ADOÇİM ÇİMENTO BETON SANAYİ
VE TİCARET ANONİM ŞİRKETİ

FINANCIAL STATEMENTS AT
31 DECEMBER 2018
TOGETHER WITH INDEPENDENT AUDITOR’S REPORT

pwc

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Adoçim Çimento Beton Sanayi ve Ticaret A.Ş.

Our opinion

1. In our opinion, Adoçim Çimento Beton Sanayi ve Ticaret A.Ş.'s (the "Company") financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

2. The Company's financial statements comprise:

   - the balance sheet as at 31 December 2018;
   - the statement of profit or loss and other comprehensive income for the year then ended;
   - the statement of changes in equity for the year then ended;
   - the statement of cash flows for the year then ended; and
   - the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

3. We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

4. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Responsibilities of management and those charged with governance for the financial statements

5. Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

6. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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

Adnan Akan, SMMM
Partner

Istanbul, 20 March 2019

ADOÇİM ÇİMENTO BETON SANAYİ VE TİCARET ANONİM ŞİRKETİ

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VE TİCARET ANONİM ŞİRKETİ

BALANCE SHEETS AT 31 DECEMBER 2018 AND 2017

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

	Notes	2018	2017
ASSETS			
Current assets			
Cash and cash equivalents	3	1,157,313	333,224
Trade receivables	4	78,666,707	109,183,633
Inventories	5	40,974,412	28,361,646
Current income tax assets	18	76,124	-
Other current assets	6	5,538,143	6,621,838
Current assets		**126,412,699**	**144,500,341**
Non-current assets			
Property, plant and equipment	10	146,943,823	163,439,861
Intangible assets	11	511,041	425,984
Deferred income tax assets	18	9,769,074	940,577
Other non-current assets	6	5,037,551	3,804,956
Non-current assets		**162,261,489**	**168,611,378**
Total assets		**288,674,188**	**313,111,719**

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

BALANCE SHEETS AT 31 DECEMBER 2018 AND 2017

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

	Notes	2018	2017
LIABILITIES			
Current liabilities			
Borrowings	7	101,945,231	102,720,455
Trade payables	4	22,393,763	36,950,903
Current income tax liabilities	18	-	553,023
Other current liabilities	6	5,686,418	8,621,637
Current liabilities		**130,025,412**	**148,846,018**
Non-current liabilities			
Borrowings	7	35,105,000	58,866,250
Provision for employment termination benefits	9	2,053,894	2,258,000
Non-current liabilities		**37,158,894**	**61,124,250**
Total liabilities		**167,184,306**	**209,970,268**
EQUITY			
Share capital	12	100,924,510	56,000,413
Actuarial losses	12	(1,413,573)	(1,524,604)
Retained earnings	12	21,978,945	48,665,642
Total equity		**121,489,882**	**103,141,451**
Total liabilities and equity		**288,674,188**	**313,111,719**

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

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

	Notes	2018	2017
PROFIT OR LOSS			
Revenue	13	204,789,763	236,260,534
Cost of sales (-)	13	(178,710,981)	(187,374,989)
Gross profit		**26,078,782**	**48,885,545**
Selling and marketing expenses (-)	14	(3,517,641)	(3,239,172)
General administrative expenses (-)	15	(12,283,862)	(10,464,137)
Other operating income	16	18,443,734	7,930,424
Other operating expenses (-)	16	(24,478,233)	(9,736,784)
Operating profit		**4,242,780**	**33,375,876**
Finance income	17	33,829,202	11,606,684
Finance costs	17	(80,888,405)	(39,868,162)
(Loss)/profit before tax		**(42,816,423)**	**5,114,398**
Income tax expense	18	-	(763,959)
Deferred tax expense	18	9,468,147	(263,218)
Net (loss)/profit for the year		**(33,348,276)**	**4,087,221**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Actuarial losses on employment termination benefits	9	138,789	(177,014)
Tax effect of actuarial losses on employment termination benefits	18	(27,758)	35,404
Other comprehensive income/(loss)		**111,031**	**(141,610)**
Total comprehensive (loss)/income		**(33,237,245)**	**3,945,611**

ADOÇİM ÇİMENTO BETON SANAYİ VE TİCARET ANONİM ŞİRKETİ

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017
(Amounts expressed in Turkish Lira ("TRY") unless otherwise stated.)

	Share capital	Actuarial losses	Retained earnings	Total equity
1 January 2017	**56,000,413**	**(1,382,994)**	**66,045,514**	**120,662,933**
Total comprehensive income	-	(141,610)	4,087,221	3,945,611
Dividend payment	-	-	(21,467,093)	(21,467,093)
31 December 2017	**56,000,413**	**(1,524,604)**	**48,665,642**	**103,141,451**
1 January 2018 (as previously reported)	**56,000,413**	**(1,524,604)**	**48,665,642**	**103,141,451**
Effects of changes in accounting policies (Note 2.3)	-	-	(550,937)	(550,937)
1 January 2018 (as restated)	**56,000,413**	**(1,524,604)**	**48,114,705**	**102,590,514**
Capital increase	56,825,000	-	-	56,825,000
Effect of partial demerger (Note 21)	(11,900,903)	-	7,212,516	(4,688,387)
Total comprehensive income	-	111,031	(33,348,276)	(33,237,245)
31 December 2018	**100,924,510**	**(1,413,573)**	**21,978,945**	**121,489,882**

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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

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

	Notes	2018	2017
Profit/(loss) before income tax		**(42,816,423)**	**5,114,398**
Adjustments to reconcile net profit to net cash provided by operating activities:			
Interest expenses	17	23,180,661	15,253,176
Depreciation and amortization	10, 11	10,685,535	10,976,316
Provision for doubtful receivables	4, 16	310,347	270,777
Provision for employment termination benefits	9	675,134	534,343
Loss on sale of property, plant and equipment	16	51,904	93,238
Interest income	17	(1,540,546)	(175,828)
Unrealized foreign exchange losses on borrowings		19,827,756	13,986,612
Cash flows before changes in assets and liabilities		**10,374,368**	**46,053,032**
Changes in working capital:			
Trade receivables		23,917,340	(16,897,089)
Trade payables		(10,137,175)	17,316,813
Inventories		(14,800,940)	638,971
Other current and non-current assets		1,083,695	(1,592,831)
Other current liabilities		(3,076,951)	3,494,611
Income taxes paid		(629,147)	(23,298)
Employment termination benefits paid	9	(236,345)	(303,357)
Net cash generated from operating activities		**6,494,845**	**48,686,852**
Cash flows from investing activities:			
Purchases of property, plant and equipment and intangible assets	10, 11	(15,993,553)	(7,281,602)
Proceeds from sale of property, plant and equipment and intangible assets		249	-
Interest received		1,540,546	175,828
Net cash used in investing activities		**(14,452,758)**	**(7,105,774)**
Cash flows from financing activities:			
Proceeds from bank borrowings	7	58,864,891	116,295,267
Repayments of bank borrowings	7	(84,788,165)	(121,694,593)
Interest paid		(22,119,724)	(14,746,545)
Capital increase	12	56,825,000	-
Dividends paid		-	(21,467,093)
Net cash generated from/(used in) financing activities		**8,782,002**	**(41,612,964)**
Net increase/(decrease) in cash and cash equivalents		**824,089**	**(31,886)**
Cash and cash equivalents at the beginning of the year	**3**	**333,224**	**365,110**
Cash and cash equivalents at the end of the year	**3**	**1,157,313**	**333,224**

