

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

**Financial statements together with report of
independent auditors for the period from
April 1, 2008 to December 31, 2008**

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Table of contents

	<u>Page</u>
Report of independent auditors	1 - 2
Balance sheet	3
Income statement	4
Statement of changes in equity	5
Cash flow statement	6
Notes to the financial statements	7 - 37

Report of independent auditors

To the Shareholders of
Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi:

We have audited the accompanying financial statements of Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi (the Company), which comprise the balance sheet as at December 31, 2008, and the income statement, statement of changes in equity and cash flow statement for the nine month period from April 1, 2008 to December 31, 2008, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

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.

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.

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

Basis for qualified opinion

The Company first adopted International Financial Reporting Standards (IFRS) in 2008, with a date of transition to IFRS as of March 31, 2008. In the accompanying financial statements, the Company does not present the comparatives, since the financial statements as of and for the years ending December 31, 2007 and December 31, 2006 are not prepared. However, under IAS 1 "Presentation of Financial Statements" comparative information for all amounts reported in the current year's financial statements have to be presented.

Qualified opinion

In our opinion, except for the matter described in basis for qualified opinion section above, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2008, and its financial performance and its cash flows for the nine months period from April 1, 2008 to December 31, 2008 in accordance with International Financial Reporting Standards.

Other matters

Although the fiscal year of the Company comprise 12 months ending on December 31, the accompanying statements of income, changes in equity and cash flow and related notes are prepared and presented for the nine months period from April 1, 2008 to December 31, 2008, since as explained above the date of transition of the Company's financial statements to IFRS is March 31, 2008.

The opening statutory balance sheet of the Company as of March 31, 2008, which was prepared based on Turkish Standard Statutory Chart of Accounts in accordance with the Turkish Commercial Code, were audited by other auditors. In their report dated July 10, 2008, the other auditors expressed a disclaimer of opinion on that balance sheet due to; (i) not observing the counting of inventories and (ii) not receiving confirmation letters from customers in connection with receivables and advances received, amounting to TL 240,703 and TL 3,622,533, respectively. Our work included the audit of the reconciliation of the statutory balance sheet to IFRS as of March 31, 2008, as presented in Note 21 in the accompanying financial statements.

Ernst & Young

February 2, 2009
Istanbul, Turkey

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi**Balance sheet
as of December 31, 2008
(Currency – TL)**

Assets	Notes	December 31, 2008
Current assets		
Cash and cash equivalents	3	622,131
Trade and other receivables	4	33,053,781
Inventories	5	14,084,604
Prepayments and other current assets	6	3,950,932
Total current assets		51,711,448
Non-current assets		
Property, plant and equipment, net	7	167,448,234
Intangible assets, net	8	126,782
Deferred tax asset	19	8,280,483
Non current assets	9	9,353,577
Total non-current assets		185,209,076
Total assets		236,920,524
Liabilities and equity		
Current liabilities		
Short term borrowings	13	33,336,434
Current portion of long term borrowings	13	29,392,235
Trade and other payables	10	6,476,192
Other current liabilities and accrued expenses	11	1,877,966
Total current liabilities		71,082,827
Non current liabilities		
Long-term borrowings	13	124,612,559
Employee termination benefits	12	43,059
Total non current liabilities		124,655,618
Equity		
Share capital	14	76,000,000
Accumulated losses		(34,817,921)
Total equity		41,182,079
Total liabilities and equity		236,920,524

The accompanying policies and explanatory notes on pages 7 through 37 form an integral part of the financial statements.

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Income statement

for the period from April 1, 2008 to December 31, 2008

(Currency – TL)

	Notes	For the period from April 1, 2008 to December 31, 2008
Sales	18	106,368,759
Cost of sales	18	(93,538,285)
Gross profit		12,830,474
Selling and marketing expenses	18	(563,901)
Administrative expenses	18	(4,944,622)
Other operating income	18	3,991,212
Other operating expense	18	(934,620)
Profit from operations		10,378,543
Financial income	18	6,077,868
Financial expense	18	(29,408,902)
Loss before tax		(12,952,491)
Income tax	19	7,178,401
Net loss		(5,774,090)

The accompanying policies and explanatory notes on pages 7 through 37 form an integral part of the financial statements.

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

**Statement of changes in equity
for the period from April 1, 2008 to December 31, 2008
(Currency – TL)**

	Share capital	Accumulated losses	Total
At March 31, 2008	36,000,000	(29,043,831)	6,956,169
Share capital increase (Note 14)	40,000,000	-	40,000,000
Net loss for the period	-	(5,774,090)	(5,774,090)
At December 31, 2008	76,000,000	(34,817,921)	41,182,079

The accompanying policies and explanatory notes on pages 7 through 37 form an integral part of the financial statements.

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi**Cash flow statement
for the period from April 1, 2008 to December 31, 2008
(Currency – TL)**

	Notes	For the period from March 31, 2008 to December 31, 2008
Cash flows from operating activities		
Net loss before tax credit		(12,952,491)
Adjustments for:		
Depreciation and amortization	7,8	4,674,176
Reversal of net realizable value on inventories		(175,644)
Provision for employee termination benefits	12	122,450
Gain on sale of property, plant and equipment		(33,477)
Unrealized foreign exchange - (gains)/losses		14,076,930
Interest expense	18	11,810,079
Operating profit before changes in operating assets and liabilities		17,522,033
Working capital changes in:		
Trade and other receivables		(3,440,734)
Inventories		3,659,678
Prepayment and other current assets		10,938,219
Non current assets		(9,350,330)
Trade and other payables		(25,556,631)
Other current liabilities and accrued expenses		(5,404,857)
Employee termination benefits paid		(103,572)
Net cash used in operating activities		(11,736,204)
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	7,8	(14,529,552)
Proceeds from property, plant and equipment disposals		53,527
Net cash used in investing activities		(14,476,025)
Cash flows from financing activities		
Proceeds from borrowings		25,615,679
Repayment of borrowings		(28,242,012)
Share capital injection		40,000,000
Interest paid	18	(10,882,658)
Net cash provided by financing activities		26,491,009
Net increase in cash and cash equivalents		278,780
Cash and cash equivalents at beginning of the period		343,351
Cash and cash equivalents at end of the period		622,131

The accompanying policies and explanatory notes on pages 7 through 37 form an integral part of the financial statements.

