand	3.825	8.376	21	38
Balance with bank	19.230	42.109	32.769	59.269
Fixed deposit with banks (Maturity period less than 3 months)	100.976	221.118	55.288	100.000
	124.031	271.603	88.078	159.307

5. Inventories

	31.03.2014		31.03.2013	
	USD	TL	USD	TL
Work in process and semi finished goods	642.797	1.407.597	-	-
	642.797	1.407.597	-	-

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6. Other Assets

	31.03.2014		31.03.2013	
	USD	TL	USD	TL
Advances given (*)	818.272	1.791.852	4.423	8.000
Interest income accrual	-	-	27	49
Pre-paid expenses	3.217	7.045	14.059	25.428
VAT Carried Forward	209.781	459.378	24.290	43.933
Pre-paid taxes	5.436	11.903	13	24
Advances given to personnel	456	1.000	-	-
	1.037.162	2.271.178	42.812	77.434

(*) Detail of advances given as of 31.12.2013 is provided below.

	31.03.2014		31.03.2013	
	USD	TL	USD	TL
Mustafa Tekir	13.235	28.983	1.659	3.000
Denge Kauçuk Krom San.Tic.Ltd.Şti.	95.991	210.200	-	-
Teknomekanik Madencilik Tekstil Makina San. Ve Tic	194.082	425.000	-	-
Bozdağ Tasarım Peyzaj Ltd.Şti.	40.382	88.429	-	-
Gayret Makina İnşaat San.Tic.Ltd.Şti.	426.861	934.740	-	-
Özşahin Kardeşler Metal Maden San.A.Ş.	22.605	49.500	-	-
Çevik Madencilik San.Ve Tic.A.Ş.	25.116	55.000	-	-
Ataçelsan Büro	-	-	2.764	5.000
	818.272	1.791.852	4.423	8.000

Other non-current assets	31.03.2014		31.03.2013	
	USD	TL	USD	TL
Deposits and guarantees	13.777	30.168	12.813	23.176
Pre-paid expenses	-	-	4.285	7.750
	13.777	30.168	17.098	30.926

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7. Property, Plant and Equipment

	31.03.2014		31.03.2013	
	USD	TL	USD	TL
Motor vehicles	49.547	108.497	-	-
Furniture, fixtures and office equipment	11.308	24.762	-	-
Leasehold improvements	3.793	8.306	-	-
Financial leasing assets	118.741	260.020	-	-
Construction in progress	451.770	989.286	-	-
Accumulated depreciation	(28.379)	(62.144)	-	-
	606.780	1.328.727	-	-

8. Intangible Assets

	31.03.2014		31.03.2013	
	USD	TL	USD	TL
Mining Rights	104.874	229.654	126.972	229.654
Tiger Plus License	6.025	13.193	-	-
Accumulated amortization	(3.458)	(7.573)	-	-
	107.441	235.274	126.972	229.654

9. Financial Liabilities

	31.03.2014		31.03.2013	
	USD	TL	USD	TL
Current portion of long-term bank loans	13.322	29.173	-	-
Finance lease liabilities, net	29.784	65.220	-	-
Facor Minerals (Netherlands) B.V. (Interest expense accrual)	443	970	-	-
Credit card	11.227	24.585	-	-
	54.776	119.948	-	-

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	31.03.2014		31.03.2013	
	USD	TL	USD	TL
Long-term bank loans	15.900	34.818	-	-
Facor Minerals (Netherlands) B.V.	125.000	273.725	-	-
Finance lease liabilities, net	44.323	97.059	-	-
	185.223	405.602	-	-

10. Other Current Liabilities

	31.03.2014		31.03.2013	
	USD	TL	USD	TL
Taxes & Dues payable	5.687	12.454	1.520	2.750
Advances received	101.187	221.580	-	-
Due to personnel	9.198	20.141	-	-
Audit expense accruals	10.500	22.993	1.750	3.165
Commercial Registration Fee, Publication and Notary payable	-	-	2.466	4.460
	126.572	277.168	5.736	10.375

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11. Taxation on Income

The corporation tax rate on the profits for the calendar year 2014 is 20%. Taxable profits are calculated by addition of tax disallowed expenses to and deduction of tax exemptions (investment income exemption) and deductions (investment incentive deductions) from the profit disclosed in the statutory income. No other taxes are paid unless profits are distributed.

Advance (prepaid) corporation taxes are payable on quarterly profits at the rate of 20%. Such taxes after deduction of the taxes prepaid quarterly must be declared by the 14th of the second month following any tax period and paid by the 17th. Advance corporation tax may be offset against others debts to the government.

Dividends paid to non-resident corporations which have a place of business in Turkey or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Tax losses that are reported in the Corporation Tax return can be carried forward and deducted from the corporation tax base for a maximum of five consecutive years.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the related financial year. 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.

The breakdown of cumulative temporary differences and the resulting deferred tax assets / (liabilities) are as follows:

	31.03.2014		31.03.2013	
	Cumulative temporary difference	Deferred tax	Cumulative temporary difference	Deferred tax
Interest income accrual	-	-	(49)	(10)
Credit to foreign currency differences	(5.712)	(1.142)	-	-
Audit expenses accrual	22.993	4.599	3.165	633
TL	17.281	3.457	3.116	623
USD	7.892	1.579	1.723	344

Tax rates used for deferred tax assets and liabilities calculated on temporary differences that are expected to be realized or settled based on the taxable income in coming years under the liability method is 20%.

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12. Share Capital

	31.03.2014		31.03.2013	
	USD	TL	USD	TL
12000 Nos. of Shares of TL 25 each	1.689.652	3.700.000	165.865	300.000
	1.689.652	3.700.000	165.865	300.000

13. General Reserves

	31.03.2014		31.03.2013	
	USD	TL	USD	TL
Advance against Capital from Facor Turkkrom Mining (Netherlands) B.V.	67.650	148.140	110.577	200.000
Previous years profit	649	1.422	786	1.422
Legal Reserves	34	74	41	74
Less : Establishment Costs	(6.360)	(13.927)	(533)	(964)
	61.973	135.709	110.871	200.532

14. Marketing, Selling and Distribution Expenses

	01.04-31.03.2014		01.01-31.03.2013	
	USD	TL	USD	TL
Guesthouse expenses	1.780	3.898	-	-
	1.780	3.898	-	-

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15. General Administrative Expenses

	01.04-31.03.2014		01.01-31.03.2013	
	USD	TL	USD	TL
Mining area expenses	46.724	102.317	2.575	4.657
Kayseri office expenses	135.922	297.643	1.962	3.548
İstanbul head office expenses	13.114	28.717	2.611	4.722
Kayseri housing expenses	14.640	32.058	103	188
	210.400	460.735	7.251	13.115

16. Financial Income / (Expenses), net

	01.04-31.03.2014		01.01-31.03.2013	
	USD	TL	USD	TL
Foreign exchange gains / (losses), net	940	2.058	(2.821)	(5.102)
Interest income	36.210	79.293	41	74
Bank commission expenses	(854)	(1.870)	(55)	(99)
Interest expenses	(443)	(970)	-	-
	35.853	78.511	(2.835)	(5.127)