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

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Adoçim Çimento Beton Sanayi ve Ticaret A.Ş. (the "Company"), was established in 2005. Operations of the Company consist of production and sales of cement, clinker and ready mix concrete. The registered office address of the Company is Dereboyu Caddesi Meydan Sok. Beybi Giz Plaza İstanbul/Turkey.

The Company is controlled by Salentijn Properties the ultimate parent of which is Titan Cement Company S.A. The shareholding structure of the Company is presented in Note 12.

As of 1 October 2018, legal proceedings were completed to establish a new joint stock company through partial demerger of the Company. Commercial title of the new company is Adoçim Antalya Çimento Beton Sanayi ve Ticaret Anonim Şirketi ("Adoçim Antalya") (Note 21).

The financial statements of the Company are authorized for issue by the management on 20 March 2019. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issue.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The policies set out below have been consistently applied to all the periods and the years presented, unless otherwise stated. The financial statements have been prepared under the historical cost convention, except for the fair value of certain financial assets and liabilities.

The Company maintains its books of account in accordance with the Turkish Commercial Code ("TCC"), local tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance (collectively referred to as "Local GAAP"). The financial statements are based on the Local GAAP, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the IFRS.

The Company also prepares its financial statements in accordance with the Turkish Financial Reporting Standards issued by Public Oversight Accounting and Auditing Standards Authority ("POA").

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.5.

2.2 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates. The Company's functional and presentation currency is TRY.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Amendments to International Financial Reporting Standards

(a) Standards, amendments and interpretations applicable as at 31 December 2018:

- **IFRS 9, 'Financial instruments';** effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

- **IFRS 15, 'Revenue from contracts with customers';** effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

- **Amendment to IFRS 15, 'Revenue from contracts with customers'**; effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

- **Amendments to IFRS 4, 'Insurance contracts';** regarding the implementation of IFRS 9, 'Financial Instruments'; effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:

- give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued and give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard IAS 39.

- **Amendment to IAS 40, 'Investment property';** relating to transfers of investment property; effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

- **Amendments to IFRS 2, 'Share based payments';** on clarifying how to account for certain types of share-based payment transactions; effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Amendments to International Financial Reporting Standards (Continued)

(a) Standards, amendments and interpretations applicable as at 31 December 2018: (Continued)

- **Annual improvements 2014-2016;** effective from annual periods beginning on or after 1 January 2018. These amendments impact 2 standards:

  - IFRS 1, 'First time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19 and IFRS 10,
  - IAS 28, 'Investments in associates and joint venture'; regarding measuring an associate or joint venture at fair value.

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2018:

- **Amendment to IFRS 9, 'Financial instruments';** effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

- **Amendment to IAS 28, 'Investments in associates and joint venture';** effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.

- **IFRS 16, 'Leases';** effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15'Revenue from Contracts with Customers' is also applied. This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- **IFRS 17, 'Insurance contracts';** effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Amendments to International Financial Reporting Standards (Continued)

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2018: (Continued)

- **IFRIC 23, 'Uncertainty over income tax treatments';** effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

- **Annual improvements 2015-2017;** effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

  - IFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
  - IFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
  - IAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

- **Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement';** effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

  - Use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and
  - Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Amendments to International Financial Reporting Standards (Continued)

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2018: (Continued)

- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements',and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRS's:
-
    i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
    ii) clarify the explanation of the definition of material; and
    iii) incorporate some of the guidance in IAS 1 about immaterial information.

- **Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

The Company will apply these amendments starting from their effective dates by assessing their effects on its operations.

The impact of the first-time adoption of these standards and the impact of first-time adoption of relevant standards is as follows:

Transition to IFRS 15 "Revenue from contracts with customers"

The Company has applied IFRS 15 "Revenue from contracts with customers", which has replaced IAS 18, "Revenue" by using cumulative effect method on the transition date, 1 January 2018. Since the Company's revenue recognition policy in accordance with IAS 18 was consistent with the new standard, the change had no effect on the Company's financial statements.

Transition to IFRS 9 "Financial instruments"

The Company has applied IFRS 9, "Financial instruments", which has replaced IAS 39, "Financial instruments: Recognition and measurement" ("IAS 39") on the transition date, 1 January 2018. The amendments include the classification and measurement of financial assets and liabilities and the expected credit risk model which will replace incurred credit risk model. Effect of transition is accounted for based on the simplified approach. In accordance with this method, the Company recorded the cumulative effect related to the transition of IFRS 9 in retained earnings on the first application date. Therefore, prior year financial statements are not restated and these financial statements are presented in accordance with IAS 39.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Amendments to International Financial Reporting Standards (Continued)

Changes related to the classification of financial assets and liabilities are as follows and these changes in the classification do not result in changes in measurement of assets except for financial assets:

Financial assets	Original classification under IAS 39	New classification under TFRS 9
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade receivables	Loans and receivables	Amortized cost

Financial liabilities	Original classification under TMS 39	New classification under TFRS 9
Borrowings	Amortized cost	Amortized cost
Financial lease liabilities	Amortized cost	Amortized cost
Trade payables	Amortized cost	Amortized cost

The effects of IFRS 9 on the financial statements as of 1 January 2018 are as follows:

	2018
Retained earnings - 1 January - calculated in accordance with IAS 39	**48,665,642**
Increase in provision for doubtful receivables	(706,330)
Tax effect	155,393
Adjustments related to the changes in accounting policies	(550,937)
Retained earnings - 1 January - calculated in accordance with IFRS 9	**48,114,705**

2.4 Changes in accounting policies, estimates and errors

Significant changes in accounting policies or significant errors are corrected, retrospectively; by restating the prior period financial statements.