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements for the period from April 1, 2008 to December 31, 2008 (Currency – In TL)

1. Corporate information

General

Adoçim Çimento Beton Sanayi ve Ticaret A.Ş. (a Turkish corporation - the Company) was established in 2005 and the registered office address of the Company is Eski Büyükdere Caddesi Tahirağa Çeşme Sok. Ayazağa İş Merkezi İstanbul -Turkey.

The Company is a joint venture of Salentijn Properties (ultimate parent of which is Titan Cement Company S.A.) and Turkish resident real persons (mainly members of Sak Family. (See Note 14)

The financial statements of the Company are authorized for issue by the management on February 2, 2009. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issuance.

Nature of activities of the Company

The Company is engaged in the production of clinker and cement for domestic and foreign construction markets. The Company has 3 production facilities located in Antalya, Artova-Tokat and Sultanköy-Tekirdağ.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost conversion.

The Company maintains its books of account and prepares its statutory financial statements in Turkish Lira (TL) in accordance with Turkish Commercial Code, Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. These financial statements have been prepared from the statutory financial statements of the Company with adjustments and reclassifications (See Note 21) for the purpose of fair presentation in accordance with IFRS.

The fiscal year of the Company comprise 12 months ending on December 31. As of December 31, 2007, the Company was wholly owned by the members of Sak Family. On April 17, 2008 Salentijn Properties has acquired a 50% equity stake in the Company and financial statements in accordance with IFRS are prepared for the first time as of March 31, 2008. Accordingly, the statements of income, changes in equity and cash flow and related notes are prepared and presented for the nine months period from April 1, 2008 to December 31, 2008, since the date of transition of the Company's financial statements to IFRS is March 31, 2008.

First adoption of International Financial Reporting Standards

The Company first adopted International Financial Reporting Standards (IFRS) in 2008, with a date of transition to IFRS as of March 31, 2008. Reconciliations from statutory to IFRS financials are disclosed in Note 21.

2.2 Functional currency and reporting currency

The functional and presentation currency of the Company is TL.

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued) the period from April 1, 2008 to December 31, 2008 (Currency – In TL)

2.3 Changes in accounting policies

As explained above, the Company has prepared its IFRS financial statements first time as of March 31, 2008 and has adopted all new and amended IFRS and IFRIC interpretations effective as of December 31, 2008.

The amendment to IAS 39, IFRS 7, IFRIC 11, IFRIC 12 and IFRIC 14 which are effective as of December 31, 2008 do not have any effect on the financial statements of the Company.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after January 1, 2009 or later periods, and which the Company has not early adopted, as follows:

IAS 1 (revised) Presentation of Financial Statements (effective for financial years beginning on or after January 1, 2009).

IAS 1 has been revised to enhance the usefulness of information presented in the financial statements, with the key change in statement of changes in equity and introduction of a new statement of comprehensive income.

Amendments to IFRS 2 'Share Based Payment' – Vesting Conditions and Cancellations (effective for annual periods beginning on or after January 1, 2009)

The amendment clarifies two issues: The definition of 'vesting condition', introducing the term 'non-vesting condition' for conditions other than service conditions and performance conditions. It also clarifies that the same accounting treatment applies to awards that are effectively cancelled by either the entity or the counterparty. IFRS 2 is not relevant to the Company's operations.

Revisions to IFRS 3 'Business Combinations' and IAS 27 'Consolidated and Separate Financial Statements' (effective for annual periods beginning on or after July 1, 2009)

A revised version of IFRS 3 Business Combinations and an amended version of IAS 27 Consolidated and Separate Financial Statements were issued on January 10, 2008. IFRS 3 revised introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. IFRS 3 is not relevant to the Company.

IFRS 8 - Operating Segments (effective for financial years beginning on or after January 1, 2009).

IFRS 8 replaces IAS 14 Segment Reporting and adopts a management approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the balance sheet and income statement and entities will need to provide explanations and reconciliations of the differences. IFRS 8 is not relevant to the Company's operations.

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued) the period from April 1, 2008 to December 31, 2008 (Currency – In TL)

2.3 Changes in accounting policies (continued)

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements (effective for financial years beginning on or after January 1, 2009).

The amendments to IFRS 1 allows an entity to determine the “cost” of investments in subsidiaries, jointly controlled entities or associates in its opening IFRS financial statements in accordance with IAS 27 or using a deemed cost. The amendment to IAS 27 requires all dividends from a subsidiary, jointly controlled entity or associate to be recognized in the income statement in the separate financial statements. The revision to IAS 27 will have to be applied prospectively. The new requirements affect only the parent’s separate financial statements and do not have an impact on the consolidated financial statements. This standard is not relevant to Company’s operations.

Amendment to IAS 23 - Borrowing Costs (effective for financial years beginning on or after January 1, 2009)

The benchmark treatment in the existing standard of expensing all borrowing costs to the income statement is eliminated in the case of qualifying assets. All borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset must be capitalized. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements of the Standard, the Company will adopt this as a prospective change. Accordingly, borrowing costs will be capitalized on qualifying assets with a commencement date after January 1, 2009. No changes will be made for borrowing costs incurred to this date that have been expensed. The Company does not expect these amendments to impact its financial statements.

Amendments to IAS 32 and IAS 1 Puttable Financial Instruments (effective for annual periods beginning on or after January 1, 2009)

The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. These standards are not relevant to Company’s operations.

IFRIC 13- Customer Loyalty Programmes (effective for financial years beginning on or after July 1, 2008)

This Interpretation requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. IFRIC 13 is not relevant to the Company’s operations.

IFRIC 15- Agreements for the Construction of Real Estate (effective for annual periods beginning on or after January 1, 2009)

This interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 'Construction Contracts' or IAS 18 'Revenue' and, accordingly, when revenue from such construction should be recognized. This interpretation will have no impact on the Company’s financial statements.

IFRIC 16-Hedges of a Net Investment in a Foreign Operation (effective for financial years beginning on or after October 1, 2008)

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued) the period from April 1, 2008 to December 31, 2008 (Currency – In TL)

2.3 Changes in accounting policies (continued)

This interpretation clarifies three main issues, namely:

A presentation currency does not create an exposure to which an entity may apply hedge accounting. Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation.

Hedging instrument(s) may be held by any entity or entities within the group.

While IAS 39, 'Financial Instruments: Recognition and Measurement', must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, IAS 21 'The Effects of Changes in Foreign Exchange Rates' must be applied in respect of the hedged item.

These standards are not relevant to Company's operations.

IFRIC 17 – "Distributions of Non-cash Assets to Owners": applies to all non-reciprocal distributions of non-cash assets, including those giving the shareholders a choice of receiving non-cash assets or cash. This interpretation is to be applied prospectively and is applicable for annual periods beginning on or after 1 July 2009. This standard is not relevant to Company's operations.

IFRIC 18 – "Transfer of Assets from Customers" specifies how the assets such as property, plant and equipment or cash for the construction or acquisition of such items received from the customers should be accounted for. This interpretation is to be applied prospectively to transfers of assets from customers received in periods beginning on or after 1 July 2009. This standard is not relevant to Company's operations.

Improvements to IFRSs

In May 2008, the Board issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. These are separate transitional provisions for each standard. The Company has not yet adopted the following amendments and anticipates that these changes will have no material effect on the financial statements.

IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations", when a subsidiary is held for sale, all of its assets and liabilities will be classified as held for sale under IFRS 5, even when the entity retains a non-controlling interest in the subsidiary after the sale.

IAS 1 Presentation of Financial Statements: Assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet.

IAS 23 Borrowing Costs: The definition of borrowing costs is revised to consolidate the two types of items that are considered components of "borrowing costs" into one - the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39.

IAS 28 Investment in Associates: If an associate is accounted for at fair value in accordance with IAS 39, only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies.

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued) the period from April 1, 2008 to December 31, 2008 (Currency – In TL)

2.3 Changes in accounting policies (continued)

IAS 31 Interest in Joint ventures: If a joint venture is accounted for at fair value, in accordance with IAS 39, only the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.

IAS 36 Impairment of Assets: When discounted cash flows are used to estimate “fair value less cost to sell additional disclosure is require about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate “value in use”.

IAS 38 Intangible Assets: Expenditure on advertising and promotional activities is recognized as an expense when the Company either has the right to access the goods or has received the service. The reference to there being rarely, if ever, persuasive evidence to support an amortization method of intangible assets other than a straight-line method has been removed.

IFRS 7 Financial Instruments: Disclosures: Removal of the reference to “total interest income” as a component of finance costs.

IAS 8, “Accounting Policies, Change in Accounting Estimates and Errors”, clarification that only implementation guidance that is an integral part of an IFRS is mandatory when selecting accounting policies.

IAS 38 Accounting Policies, Change in Accounting Estimates and Errors: Clarification that only implementation guidance that is an integral part of an IFRS is mandatory when selecting accounting policies.

IAS 10 Events after the Reporting Period: Clarification that dividends declared after the end of the reporting period are not obligations.

IAS 16 Property, Plant and Equipment: Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.

IAS 18 Revenue: Replacement of the term “direct costs” with “transaction costs” as defined in IAS 39.

IAS 19 Employee Benefits: Revised the definition of “past service costs”, return on plan assets” and “short term” and “other long-term” employee benefits. Amendments to plans that result in a reduction in benefits related to future service are accounted for as curtailment. Deleted the reference to the recognition of contingent liabilities to ensure consistency with IAS 37.

IAS 20 Accounting for Government Grants and Disclosures of Government Assistance: Loans granted in the future with no or low interest rates will not be exempt from the requirement to impute interest. The difference between the amount received and the discounted amount is accounted for as government grant. Also, revised various terms used to be consistent with other IFRS.

IAS 27 Consolidated and Separate Financial Statements: When a parent entity accounts for a subsidiary at fair value in accordance with IAS 39 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

IAS 29 Financial Reporting in Hyperinflationary Economies: Revised the reference to the exception to measure assets and liabilities at historical cost, such that it notes property, plant and equipment as being an example, rather than implying that it is a definitive list. Also, revised various terms used to be consistent with other IFRS.

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued) the period from April 1, 2008 to December 31, 2008 (Currency – In TL)

2.3 Changes in accounting policies (continued)

IAS 34 Interim Financial Reporting: Earnings per share is disclosed in interim financial reports if an entity is within the scope of IAS 33.

IAS 39 Financial Instruments: Recognition and Measurement: Changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the “fair value through profit or loss” classification after initial recognition. Removed the reference in IAS 39 to a “segment” when determining whether an instrument qualifies as a hedge. Require the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting.

IAS 40 Investment Property: Revision of the scope such that property under construction or development for future use as an investment property is classified as investment property. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. Also, revised of the conditions for a voluntary change in accounting policy to be consistent with IAS 8 and clarified that the carrying amount of investment property held under lease is the valuation obtained increased by any recognized liability.

IAS 41 Agriculture: Removed the reference to the use of a pre-tax discount rate to determine fair value. Removed the prohibition to take into account cash flows resulting from any additional transformations when estimating fair value. Also, replaced of the term “point-of-sale costs” with “costs to sell”.

2.4 Significant accounting judgments and estimates

The preparation of the financial statements in accordance with IFRS requires management to make judgments and estimates that affect the reported amounts of assets and liabilities within the next financial year. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date that has a significant risk of causing a material adjustment to the carrying amounts of liabilities within the next financial year and the significant judgments with the most significant effect on amounts recognized in the financial statements are discussed in the relevant sections of Note 2.5 below, which are mainly related with provision for employee termination benefits, assessment of economic useful lives of property, plant and equipment and intangibles, and recognition of deferred tax assets.

2.5 Summary of significant accounting policies

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by using monthly weighted average method.

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

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued)
the period from April 1, 2008 to December 31, 2008
(Currency – In TL)

2.5 Summary of significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Costs include the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. Like wise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight line basis over the estimated useful life of the assets as follows:

Buildings and improvements	10-50 years
Machinery and equipment	4-40 years
Motor vehicles	4-7 years
Furniture and fixtures	5-20 years

The residual values, useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern at economic benefits from items of PPE.

All costs incurred for the construction of property, plant and equipment are capitalized and are not depreciated until the asset is ready for use.