The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods (Note 2.6).

2.5 Summary of significant accounting policies

Significant accounting policies applied during the preparation of the financial statements are summarized as follows:

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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of significant accounting policies (Continued)

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Gains or losses on disposals of property and equipment are included in the related income and expense accounts, as appropriate.

The initial cost of property and equipment comprises its purchase price, including import duties and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance expenses are charged to the income statements during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company.

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

	Useful life
Buildings	10 - 50 years
Machinery and equipment	4 - 40 years
Motor vehicles	4 - 15 years
Furniture and fixtures	5 - 20 years

Estimated useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

In case of any indication regarding to impairment of an asset, the net realizable value is reestimated and provision of impairment is recognized in the financial statements.

An impairment loss is recognized for the amount when the carrying amount of the asset exceeds its recoverable amount. Recoverable amount of the property and equipment is the higher of future net cash flows from the utilization of this property and equipment or fair value less cost to sell. The recoverable value is considered either the net cash flow to be caused by the current use of the respective tangible assets or the net sales price, whichever is higher.

Intangible assets

Intangible assets which mainly comprise of softwares and rights 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 Company; 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 are 3 to 15 years.

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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of significant accounting policies (Continued)

Impairment of assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. When an indication of impairment exists, the Company compares the carrying amount of the asset with its net realizable value which is the higher of value in use or fair value less costs to sell. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. An impairment loss is recognized immediately in the statement of profit or loss.

The increase in carrying value of the assets (or a cash generated unit) due to the reversal of recognized impairment loss shall not exceed the carrying amount of the asset (net of amortisation amount) in case where the impairment loss was reflected in the financial statements in prior periods. Such a reversal is accounted for in the statement of profit or loss.

Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of significant accounting policies (Continued)

Current and deferred income tax

Taxes include current period income taxes and deferred taxes. Current and deferred tax is recognized as income or loss in the statement of profit or loss, except to the extent that it relates to items recognized directly in equity or other comprehensive income. In such case, the tax is recognized in equity or other comprehensive income.

Current taxes on income comprise tax payable calculated on the basis of expected taxable income for the period using the tax rates enacted at the balance sheet date and any adjustment in taxes payable for prior years.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax liabilities are recognised for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

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

Provision for employment termination benefits

According to Turkish Labor Law and other laws applicable in Turkey, the Company is obliged to pay employment termination benefit to all personnel in cases of retirement or termination of employment without due cause and upon the completion of a minimum one year service.

The Company calculates the provision of employment termination benefit by using "Projection Method" and considering the completion process of personal service and experiences regarding to getting termination benefit in the previous years and discounted with the public securities earn rates.

Current service costs, which are recognised as personnel expenses in the statement of profit or loss and which pertain to defined benefit plans, refer to a change of benefit restrictions in the defined benefit liability which arises from personnel services in the current year and increases in payments, except for the expenses added to an asset's cost. Previous service costs are recorded in the statements of profit or loss of the periods in which they occurred.

Interest expense is calculated by applying a rate of discount to the net value of the defined benefit liability and the fair value of the planned asset. This cost is documented under personnel expenses in the statement of profit or loss.

Adjustments to the differences between actuarial and realised assumptions, and actuarial benefits and losses which arise from actuarial assumption changes, are reflected in the equity as other comprehensive income within the periods in which they occurred.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of significant accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of 3 months or less.

Trade receivables

Trade receivables that are recognised by way of providing goods or services directly to a debtor are accounted for initially at fair value and subsequently are measured at amortised cost, using the effective interest method, less provision for impairment, if any.

The Company has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, the Company measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Company and its expectations for the future indications.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to the statement of profit or loss.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Revenue

The Company recognizes revenue when the goods or services are transferred to the customer and when performance obligation is fulfilled. Goods are counted to be transferred when the control belongs to the customer.

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The Company recognizes revenue based on the following main principles:

(a) Identification of customer contracts
(b) Identification of performance obligations
(c) Determination of transaction price in the contract
(d) Allocation of price to performance obligations
(e) Recognition of revenue when the performance obligations are fulfilled

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of significant accounting policies (Continued)

The Company recognized revenue from its customers only when all of the following criteria are met:

(a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
(b) The Company can identify each party's rights regarding the goods or services to be transferred,
(c) The Company can identify the payment terms for the goods or services to be transferred;
(d) The contract has commercial substance,
(e) It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

Revenues are recognized on an accrual basis at the time deliveries are made, the amount of revenue can be measured reliably at the fair value of considerations received or receivable. Net sales represent the invoiced value of goods sold less sales returns and commission, and exclude sales taxes.

Provisions, contingent assets and contingent liabilities

Provision are recognised in the financial statements, when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate, used to calculate the present value of the provision should be pre-tax rate reflecting the current market assessments of the time value of money and the risks specific to the liability. The discount rate shall not reflect risks for which future cash flow estimates have been adjusted.

Provisions, contingent assets and contingent liabilities (Continued)

A possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company have not been recognised in these financial statements and treated as contingent liabilities and contingent assets.

Related parties

Parties are considered related to the Company if;

(a) A person or a close member of that person's family is related to a reporting entity if that person:

    (i) has control or joint control over the reporting entity;
    (ii) has significant influence over the reporting entity; or
    (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of significant accounting policies (Continued)

(b) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

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

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

Leases

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 statement of profit or loss 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 statement of proift or loss.

Rentals payable under operating leases are charged to the statement of profit or loss 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.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of significant accounting policies (Continued)

Leases (Continued)

Share capital and dividends

Common shares are classified as equity. Dividends on common shares are recognised in equity in the period in which they are approved and declared.

Foreign currency transactions

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising on the settlement and translation of foreign currency items have been included in the statement of profit or loss.

Statement of cash flows

Cash flows during the period are classified and reported by operating, investing and financing activities in the statement of cash flows. Cash flows from operating activities represent the cash flows of the Company generated from its ordinary operations. Cash flows related to investing activities represent the cash flows that are used in or generated from the investing activities of the Company (fixed investments and financial investments). Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Company and the repayments of these funds. Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months.

Events after the balance sheet date

The Company adjusts the amounts recognised in the financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influences on the economic decisions of users of the financial statements, they are disclosed in the notes to the financial statements.