An item of PPE is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the derecognition of the asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the consolidated income statements in the year the asset is derecognized.

Intangible assets

Intangible assets which mainly comprise software rights and trademarks are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets are amortized on a straight line basis over their estimated useful lives which is 3 to 15 years. The amortization period and the amortization method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

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

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued)
the period from April 1, 2008 to December 31, 2008
(Currency – In TL)

2.5 Summary of significant accounting policies (continued)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

Impairment of non-financial assets

At each balance sheet date, the Company assesses whether there is an indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication the asset may be impaired.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Financial leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued)
the period from April 1, 2008 to December 31, 2008
(Currency – In TL)

2.5 Summary of significant accounting policies (continued)

Employee termination benefits

(a) Defined benefit plans:

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

These benefits are unfunded. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit actuarial valuation method. All actuarial gains and losses are recognised in the income statement.

(b) Defined contribution plans:

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

Income taxes

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

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax

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

Deferred income 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 income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued) the period from April 1, 2008 to December 31, 2008 (Currency – In TL)

2.5 Summary of significant accounting policies (continued)

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Related parties

Parties are considered related to the Company if;

- (a) directly, or indirectly through one or more intermediaries, the party:
 - (i) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
 - (ii) has an interest in the Company that gives it significant influence over the Company; or
 - (iii) has joint control over the Company;
- (b) the party is an associate of the Company;
- (c) the party is a joint venture in which the Company is a venturer;
- (d) the party is member of the key management personnel of the Company or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e);
- (g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

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

Contingent assets and liabilities

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

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenues are stated net of discounts and value added taxes.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and using 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.

Electricity incentive income

The Company receives back from Government 40% of its electricity expenses related with Artova plant. Revenue is recognized when the electricity invoice is issued.

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued) the period from April 1, 2008 to December 31, 2008 (Currency – In TL)

2.5 Summary of significant accounting policies (continued)

Offsetting

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

Subsequent events

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

Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Exchange gains or losses arising on settlement and translation of foreign currency items have been included in the statement of income.

The rates used as of December 31, 2008 are below:

	December 31, 2008
US Dollars	1.5123
EUR	2.1408

Financial assets and liabilities

Financial assets comprise cash and cash equivalents, trade and other receivables and financial liabilities comprise trade and other payables and borrowings. Financial assets are initially recognised at fair value plus directly attributable transaction costs. Subsequent to initial recognition, financial assets are measured at amortised cost less any impairment losses. A financial asset or liability is recognised in the balance sheet when and only when the Company becomes a party to the contractual provision of the instrument.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise cash at banks and cash on hand. Cash and cash equivalents consist of short-term highly liquid investments generally having original maturities of three months or less.

Trade receivables

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when trade receivables are derecognised or impaired, as well as through the amortisation process.

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued) the period from April 1, 2008 to December 31, 2008 (Currency – In TL)

2.5 Summary of significant accounting policies (continued)

Trade payables

Trade payables which generally have an average of 60 days term are carried at amortised cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Impairment of financial assets

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

Borrowings costs

Borrowing costs are recognized as expense.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued)
the period from April 1, 2008 to December 31, 2008
(Currency – In TL)

3. Cash and cash equivalents

	2008
Cash at banks	588,587
Cash on hand	33,544
	622,131

As of December 31, 2008, cash at banks consists of demand deposits.

4. Trade and other receivables

	2008
Checks and notes receivable	18,584,050
Trade receivables	11,968,988
Electricity incentive receivables	3,100,769
Other receivables	139,094
Less: Allowance for doubtful receivables	(739,120)
	33,053,781

As at December 31, 2008 the ageing analysis of trade receivables and checks and notes receivable is as follows:

	Total	Neither past due nor impaired	Past due but not impaired					
			< 1 month	1 – 3 months	3 – 6 months	6 – 9 months	9 – 12 months	>1 year
2008	33,053,781	25,519,025	434,577	987,463	3,281,804	1,135,965	1,703,947	-

As of December 31, 2008, pledge, mortgage and letter of guarantees obtained from customers against outstanding receivables are as follows;

Pledge	793,750
Mortgage	3,925,500
Letter of guarantee	7,959,000
Total:	12,678,250

Movement of allowance for doubtful receivables is as follows:

	2008
At March 31	451,620
Additional provision (Note 18)	287,500
At December 31	739,120

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued)
the period from April 1, 2008 to December 31, 2008
(Currency – In TL)

5. Inventories

	2008
Raw materials	4,705,124
Work-in-process	4,436,572
Finished goods	2,142,269
Spare parts and supplies	2,061,892
Packing materials and other	738,747
	14,084,604

6. Prepayments and other current assets

	2008
Vat receivable	3,475,167
Advances given to suppliers	334,637
Prepaid expenses	132,747
Advances given to personnel	8,381
	3,950,932

7. Property, plant and equipment

	March 31, 2008	Additions	Transfers	Disposals	December 31, 2008
Cost					
Land	944,447	3,174,820	-	-	4,119,267
Buildings and improvements	46,127,396	3,960,940	4,448,252	(67,500)	54,469,088
Machinery and equipment	100,735,827	5,729,467	-	-	106,465,294
Vehicles	2,050,106	1,337,035	-	-	3,387,141
Furniture and fixtures	449,908	324,933	-	-	774,841
Construction-in-progress	10,403,266	-	(4,448,252)	-	5,955,014
	160,710,950	14,527,195	-	(67,500)	175,170,645
Less: Accumulated depreciation					
Buildings and improvements	917,243	1,837,530	-	(47,450)	2,507,323
Machinery and equipment	1,665,151	2,576,469	-	-	4,241,620
Vehicles	458,386	306,261	-	-	764,647
Furniture and fixtures	81,987	126,834	-	-	208,821
	3,122,767	4,647,094	-	(47,450)	7,722,411
Net book value	157,588,183				167,448,234

As of December 31, 2008 there are mortgages amounting to Eur 84,000,000 (for the loan from TSKB-YKB consortium, amounting to Eur 56,000,000) and Eur 13,500,000 (for the loan from TSKB-YKB consortium, amounting to Eur 13,500,000) on lands and fabric buildings of Artova plant and lands of Sultanköy plant against the borrowings obtained by the Company.

As of December 31, 2008, the Company does not have any fully depreciated asset.