Offsetting

Each material class of similar items according to their nature or function is presented separately in the financial statements. If a line item is not individually material, it is aggregated with other similar items according to their nature or function. If the essence of the transaction and events requires offsetting, presentation of these transactions and events at their net values or following up of the assets at their amounts after the deduction of impairment, is not evaluated as a breach of the non-deductibility rule.

2.6 Significant accounting estimates and assumptions

The preparation of the financial statements necessitates the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are outlined below:

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Significant accounting estimates and assumptions (Continued)

2.6.1 Useful lives of tangible and intangible assets

In accordance with the accounting policy stated in Note 2.5 tangible and intangible assets are stated at historical cost less depreciation and net of any impairment. Depreciation on tangible assets is calculated using the straight-line method to allocate their cost amounts to their residual values over their estimated useful lives. Useful lives depend on the best estimates of management, and are reviewed in each financial period and corrected accordingly.

2.6.2 Provisions

In accordance with the accounting policy stated in Note 2.5, provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

2.6.3 Going concern

The financial statements have been prepared in accordance with the going concern assumption. The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

2.6.4 Deferred taxes

Deferred income tax assets may only be recognised to the extent it is probable that sufficient taxable profit will be available in the future. In case of a probable tax advantage, deferred income tax asset is calculated for unused carry forward tax losses (Note 18).

NOTE 3 - CASH AND CASH EQUIVALENTS

	2018	**2017**
Cash on hand	85,908	77,060
Cash at banks		
- Demand deposits	321,405	256,164
- Time deposits	750,000	-
	1,157,313	**333,224**

As of 31 December 2018, time deposits are denominated in TRY and maturities are less than 3 months. The annual average interest rate of the time deposits are 20% (2017: None).

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

NOTE 4 - TRADE RECEIVABLES AND PAYABLES

Trade receivables

	2018	2017
Checks and notes receivables	45,301,061	64,255,202
Trade receivables	38,449,589	40,725,770
Due from related parties (Note 20)	650,150	12,723,174
Unincurred finance income over trade receivables (-)	-	(952,871)
Provision for doubtful receivables (-)	(5,734,093)	(7,567,642)
	78,666,707	**109,183,633**

Ageing of trade receivables as of 31 December 2018 and 2017 are as follows:

	2018	2017
Neither past due nor impaired	20,023,328	32,199,683
Up to 1 month	11,378,320	28,141,375
1 - 3 months	28,630,280	31,181,173
3 - 4 months	5,700,536	4,891,767
Over 4 months	12,934,243	12,769,635
	78,666,707	**109,183,633**

The movement of provision for doubtful receivables is as follows:

	2018	2017
At 1 January	**7,567,642**	**7,296,865**
Effect of adopiton of IFRS 9 (Note 2.3)	706,330	-
At 1 January	**8,273,972**	**7,296,865**
Charge for the period	310,347	270,777
Effect of partial demerger (Note 21)	(2,850,226)	-
At 31 December	**5,734,093**	**7,567,642**

Trade payables

	2018	2017
Trade payables	20,272,262	27,966,671
Due to related parties (Note 20)	2,121,501	8,984,232
	22,393,763	**36,950,903**

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

NOTE 5 - INVENTORIES

	2018	**2017**
Raw materials (*)	10,720,314	11,377,285
Work-in-progress	12,039,079	3,388,325
Finished goods	898,162	1,379,869
Spare parts	16,631,570	11,349,059
Packaging goods	685,287	867,108
	40,974,412	**28,361,646**

(*) Fuel and similar materials amounting to TRY7,098,009 are included in raw materials (2017: TRY5,970,586).

The cost of inventories recognised as an expense and included in "cost of sales" is TRY83,823,854 (2017: TRY97,437,758).

NOTE 6 - OTHER ASSETS AND LIABILITIES

Other current assets

	2018	**2017**
Prepaid expenses	2,690,980	3,969,211
Advances given to suppliers	1,647,436	1,251,567
Value added tax ("VAT") receivables	1,179,858	1,325,795
Advances given to personnel	19,869	75,265
	5,538,143	**6,621,838**

Other non-current assets

	2018	**2017**
Advances given (**)	2,271,775	-
Prepaid electricity expenses (*)	1,391,370	2,203,765
Deposites given	327,485	373,198
Other	1,046,921	1,227,993
	5,037,551	**3,804,956**

(*) Prepaid electricity expenses consists of electric transmission line and switch systems which will be transferred to Turkish Electricity Transmission Company ("TEİAŞ").

(**) In order to expand the limestone area, Adoçim paid an advance to the municipality of Artova to obtain legal permits and rights to change the legal purpose of the land as a mining area.

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

NOTE 6 - OTHER ASSETS AND LIABILITIES (Continued)

Other current liabilities

	2018	2017
Advances taken	2,604,439	2,562,906
Salaries and wages payable	814,401	803,223
Accrual for unused vacation liability	812,852	912,609
Withholding and other taxes payable	601,392	3,219,271
Social security premiums payable	520,230	711,008
Other	333,104	412,620
	5,686,418	**8,621,637**

NOTE 7 - BORROWINGS

	2018	2017
Short-term bank borrowings	56,911,200	60,108,768
Short-term portion of long-term bank borrowings	35,129,693	32,206,406
Other financial liabilities (*)	9,904,338	10,405,281
	101,945,231	**102,720,455**
Long-term bank borrowings	35,105,000	58,866,250
	35,105,000	**58,866,250**
	137,050,231	**161,586,705**

(*) The amount consists of financial labilities regarding non-recourse factoring transactions of cheques with several factoring firms. As of 31 December 2018, the average annual interest rates of factored receivables is 32% and average maturity is 58 days.