As of December 31, 2008, net carrying amount of machinery and equipment amounting to TL 3,446,804 have been acquired through financial leasing.

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued)
the period from April 1, 2008 to December 31, 2008
(Currency – In TL)

8. Intangible assets

	March 31, 2008	Additions	Transfers	Disposals	December 31, 2008
Cost					
Software	158,855	2,357	-	-	161,212
Trademarks	30,000	-	-	-	30,000
Other intangibles	1,734	-	-	-	1,734
	190,589	2,357	-	-	192,946
Less: Accumulated amortization					
Software	38,412	25,552	-	-	63,964
Trademarks	500	1,500	-	-	2,000
Other intangibles	170	30	-	-	200
	39,082	27,082	-	-	66,164
Net book value	151,507				126,782

9. Non current receivables

Non current receivables consist of long term portion of value added taxes amounting to TL 9,353,577.

10. Trade and other payables

	2008
Trade payables	6,412,783
Other	63,409
	6,476,192

11. Other current liabilities and accrued expenses

	2008
Advances taken	1,027,958
Salaries and wages payable	421,331
Withholding and other taxes payable	166,280
Social security premiums payable	149,651
Vacation pay liability	112,746
	1,877,966

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued) the period from April 1, 2008 to December 31, 2008 (Currency – In TL)

12. Employee termination benefits

In accordance with existing social legislation, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. In Turkey, such payments are calculated on the basis of 30 days' pay (limited to a maximum of TL 2,173 at December 31, 2008) per year of employment at the rate of pay applicable at the date of retirement or termination. The cost of providing those benefits is accrued over the employees' service period. In the financial statements as of December 31, 2008, the Company accounts for the employee termination benefits in accordance with the provisions of IAS 19 calculated using the Projected Unit Credit Method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds.

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

	2008
Discount rate (%)	12
Expected rate of salary / limit increase (%)	5.4

Additionally, the principal actuarial assumption is that the maximum liability of YTL 2,173 for each year of service would increase in line with inflation and has been taken into consideration in calculating the reserve for employment termination benefits of the Company as of December 31, 2008. As of January 1, 2009, the annual ceiling for employee termination benefits increased to TL 2,260.

Actuarial gains and losses are recognized in the income statement in the period they occur.

The movement in provision for retirement pay liability is as follows:

	2008
At March 31	24,181
Interest cost	2,902
Service cost	73,850
Paid	(103,572)
Actuarial loss	45,698
At December 31	43,059

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued)
the period from April 1, 2008 to December 31, 2008
(Currency – In TL)

13. Borrowings

					2008
		Interest rate	Original currency	TL Equivalent	Maturity
Short-term					
Short-term bank borrowings		6%-13%	EUR	5,301,604	11,349,673
		21.8%-36.7%	YTL	1,743,148	1,743,148
		5.25%-11%	USD	13,385,977	20,243,613
Total short-term borrowings				33,336,434	
Long-term					
Long-term bank borrowings		Euribor+2.6 –Euribor+3.2	EUR	68,957,419	147,624,042
		23.4%-36.7%	YTL	3,198,656	3,198,656
Obligations under finance leases		6%-8%	EUR	1,396,283	2,989,163
		17%-19%	YTL	144,675	144,675
		6%-7%	USD	31,911	48,258
				154,004,794	
Less: Current portion of long-term bank borrowings and finance lease obligations			EUR	12,474,929	26,706,329
			YTL	2,650,361	2,650,361
			USD	23,505	35,545
				29,392,235	
Total long-term borrowings				124,612,559	

Repayment plan of the long term borrowings as of December 31, 2008 is as follows:

	December 31, 2008
2009	29,392,235
2010	30,317,640
2011	29,406,450
2012	28,223,680
2013	25,300,402
2014	11,364,387
Total	154,004,794

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued) the period from April 1, 2008 to December 31, 2008 (Currency – In TL)

14. Share capital

As of December 31, 2008 the Company's paid in share capital is TL 76,000,000 (historical terms) comprising 760,000 shares of TL 100 par value.

The movement of share capital from April 1, 2008 to December 31, 2008 is as follows;

	Number of common shares (historical - TL)	
At April 1, 2008 (Common shares, TL100, par value)	360,000	36,000,000
Share capital increase	400,000	40,000,000
At December 31, 2008 (Common shares, TL100, par value)	760,000	76,000,000

As of December 31, 2008, the composition of shareholders and their respective % of ownership is as follows:

	December 31, 2008	
	Share (%)	TL
Salentijn properties	50.00	38,000,000
Cem Sak	25.00	19,000,000
Mustafa Sak	24.00	18,240,000
Ali Turgut	0.25	190,000
Ayşe Sak	0.50	380,000
Gülsüm Dağyar	0.25	190,000
	100.00%	76,000,000

15. Retained earnings

Retained earnings as per the statutory financial statements, other than legal reserves, are available for distribution subject to the legal reserve requirement referred to below.

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of the statutory profits at the rate of 5% per annum, until the total reserve reaches a maximum of 20% of the Company's historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. Under TCC, the first and second legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital, but may be used to absorb losses in the event that the general reserve is exhausted.

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued)
the period from April 1, 2008 to December 31, 2008
(Currency – In TL)

16. Related party disclosures

In the course of conducting its business, the Company conducted various business transactions with related parties on arm's length commercial terms. The most significant of these transactions during the period from March 31, 2008 to December 31, 2008 and balances as of December 31, 2008 are as follows:

Related party	Rent expense	Interest expense	Interest income	Purchases	Sales
Ado Havacılık A.Ş. ⁽¹⁾	-	-	5,496	-	-
Ado İmar İnş.A.Ş. ve Portisan San.Tic.A.Ş.Adi Ort. ⁽¹⁾	-	-	-	-	116,206
Ado İmar İnş.Mlz.İnş.Taah.San.Tic.A.Ş. ⁽¹⁾	-	-	-	-	29,519
Ado Madencilik Elektrik Ürt.San.Tic.A.Ş. ⁽¹⁾	556,560	267,232	-	181,879	313,158
Adopen Plastik İnşaat San.A.Ş. ⁽¹⁾	2,289	37,731	-	2,805	507,436
Muğla Çimento San.ve Tic.A.Ş. ⁽¹⁾	-	52,174	105	712	9,525
Pamucak İnş.Tur.Taş.San.Tic.Ltd.Şti. ⁽¹⁾	-	-	3,900	-	-
Yurt Çimento Sanayi ve Ticaret A.Ş. ⁽¹⁾	-	-	54,968	-	490,260
Yurt Enerji Üretim Sanayi ve Tic.Ltd.Şti. ⁽¹⁾	-	61,517	2,871	9,680	563
	558,849	418,654	67,340	195,076	1,466,667

	Due from related parties (*)	Due to related parties (**)
Ado İmar İnş.A.Ş.ve Portisan San.Tic.A.Ş. Adi Ort. ⁽¹⁾	26,426	-
Ado İmar İnş.Mlz.İnş.Taah.San.Tic.A.Ş. ⁽¹⁾	10,108	-
Ado Madencilik Elektrik Ürt.San.Tic.A.Ş. ⁽¹⁾	-	372,130
Adopen Plastik İnşaat San.A.Ş. ⁽¹⁾	64,061	-
Muğla Çimento San.ve Tic.A.Ş. ⁽¹⁾	-	82,039
Yurt Çimento Sanayi ve Ticaret A.Ş. ⁽¹⁾	119,847	-
Yurt Enerji Üretim Sanayi ve Tic.Ltd.Şti. ⁽¹⁾	-	11,422
	220,442	465,591

(*) Due from related parties are included in trade and other receivables.

(**) Due to related parties are included in trade and other payables.

(1) Companies controlled by shareholders of Company.

Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended December 31, 2008, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

For the period from March 31, 2008 to December 31, 2008, compensation provided to top management of the Company is TL 500,000.

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued)
the period from April 1, 2008 to December 31, 2008
(Currency – In TL)

17. Financial instruments

Financial risk management objectives and policies

The Company's principal financial instruments comprise bank loans, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The management reviews and agrees policies for managing each of these risks and they are summarized below.

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) In loan interest rates	Effect on loss before tax
December 31, 2008	+5%	(738,120)
	(5%)	738,120

Liquidity risk

The Company monitors its risk to a shortage of funds by considering the maturity of both its accounts receivable and projected cash flows from operations.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The table below summarizes the maturity profile of the Company's financial liabilities at December 31, 2008 based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Short term borrowings	-	9,769,932	29,664,922	-	-	39,434,854
Current portion of the long term borrowings	-	9,223,372	32,083,079	-	-	41,306,451
Long term borrowings	-	-	-	144,432,216	-	144,432,216
Trade and other payables	-	63,409	6,412,783	-	-	6,476,192
Other current liabilities and accrued expenses	-	737,264	1,140,702	-	-	1,877,966
Total	-	19,793,977	69,301,486	144,432,216	-	233,527,679

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued)
the period from April 1, 2008 to December 31, 2008
(Currency – In TL)

17. Financial instruments (continued)**Foreign currency risk**

As of December 31, 2008, the foreign currency position of the Company is summarized below:

		Original currency	YTL equivalent
Cash and cash equivalents	EUR	2,078	4,449
	USD	119,141	180,177
			184,626
Trade and other receivables	EUR	414,690	887,767
	USD	1,829,638	2,766,962
			3,654,729
Total of assets in foreign currency			3,839,355
Short-term borrowings	EUR	(5,301,604)	(11,349,673)
	USD	(13,385,977)	(20,243,613)
			(31,593,286)
Current portion of long term bank borrowings and financial lease obligations	EUR	(12,474,929)	(26,706,329)
	USD	(23,505)	(35,545)
			(26,741,874)
Trade and other payables	EUR	(193,275)	(413,763)
	USD	(793,143)	(1,199,470)
			(1,613,233)
Long term borrowings and obligations under finance leases	EUR	(57,878,773)	(123,906,876)
	USD	(8,406)	(12,713)
			(123,919,589)
Total of liabilities in foreign currency			(183,867,982)
Net foreign currency position			(180,028,630)

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued) the period from April 1, 2008 to December 31, 2008 (Currency – In TL)

17. Financial instruments (continued)

The following table demonstrates the sensitivity to reasonably possible changes in U.S Dollar and Euro exchange rates, with all other variables held constant, of the Company's loss before tax due to changes in the fair value of monetary assets and liabilities.

		Increase in foreign exchange rates		Decrease in foreign exchange rates	
December 31, 2008	US Dollar	+5%	(927,210)	(5%)	927,210
	Euro	+5%	(8,074,221)	(5%)	8,074,221

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. With respect to credit risk arising from the financial assets of the Company, which comprise cash and cash equivalents and trade receivables, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

The Company seeks to manage its credit risk exposure through diversification of sales activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. It also obtains security when appropriate. It is the Company's policy to enter into financial instruments with a diversity of creditworthy counterparties.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company make yearly and 5 years plans considering the necessary investments and supported with a yearly cash plan submitted to the board and may adjust the dividend payment to shareholders or the shareholders may make a direct cash contribution of the required working capital to the Company.

Fair value of financial assets and Liabilities

Fair value is the amount for 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 Company 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 are not necessarily indicative of the amounts the Company could realize in a current market exchange. The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued)
the period from April 1, 2008 to December 31, 2008
(Currency – In TL)

17. Financial instruments (continued)

Financial assets

Monetary assets for which the fair value approximates carrying value, balances denominated in foreign currencies are translated at year end exchange rates. The fair values of certain financial assets carried at cost are considered to approximate their respective carrying values due to their short-term nature.