2018	Interest rate p.a. (%)	Currency	Original balance	TRY equivalent
Short-term bank borrowings	3.75 - 9.50	EUR	4,886,916	29,458,330
	0.00 - 31.00	TRY	27,452,870	27,452,870
Short-term portion of long-term bank borrowings	3.85	EUR	3,750,842	22,610,076
	TRY Libor 6 +2.25	TRY	12,519,617	12,519,617
				92,040,893
Long-term bank borrowings	TRY Libor 6 +2.25	TRY	12,500,000	12,500,000
	3.85	EUR	3,750,000	22,605,000
				35,105,000
				127,145,893

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

NOTE 7 - BORROWINGS (Continued)

2017	**Interest rate p.a. (%)**	**Currency**	**Original balance**	**TRY equivalent**
Short-term bank borrowings	1.25 - 6.20	EUR	7,609,011	34,358,489
	15.00 - 15.80	TRY	25,750,279	25,750,279
Short-term portion of long-term bank borrowings	3.85	EUR	3,905,384	17,634,761
	TRY Libor 6 +2.25	TRY	14,571,645	14,571,645
				92,315,174
Long-term bank borrowings	TRY Libor 6 +2.25	TRY	25,000,000	25,000,000
	3.85	EUR	7,500,000	33,866,250
				58,866,250
				151,181,424

The redemption schedules of long-term borrowings at 31 December 2018 and 2017 are as follows:

	2018	**2017**
2018	-	32,206,406
2019	35,129,693	29,433,125
2020	35,105,000	29,433,125
	70,234,693	**91,072,656**

	Carrying amount		**Fair value**	
	2018	**2017**	**2018**	**2017**
Bank borrowings	127,145,893	151,181,424	136,035,958	171,256,594
	127,145,893	**151,181,424**	**136,035,958**	**171,256,594**

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

NOTE 7 - BORROWINGS (Continued)

Movements in net debt for the year ended 31 December 2018 and 2017 are as follows:

	Borrowing
1 January 2018	**151,181,424**
Cash inflows during the period	58,864,891
Cash outflows during the period	(84,788,165)
Other non-cash movements	1,887,743
31 December 2018	**127,145,893**
Less: cash and cash equivalents	(1,157,313)
Net debt	**125,988,580**

	Borrowing
1 January 2017	**142,087,590**
Cash inflows during the period	116,295,267
Cash outflows during the period	(121,694,593)
Other non-cash movements	14,493,160
31 December 2017	**151,181,424**
Less: cash and cash equivalents	(333,224)
Net debt	**150,848,200**

NOTE 8 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As of 31 December, 2018 and 2017, pledge, mortgage and letter of guarantees obtained from customers against outstanding receivables are as follows:

	2018	**2017**
Letter of guarantees	37,653,500	41,780,000
Pledges	11,726,562	10,690,627
Mortgages	4,270,250	4,420,250
	53,650,312	**56,890,877**

As of 31 December 2018, there are mortgages amounting to TRY100,000,000 and EUR22,500,000 on Artova plant for the loans obtained from TSKB.

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

NOTE 9 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	2018	2017
Provision for employment termination benefits	2,053,894	2,258,000
	2,053,894	**2,258,000**

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). The amount payable consists of one month's salary limited to a maximum of TRY5,434.42 for each year of service at 31 December 2018 (2017: TRY4,732.48).

Employment termination benefit liability is not funded and there is no legal funding requirement.

IAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Company's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial gain/(loss) is accounted under the "Actuarial gain/(loss) on employee termination benefits":

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the Company calculates the reserve for employment termination benefits every six months the maximum amount of TRY6,017.60 which is effective from 1 January 2018 (1 January 2017: TRY5,001.76) has been taken into consideration in the calculations.

Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	2018	2017
Discount rate (%)	5.85	5.47
Rate to the probability of retirement (%)	92.21	95.90

Movements schedule of the provision for employment termination benefits during the year is as follows:

	2017	2016
Balance at 1 January	**2,258,000**	**1,850,000**
Service cost	388,325	320,382
Interest cost	286,809	213,961
Actuarial (gains)/losses	(138,789)	177,014
Payments	(236,345)	(303,357)
Effect of partial demerger (Note 21)	(504,106)	-
Balance at 31 December	**2,053,894**	**2,258,000**

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2018	Additions	Transfers	Disposals	Effect of partial demerger (Note 21)	31 December 2018
Cost						
Land	20,266,129	685,842	-	-	(15,347,972)	5,603,999
Buildings	61,484,712	3,182,858	35,626	(6,000)	(2,658,231)	62,038,965
Machinery and equipment	149,256,292	11,417,882	-	(163,906)	(7,049,028)	153,461,240
Motor vehicles	2,954,818	-	-	-	-	2,954,818
Furniture and fixtures	3,690,963	348,776	-	-	(373,561)	3,666,178
Construction-in progress	143,411	-	(35,626)	-	-	107,785
Leasehold improvements	149,470	-	-	-	-	149,470
	237,945,795	**15,635,358**	**-**	**(169,906)**	**(25,428,792)**	**227,982,455**
Accumulated depreciation						
Buildings	24,501,222	1,776,640	-	(5,750)	(693,359)	25,578,753
Machinery and equipment	46,288,337	7,956,803	-	(112,003)	(2,819,320)	51,313,817
Motor vehicles	1,638,639	173,306	-	-	-	1,811,945
Furniture and fixtures	2,022,952	461,342	-	-	(255,284)	2,229,010
Leasehold improvements	54,784	50,323	-	-	-	105,107
	74,505,934	**10,418,414**	**-**	**(117,753)**	**(3,767,963)**	**81,038,632**
Net book value	**163,439,861**					**146,943,823**

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2017	Additions	Transfers	Disposals	31 December 2017
Cost					
Land	20,255,929	10,200	-	-	20,266,129
Buildings	60,939,937	247,484	319,336	(22,045)	61,484,712
Machinery and equipment	143,237,379	6,260,031	-	(241,118)	149,256,292
Motor vehicles	2,954,818	-	-	-	2,954,818
Furniture and fixtures	3,074,249	616,714	-	-	3,690,963
Construction-in progress	462,747		(319,336)	-	143,411
Leasehold improvements	149,470	-	-	-	149,470
	231,074,529	**7,134,429**	**-**	**(263,163)**	**237,945,795**
Accumulated depreciation					
Buildings	21,802,694	2,703,530	-	(5,002)	24,501,222
Machinery and equipment	39,070,068	7,383,192	-	(164,923)	46,288,337
Motor vehicles	1,436,528	202,111	-	-	1,638,639
Furniture and fixtures	1,640,545	382,407	-	-	2,022,952
Leasehold improvements	4,919	49,865	-	-	54,784
	63,954,754	**10,721,105**	**-**	**(169,925)**	**74,505,934**
Net book value	**167,119,775**				**163,439,861**

NOTE 11 - INTANGIBLE ASSETS

	1 January 2018	Additions	Effect of partial demerger (Note 21)	31 December 2018
Cost				
Software	1,563,405	-	(35,576)	1,527,829
Trademarks	278,559	350,960	-	629,519
Other intangibles	13,919	7,235	(2,500)	18,654
	1,855,883	**358,195**	**(38,076)**	**2,176,002**
Accumulated amortization				
Software	1,341,727	140,416	(29,559)	1,452,584
Trademarks	76,538	103,251	-	179,789
Other intangibles	11,634	23,454	(2,500)	32,588
	1,429,899	**267,121**	**(32,059)**	**1,664,961**
Net book value	**425,984**			**511,041**

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

NOTE 11 - INTANGIBLE ASSETS (Continued)

	1 January 2017	Additions	31 December 2017
Cost			
Software	1,563,405	-	1,563,405
Trademarks	131,386	147,173	278,559
Other intangibles	13,919	-	13,919
	1,708,710	**147,173**	**1,855,883**
Accumulated amortization			
Software	1,138,178	203,549	1,341,727
Trademarks	26,195	50,343	76,538
Other intangibles	10,315	1,319	11,634
	1,174,688	**255,211**	**1,429,899**
Net book value	**534,022**		**425,984**

In the year ended 31 December 2018, depreciation and amortisation expenses amounting to TRY10,320,207 (2017: TRY10,592,602) has been charged in cost of sales and TRY365,328 (2017: TRY383,714) in general and administrative expenses.

NOTE 12 - EQUITY

Paid in capital

The Company's authorized and issued capital consists of 10,092,451,045 shares (2017: 5,600,041,308) at TRY0.01 nominal value each (2017: TRY0.01). The Company does not have preferred shares.

The Company's shareholders and capital structure as of 31 December 2018 and 2017 are as follows:

	2018		2017	
	(%)	Share amount	(%)	Share amount
Salentijn Properties	75.00	75,693,383	50.00	28,000,207
Cem Sak	25.00	25,231,127	49.98	27,991,364
Ado Madencilik	-	-	0.01	7,364
Yusuf Top	-	-	<0.01	739
Başer Maden Sanayi	-	-	<0.01	739
	100.00	**100,924,510**	**100.00**	**56,000,413**

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

NOTE 12 - EQUITY (Continued)

Legal reserves and retained earnings

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

As of 31 December 2018 and 2017 legal reserves and retained earnings of the Company are as follows:

	2018	**2017**
Retained earnings	12,774,858	40,744,308
Legal reserves	8,029,876	7,921,334
	20,804,734	**48,665,642**

Actuarial losses

According to IAS 19, "Employee Benefits", the defined retirement benefit obligation is calculated based on actuarial forecasts using the projected unit credit method when considering present value. All actuarial gains and losses are accounted for under other comprehensive income.

The movement of actuarial gains/(losses) as of 31 December 2018 and 2017 is as follows:

	2018	**2017**
1 January	**(1,524,604)**	**(1,382,994)**
Actuarial gains/(losses) on employment termination benefits	138,789	(177,014)
Tax effect of actuarial gains/(losses)	(27,758)	35,404
31 December	**(1,413,573)**	**(1,524,604)**

NOTE 13 - REVENUE AND COST OF SALES

Revenue	**2018**	**2017**
Domestic sales	204,789,763	233,547,876
Export sales	-	2,712,658
Total revenue	**204,789,763**	**236,260,534**

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

NOTE 13 - REVENUE AND COST OF SALES (Continued)

Cost of sales

	2018	2017
Raw materials	103,957,061	107,046,055
Utilities	28,277,341	22,735,744
Distribution	18,996,645	22,813,891
Personnel	14,082,228	12,052,416
Depreciation and amortisation	10,320,207	10,592,602
Maintenance	5,459,192	4,077,425
Packaging	5,116,710	5,813,027
Changes on inventories	(20,133,207)	(9,608,297)
Other	12,634,804	11,852,126
Total cost of sales	**178,710,981**	**187,374,989**

NOTE 14 - SELLING AND MARKETING EXPENSES

	2018	2017
Personnel	2,669,248	2,325,338
Car rent	383,405	327,546
Travel	85,762	97,681
Advertisement and promotion	26,233	51,416
Other	352,993	437,191
	3,517,641	**3,239,172**

NOTE 15 - GENERAL ADMINISTRATIVE EXPENSES

	2018	2017
Personnel	6,924,309	6,715,391
Consultancy	1,701,210	640,350
Office and accomodation	766,068	628,699
Communication	582,423	374,308
Depreciation and amortisation	365,328	383,714
Travel	345,241	220,033
Car rent	326,860	251,365
Other	1,272,423	1,250,277
	12,283,862	**10,464,137**

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

NOTE 16 - OTHER OPERATING INCOME AND EXPENSES

Other operating income

	2018	2017
Foreign exchange gains on trade receivables and payables	16,434,838	6,839,489
Scrap sales	1,161,487	107,521
Rent income	189,699	458,597
Other	657,710	524,817
	18,443,734	**7,930,424**

Other operating expenses

	2018	2017
Foreign exchange losses on trade receivables and payables	22,566,849	7,251,272
Donations	513,779	796,628
Provision for doubtful receivables	310,347	270,777
Loss on sale of property, plant and equipment	51,904	93,238
Other	1,035,354	1,324,869
	24,478,233	**9,736,784**

NOTE 17 - FINANCE INCOME AND COSTS

Finance income

	2018	2017
Foreign exchange gains on borrowings	32,288,656	11,430,856
Interest income	1,540,546	175,828
	33,829,202	**11,606,684**

Finance costs

	2018	2017
Foreign exchange losses on borrowings	57,707,744	24,614,986
Interest expense	23,180,661	15,253,176
	80,888,405	**39,868,162**

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

NOTE 18 - TAXATION ON INCOME

	2018	2017
Current year corporate tax expense	-	763,959
Prepaid tax	(76,124)	(210,936)
Taxes (receivable)/payable	**(76,124)**	**553,023**

The corporation tax rate in Turkey for the fiscal year 2018 is 22% (2017: 20%). Corporation tax rate is applicable on the total income of the companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, etc.) and income tax deductions (for example research and development expenses deduction). No further tax is payable unless the profit is distributed.

The law regarding amendments on Certain Tax Laws was approved in the Parliament on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate for all companies will be increased from 20% to 22% for the years 2018, 2019 and 2020.

Except for the dividends paid to non-resident corporations which have a representative office in Turkey or resident corporations, dividends 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.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is declared by the 14th and paid by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability, if, despite offsetting, there remains a paid advance tax amount, it may be refunded or offset against other liabilities to the government.