Financial liabilities

Trade payables and other short term monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

The carrying and fair value of the long-term borrowings as of December 31, 2008 is as follows:

	December 31, 2008	
	Carrying value	Fair value
Long-term borrowings	154,004,794	154,004,794

18. Revenues and expenses

	2008
Revenues	
Domestic sales	67,823,330
Export sales	38,545,429
	106,368,759

Cost of sales

The breakdown of cost of sales is as follows:

	2008
Distribution cost	15,186,199
Variable cost	61,848,234
Fixed cost	8,300,341
Packing cost	3,813,801
Depreciation and amortization	4,389,710
Total	93,538,285

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued)
the period from April 1, 2008 to December 31, 2008
(Currency – In TL)

18. Revenues and expenses (continued)**Selling and marketing expenses**

	2008
Salaries and related expenses	531,928
Other	31,973
Total	563,901

Administrative expenses

	2008
Salaries and related expenses	2,145,492
Professional service fees and related expenses	432,721
Car expenses (car rentals, maintenance, fuel)	336,440
Depreciation expenses	284,466
Cleaning and security expenses	215,469
Travelling expenses	185,174
Telephone and post expenses	178,743
Consultancy expenses	127,027
Rent expenses	125,619
Advertising and promotion expenses	53,128
Other	860,343
Total	4,944,622

Personnel expenses

	2008
Wages and salaries	2,944,523
Cost of defined contribution plan (employer's share of social security premiums)	852,959
Provision for employee termination benefits	122,450
	3,919,932

Average number of employees from March 31, 2008 to December 31, 2008 is 373.

Depreciation and amortization expenses

	2008
Cost of sales	4,389,710
General and administrative expenses	284,466
	4,674,176

Adođim imento Beton Sanayi ve Ticaret Anonim Őirketi

Notes to the financial statements (continued)
the period from April 1, 2008 to December 31, 2008
(Currency – In TL)

18. Revenues and expenses (continued)**Other operating income**

	2008
Electricity incentives income	3,468,565
Gain on reversal of net realizable value of inventories	175,644
Other	347,003
	3,991,212

The Company receives back from Government 40% of its electricity expenses related with Artova plant. Revenue is recognized when the electricity invoice is issued.

Other operating expense

	2008
Doubtful receivables expenses	287,500
Vacation pay liability	33,546
Retirement pay liability	122,450
Other	491,124
	934,620

Financial income / (expense)

	2008
Foreign exchange gains	4,632,423
Interest income	74,414
Other	1,371,031
Total financial income	6,077,868
Foreign exchange losses	(16,504,243)
Interest expense	(11,810,078)
Other	(1,094,581)
Total financial expense	(29,408,902)
Financial (expense)/income, net	(23,331,034)

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued)
the period from April 1, 2008 to December 31, 2008
(Currency – In TL)

19. Income taxes

	Period from March 31, 2008 to December 31, 2008
Income tax	-
Deferred tax credit	7,178,401
	<u>7,178,401</u>

a) Current tax

The Company is subject to taxation in accordance with the tax regulations and the legislation effective in Turkey.

In Turkey, the corporation tax rate as of December 31, 2008 is 20%. Corporate tax returns are required to be filed until the fifteenth of the fourth month following the balance sheet date and paid in one installment until the end of the fourth month. The tax legislation provides for a temporary tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

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

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

A reconciliation of income tax credit to loss before income tax is as follows:

	Period from March 31, 2008 to December 31, 2008
Loss before taxes	(12,952,491)
Tax credit at the tax rate of 20%	2,590,498
Non-deductible expenses	(87,077)
Permanent difference arising from recognition of interest capitalization on opening balance sheet	4,674,980
Taxation on income per income statement	<u>7,178,401</u>

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi**Notes to the financial statements (continued)
the period from April 1, 2008 to December 31, 2008
(Currency – In TL)****19. Income taxes (continued)**

At December 31, 2008 the fiscal calendar years in which the carry forward tax losses of the Company will expire are as follows:

	December 31, 2008
2010	84,975
2011	850,106
2012	13,299,626
2013	7,099,497
	21,334,204

b) Deferred tax

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities as of December 31, 2008 using the prevailing effective statutory tax rate is as follows:

	December 31, 2008	
	Cumulative temporary differences	Deferred tax assets / (liabilities)
Unused tax losses	21,334,204	4,266,841
Effect of useful life and prorata adjustment on property, and equipment and intangibles	19,173,288	3,834,658
Provision for doubtful receivables	739,120	147,824
Provision for vacation pay liability	112,746	22,549
Provision for employee termination benefits	43,059	8,611
Total deferred tax asset, net	41,402,417	8,280,483

The movement of deferred tax asset from April 1, 2008 to December 31, 2008 is as follows;

	2008
Balance at April 1, 2008	1,102,082
Deferred tax charge recognized in statement of income	7,178,401
Balance at December 31, 2008	8,280,483

As of December 31, 2008, the Company management has decided to recognize deferred tax asset amounting to 8,280,483 TL since 5 year revenue forecast of the Company has provided necessary evidence that there will be sufficient future taxable profit available against deductible temporary differences.

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued)
the period from April 1, 2008 to December 31, 2008
(Currency – In TL)

20. Commitments and contingencies

The shares of the Company are pledged against loans obtained from TSKB and YKB consortium amounting to Eur 84,000,000 and Eur 13,500,000 as of December 31, 2008.

The Company has also given to TSKB a letter of guarantee amounting to Eur 48,851,535 and personal bails of shareholders amounting to Eur 259,500,000.

The Company has finance lease contracts for various machinery and equipment. The contracts have terms of purchase option at the end of the lease term and the price is determined as the residual amount. As of December 31, 2008 future minimum lease payments under finance leases with the present value of the net minimum lease payments are as follows:

	2008	
	Minimum payments	Present value of minimum payments
Within one year	1,561,692	1,285,770
After one year but not more than five years	2,153,136	1,896,326
Total financial lease debt	3,714,828	3,182,096
Less: amounts representing finance charges	(532,732)	-
Present value of minimum lease payments	3,182,096	3,182,096

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued) the period from April 1, 2008 to December 31, 2008 (Currency – In TL)

21. First adoption of international financial reporting standards

The Company's first IFRS financial statements as of March 31, 2008 include the following reconciliations and related explanations:

Reconciliation of balance sheet at March 31, 2008 (Date of transition to IFRS):