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

Tax returns are open for 5 years from the beginning of the year that follows the date of filing which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

The analysis of current and deferred income taxes per the statement of profit or loss for the years ended 31 December 2018 and 2017 is as follows:

	2018	2017
Current income tax expense	-	(763,959)
Deferred tax income/(expense)	9,468,147	(263,218)
	9,468,147	**(1,027,177)**

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

NOTE 18 - TAXATION ON INCOME (Continued)

The reconciliation of tax expense stated in the statement of profit or loss is as follows:

	2018	**2017**
(Loss)/profit before tax	(42,816,423)	5,114,398
Tax charge at enacted tax rate (22%)	9,419,613	(1,022,880)
Non-tax-deductible expenses	(161,564)	(207,021)
Tax exemptions	-	149,969
Other	210,098	52,755
Tax income/(expense)	**9,468,147**	**(1,027,177)**

The Company recognises deferred income tax assets and liabilities based upon temporary differences arising between its financial statements prepared in accordance with IFRS and their statutory tax financial statements. Deferred income taxes are calculated with temporary differences that are expected to be realised or settled based on the taxable income under the liability method using an enacted tax rate.

The breakdown of cumulative temporary differences and the resulting deferred income tax assets and liabilities provided using enacted tax rates are as follows:

	Cumulative temporary differences		**Deferred income tax assets/(liabilities)**	
	2018	**2017**	**2018**	**2017**
Property, plant and equipment and intangible assets	10,908,394	6,068,766	(2,429,823)	(1,586,310)
Provision for doubtful receivables	(5,734,093)	(7,567,642)	1,261,501	1,664,881
Unused vacation liability	(812,852)	(912,609)	178,827	200,774
Provision for employment termination benefits	(2,053,894)	(2,258,000)	410,779	451,600
Carry forward tax losses	47,035,411	-	10,347,790	-
Unincurred finance income over trade receivables	-	(952,871)	-	209,632
Deferred income tax assets			**9,769,074**	**940,577**

The Company has accounted for deferred income tax assets on carry forward tax losses amounting to TRY47,035,411, since it is considered as probable that sufficient taxable profit will be available to allow the benefit of part or all that deferred income tax asset to be utilized. Such carry forward tax losses will expire in 2023.

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

NOTE 18 - TAXATION ON INCOME (Continued)

Movements in deferred taxes are as follows;

	2018	2017
At 1 January	940,577	1,168,391
Effect of adoption of IFRS 9 (Note 2.3)	155,393	-
At 1 January	**1,095,970**	**1,168,391**
Recognized in statement of profit or loss	9,468,147	(263,218)
Recognized in other comprehensive income	(27,758)	35,404
Effect of partial demerger (Note 21)	(767,285)	-
At 31 December	**9,769,074**	**940,577**

NOTE 19 - FINANCIAL RISK MANAGEMENT

Financial risk management objectives and polices

The Company is exposed to variety of financial risks due to its operations. These risks include credit risk, market risk (foreign exchange risk and interest rate risk) and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

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 analysis of the Company's financial liabilities with respect to their maturities as of 31 December 2018 and 2017 is as follows:

2018	Carrying value	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year - to 5 years	Over 5 years
Borrowings	127,145,893	138,261,721	42,957,051	56,791,940	38,512,730	-
Trade payables	22,393,763	22,393,763	2,943,955	19,449,808	-	-
Other liabilities	5,686,418	5,686,418	-	5,686,418	-	-
	155,226,074	**166,341,902**	**45,901,006**	**81,928,166**	**38,512,730**	**-**

2017	Carrying value	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year - to 5 years	Over 5 years
Borrowings	151,181,424	163,435,657	48,141,732	49,577,144	65,716,781	-
Trade payables	36,950,903	36,950,903	-	36,950,903	-	-
Other liabilities	8,621,637	8,621,637	-	8,621,637	-	-
	196,753,964	**209,008,197**	**48,141,732**	**95,149,684**	**65,716,781-**	

NOTE 19 - FINANCIAL RISK MANAGEMENT (Continued)

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 profit/ (loss) before tax
2018	+5%	(468,837)
	(5%)	468,837
2017	+5%	(337,809)
	(5%)	337,809

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.

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise stated.)

NOTE 19 - FINANCIAL RISK MANAGEMENT (Continued)

Details of credit and receivable risk as of 31 December 2018 and 2017 are as follows:

2018	**Receivables**					
	Trade receivables		**Other receivables**			
	Related parties	**Other parties**	**Related parties**	**Third parties**	**Bank deposits**	**Other financial assets**
Maximum exposed credit risk as of reporting date (A+B+C+D)	**650,150**	**78,016,557**	**-**	**-**	**1,071,405**	**-**
- Secured portion of the maximum credit risk by guarantees, etc.	-	31,164,540	-	-	-	-
A. Net book value of financial asset either are not due or not impaired	650,150	25,107,271	-	-	1,071,405	-
B. Financial assets with renegotiated conditions	-	-	-	-	-	-
C. Net book value of overdue but not impaired financial assets	-	52,909,286	-	-	-	-
- Secured portion by guarantees, etc.	-	17,221,590	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-	-
- Overdue (Gross book value)	-	5,734,093	-	-	-	-
- Impairment (-)	-	(5,734,093)	-	-	-	-
- Secured portion of the net value alınmış by guarantees, etc.	-		-	-	-	-

2017	**Receivables**					
	Trade receivables		**Other receivables**			
	Related parties	**Other parties**	**Related parties**	**Third parties**	**Bank deposits**	**Other financial assets**
Maximum exposed credit risk as of reporting date (A+B+C+D)	**12,723,174**	**96,460,459**	**-**	**-**	**256,164**	**-**
- Secured portion of the maximum credit risk by guarantees, etc.	-	41,087,331	-	-	-	-
A. Net book value of financial asset either are not due or not impaired	12,723,174	74,451,952	-	-	256,164	-
B. Financial assets with renegotiated conditions	-	-	-	-	-	-
C. Net book value of overdue but not impaired financial assets	-	22,008,507	-	-	-	-
- Secured portion by guarantees, etc.	-	8,375,046	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-	-
- Overdue (Gross book value)	-	7,567,642	-	-	-	-
- Impairment (-)	-	(7,567,642)	-	-	-	-
- Secured portion of the net value alınmış by guarantees, etc.	-	-	-	-	-	-

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

NOTE 19 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency position

The table below summarizes the Company's exposure to foreign currency exchange rate risk at 31 December 2018. Included in the table are the Company's assets and liabilities at carrying amounts, categorized by currency.