Assets	Notes	Previous GAAP	Effect of transition to IFRS	IFRS at March 31, 2008
Current assets				
Cash and cash equivalents		343,351	-	343,351
Trade and other receivables	1	30,753,135	(1,140,088)	29,613,047
Inventories	2	17,744,283	(175,644)	17,568,639
Prepayments and other current assets		14,889,151	-	14,889,151
Total current assets		63,729,920	(1,315,732)	62,414,188
Non-current assets				
Property, plant and equipment, net	3	141,779,118	15,809,066	157,588,184
Intangible assets, net	4	190,589	(39,083)	151,506
Deferred tax assets	5	-	1,102,083	1,102,083
Non current assets		3,246	-	3,246
Total non-current assets		141,972,953	16,872,066	158,845,019
Total assets		205,702,873	15,556,334	221,259,207
Liabilities and equity				
Current liabilities				
Short term borrowings	7	17,462,775	(511,347)	16,951,428
Current portion of long term borrowings		14,945,821	-	14,945,821
Trade and other payables	6	32,353,931	(321,108)	32,032,823
Other current liabilities and accrued expenses	8	7,203,624	79,200	7,282,824
Total current liabilities		71,966,151	(753,255)	71,212,896
Non current liabilities				
Employee termination benefits	9	-	24,181	24,181
Long-term borrowings		143,065,961	-	143,065,961
Total non current liabilities		143,065,961	24,181	143,090,142
Equity				
Share capital		36,000,000	-	36,000,000
Accumulated losses	1,2,3,4,5,6,7,8	(45,329,239)	16,285,408	(29,043,831)
Total equity		(9,329,239)	16,285,408	6,956,169
Total liabilities and equity		205,702,873	15,556,334	221,259,207

Major reconciling items between previous GAAP and IFRS are explained below:

- Accounting for unearned interest income of notes receivable and trade receivable and additional provision for doubtful receivables.
- Accounting for net realizable value adjustment for inventories.
- Effect of accounting for depreciation through useful lives of assets.
- Correction of amortisation.
- Accounting for deferred taxation in accordance with IAS 12.
- Accounting for discount on trade payables and adjustments of unrecorded liabilities.
- Accounting for amortized cost of the bank borrowings in accordance with IAS 39.
- Provision for the vacation pay liability.
- Provision for employee termination benefits in accordance with IAS 19.

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued) the period from April 1, 2008 to December 31, 2008 (Currency – In TL)

21. First adoption of international financial reporting standards (continued)

Reconciliation of balance sheet as of December 31, 2008 and income statement for the period from March 31, 2008 to December 31, 2008 is as follows:

Assets	Notes	Previous GAAP	Effect of transition to IFRS	IFRS at December 31, 2008
Current assets				
Cash and cash equivalents		622,131	-	622,131
Trade and other receivables	1	43,850,151	(10,796,370)	33,053,781
Inventories		14,084,604	-	14,084,604
Prepayments and other current assets		3,950,932	-	3,950,932
Total current assets		62,507,818	(10,796,370)	51,711,448
Non-current assets				
Property, plant and equipment, net	2	186,555,358	(19,107,124)	167,448,234
Intangible assets, net	3	192,946	(66,164)	126,782
Deferred tax assets	4	-	8,280,483	8,280,483
Non current assets	5	-	9,353,577	9,353,577
Total non-current assets		186,748,304	(1,539,228)	185,209,076
Total assets		249,256,122	(12,335,598)	236,920,524
Liabilities and equity				
Current liabilities				
Short term borrowings		33,336,434	-	33,336,434
Current portion of long term borrowings		29,392,235	-	29,392,235
Trade and other payables	6	7,179,865	(703,673)	6,476,192
Other current liabilities and accrued expenses	7	1,765,221	112,745	1,877,966
Total current liabilities		71,673,755	(590,928)	71,082,827
Non current liabilities				
Employee termination benefits	8	-	43,059	43,059
Long-term borrowings		124,612,559	-	124,612,559
Total liabilities		124,612,559	43,059	124,655,618
Equity				
Share capital		76,000,000	-	76,000,000
Accumulated losses		(23,030,191)	(11,787,730)	(34,817,921)
Total equity		52,969,809	(11,787,730)	41,182,079
Total liabilities and equity		249,256,123	(12,335,599)	236,920,524

Major reconciling items between previous GAAP and IFRS as of December 31, 2008 are explained below:

1. Accounting for additional provision for doubtful receivable, reclassification of non-current portion of value added taxes and reclassification made between trade and other receivable and trade and other payable.
2. Effect of accounting for depreciation through useful lives of assets.
3. Correction of amortisation.
4. Accounting for deferred taxation in accordance with IAS 12.
5. Reclassification of value added taxes from current to non current portion.
6. Reclassification made between trade and other receivable and trade and other payable.
7. Provision for the vacation pay liability.
8. Provision for employee termination benefits in accordance with IAS 19.

Adoçim Çimento Beton Sanayi ve Ticaret Anonim Şirketi

Notes to the financial statements (continued) the period from April 1, 2008 to December 31, 2008 (Currency – In TL)

21. First adoption of international financial reporting standards (continued)

Income statement	Notes	Previous GAAP	Effect of transition to IFRS	IFRS at December 31, 2008
Sales		106,368,759	-	106,368,759
Cost of sales	1	(96,485,433)	2,947,148	(93,538,285)
Gross profit		9,883,326	2,947,148	12,830,474
Selling and marketing expenses		(563,901)	-	(563,901)
Administrative expenses	2	(5,348,324)	403,702	(4,944,622)
Other operating income	3	4,493,420	(502,208)	3,991,212
Other operating expense	4	(594,697)	(339,923)	(934,620)
Profit from operations		7,869,824	2,508,719	10,378,543
Financial income	5	9,276,707	(3,198,839)	6,077,868
Financial expense	5	5,152,516	(34,561,418)	(29,408,902)
Profit/(loss) before tax		22,299,047	(35,251,538)	(12,952,491)
Income tax	6	-	7,178,401	7,178,401
Net profit/(loss)		22,299,047	(28,073,137)	(5,774,090)

Major reconciling items between previous GAAP and IFRS for the period between March 31, 2008 and December 31, 2008 are explained below:

1. Effect of useful life adjustments of property, plant and equipment in accordance with IFRS.
2. Effect of the reversal of the unrecorded liability and the effect of depreciation correction adjustments of property, plant and equipment that is related with administrative expenses in accordance with IFRS.
3. Effect of the reversal of the net realizable value adjustment for inventories and reclassification of the past due interest charged to the customers.
4. Effect of provision for doubtful receivables, vacation pay liability and employee termination benefits in accordance with IAS 19.
5. Mainly reversal of capitalized interest expense and foreign currency gains and losses.
6. Accounting for deferred taxation in accordance with IAS 12.