	EUR	USD	TRY equivalents
Assets			
Cash and cash equivalents	9,893	5,965	90,991
Trade and other receivables	32,786	384,001	2,217,829
Total assets	**42,679**	**389,966**	**2,308,820**
Liabilities			
Short-term borrowings	4,886,916	-	29,458,330
Short-term portion of long term borrowings	3,750,842	-	22,610,076
Trade payables	672,468	442,987	6,384,150
Long-term borrowings	3,750,000	-	22,605,000
Total liabilities	**13,060,226**	**442,987**	**81,057,556**
Net foreign currency position	**(13,017,547)**	**(53,021)**	**(78,748,736)**

The table below summarizes the Company's exposure to foreign currency exchange rate risk at 31 December 2017. Included in the table are the Company's assets and liabilities at carrying amounts, categorized by currency.

	EUR	USD	TRY equivalents
Assets			
Cash and cash equivalents	6,363	3,071	40,316
Trade and other receivables	4,247	212,563	820,944
Total assets	**10,610**	**215,634**	**861,260**
Liabilities			
Short-term borrowings	7,609,011	-	34,358,489
Short-term portion of long term borrowings	3,905,384	-	17,634,761
Trade payables	2,121,651	319,033	10,783,676
Long-term borrowings	7,500,000	-	33,866,250
Total liabilities	**21,136,046**	**319,033**	**96,643,176**
Net foreign currency position	**(21,125,436)**	**(103,399)**	**(95,781,916)**

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

NOTE 19 - FINANCIAL RISK MANAGEMENT (Continued)

The following table demonstrates the sensitivity to reasonably possible changes in USD, EUR and GBP exchange rates, with all other variables held constant, of the Company's profit before tax due to changes in the fair value of monetary assets and liabilities.

			Increase in foreign exchange rates		Decrease in foreign exchange rates
31 December 2018	USD	+10%	(27,894)	(10%)	27,894
	EUR	+10%	(7,846,977)	(10%)	7,846,977
31 December 2017	USD	+10%	(39,002)	(10%)	39,002
	EUR	+10%	(9,539,190)	(10%)	9,539,190

Capital risk 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 instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

For financial instruments that are measured in the balance sheet at fair value; this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, not observable inputs) (level 3).

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 are used to estimate the fair value of the financial instruments:

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

NOTE 19 - FINANCIAL RISK MANAGEMENT (Continued)

Financial assets

The carrying values of significant portion of cash and cash equivalents are assumed to approximate to their fair value due to their short-term nature.

The carrying values of trade receivables are assumed to approximate to their fair value.

Financial liabilities

The fair values of short-term borrowings and trade payables are assumed to approximate to their carrying values due to their short-term nature.

The estimated fair values of long-term borrowings and other payables are calculated based on the effective market interest rates and the cash flow calculations are discounted accordingly.

NOTE 20 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Key management remuneration

	2018	2017
Salaries and other benefits	1,361,000	1,375,000
	1,361,000	**1,375,000**

Key management includes general manager, assistant general manager and directors.

Trade receivables from related parties

	2018	2017
Adoçim Antalya	337,952	-
Adoçim Marmara Çimento Beton San. ve Tic. A.Ş.	196,777	4,011,647
Yurt Çimento San. ve Tic. A.Ş.	115,421	-
As Ado Hazır Beton San. ve Tic. A.Ş.	-	8,370,308
Other	-	341,219
	650,150	**12,723,174**

Trade payables to related parties

	2018	2017
TITAN Cement Company S.A.	1,880,660	999,572
Asçim Çimento Beton Nak. San. ve Tic. A.Ş.	-	6,838,763
Efsu Nakliyat Tic. Ltd. Şti.	-	592,216
Other	240,841	553,681
	2,121,501	**8,984,232**

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

NOTE 20 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

2018	**Purchases**	**Sales and other income**	**Other expenses**
Adoçim Antalya	839,672	278,975	-
Adoçim Marmara Çimento Beton San. ve Tic. A.Ş.	79,015	11,217,746	-
TITAN Cement Company S.A.	2,029,623	-	-
Başer Madencilik A.Ş.	-	1,480	-
Ado Enerji Üretim San. ve Tic. A.Ş.	-	47,746	-
Ado Madencilik Elektrik Üretim San. Tic. A.Ş.	-	665,745	-
Yurt Çimento Sanayi ve Ticaret A.Ş.	6,063,200	97,814	334,760
	9,011,510	**12,309,506**	**334,760**

2017	**Purchases**	**Sales and other income**	**Other expenses**
As Ado Hazır Beton San. ve Tic. A.Ş.	13,208,146	18,457,253	-
Adoçim Marmara Çimento Beton San. ve Tic. A.Ş.	5,508	12,348,756	-
Efsu Nakliyat Tic. Ltd. Şti.	3,578,077	-	-
TITAN Cement Company S.A.	1,237,271	-	-
Pamucak İnş. Taah. Turizm Taşımacılık San. ve Tic. A.Ş.	1,137,093	-	-
Yusuf Top	-	2,520	-
Ado Enerji Üretim San. ve Tic. A.Ş.	-	45,528	-
Ado Madencilik Elektrik Üretim San. Tic. A.Ş.	-	452,725	-
Mursal Enerji Üretim San. ve Tic. A.Ş.	-	9,743	-
Yurt Çimento Sanayi ve Ticaret A.Ş.	-	-	278,240
	19,166,095	**31,316,525**	**278,240**

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

NOTE 21 - EXPLANATIONS TO THE STATEMENTS OF CHANGES IN EQUITY

As of 1 October 2018, legal proceedings were completed to establish a new joint stock company through partial demerger of the Company. Commercial title of the new company is Adoçim Antalya Çimento Beton Sanayi ve Ticaret Anonim Şirketi ("Adoçim Antalya"). Shareholders and shareholding structure of Adoçim Antalya are Cem SAK (50.00%) and Salentijn Properties B.V. (50.00%). The total amount of the capital is provided from the reduced capital of Adoçim as per the partial demerger of Adoçim according to the CPA report dated 29 June 2018.

Carrying values of the assets and liabilities which are subject to the partial demerger and the effect on the equity of the Company are as follows:

Trade and other receivables	5,005,302
Inventories	2,188,174
Property plant and equipment	21,660,829
Other assets and liabilities, net	255,537
Trade and other payables	(4,419,965)
Borrowings	(20,001,490)
Decrease in equity	**4,688,387**

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