

**BORUSAN MANNESMANN BORU
SANAYİ VE TİCARET
ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2008
TOGETHER WITH REPORT OF
INDEPENDENT AUDITORS**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Borusan Mannesmann Boru Sanayi ve Ticaret
Anonim Şirketi

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. (the "Company") and its Subsidiaries (together the "Group") which comprise the consolidated balance sheet as at 31 December 2008 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and explanatory notes, all expressed in US Dollars.

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 consolidated 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 Group'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 Group'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.

Deloitte.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and its Subsidiaries as at 31 December 2008 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

16 March 2009

DRT Bağımsız Denetim ve S.M.M.M A.Ş.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU

Borusan Mannesmann Boru Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

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Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and its Subsidiaries

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

(Amounts expressed in US Dollars unless otherwise stated)

ASSETS

		31 December	31 December
	Notes	2008	2007
Current assets			
Cash and cash equivalents	3	35,687,627	38,379,692
Trade receivables	4	147,044,501	104,064,835
Inventories	5	117,869,434	139,599,538
Other receivables and assets	6	11,695,845	11,789,791
Total current assets		312,297,407	293,833,856
Non-current assets			
Available-for-sale financial assets	9	16,347,966	16,070,997
Property, plant and equipment	7	198,503,894	186,846,183
Intangible assets	8	718,942	766,014
Deferred tax assets	13	384,672	754,864
Other receivables and assets	6	12,101,248	8,664,834
Total non-current assets		228,056,722	213,102,892
Total assets		540,354,129	506,936,748

(1)

The accompanying policies and explanatory notes on pages 8 through 48 form an integral part of the consolidated financial statements

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and its Subsidiaries

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

(Amounts expressed in US Dollars unless otherwise stated)

LIABILITIES AND EQUITY

	Notes	31 December 2008	31 December 2007
Current liabilities			
Trade payables	10	276,991,496	203,589,469
Short-term borrowings	11	44,120,015	24,124,127
Obligations under finance leases	11	505,332	1,090,622
Income tax payable	13	29,426	1,946,274
Other payables and expense accruals	12	27,626,519	16,726,167
Total current liabilities		349,272,788	247,476,659
Non-current liabilities			
Long-term borrowings	11	30,245,390	41,210,212
Obligations under finance leases	11	360,473	456,013
Provision for employee termination benefits	14	10,629,532	14,912,952
Deferred tax liability	13	1,195,799	4,764,551
Total non-current liabilities		42,431,194	61,343,728
Equity			
Issued share capital	15	68,996,872	68,996,872
Revaluation reserve	7	57,857,388	60,401,835
Cash flow hedge reserve	6, 12	392,988	(368,502)
Legal reserves and retained earnings		22,723,837	70,087,730
Translation reserves		(1,481,390)	(1,162,270)
Equity attributable to equity holders of the parent		148,489,695	197,955,665
Minority interest		160,452	160,696
Total equity		148,650,147	198,116,361
Total liabilities and equity		540,354,129	506,936,748

(2)

The accompanying policies and explanatory notes on pages 8 through 48 form an integral part of the consolidated financial statements

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and its Subsidiaries

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2008

(Amounts expressed in US Dollars unless otherwise stated)

	Notes	1 January- 31 December 2008	1 January- 31 December 2007
Net sales	17	893,691,991	671,117,778
Cost of goods sold and services provided	18	(849,488,738)	(582,958,349)
Gross profit		44,203,253	88,159,429
Selling, general and administrative expenses	19	(57,591,853)	(48,757,234)
Other operating income, net	20	(160,024)	618,535
Financial income	21	6,734,797	17,119,283
Financial expense	21	(24,733,010)	(14,029,269)
(Loss) / Profit before tax		(31,546,837)	43,110,744
Taxation on income		2,550,872	(5,737,944)
- Current (statutory)	13	(679,044)	(9,845,647)
- Deferred	13	3,229,916	4,107,703
(Loss) / Profit for the year		(28,995,965)	37,372,800
Attributable to:			
Minority interest		27,804	52,977
Equity holders of parent		(29,023,769)	37,319,823
		(28,995,965)	37,372,800
Weighted average number of shares		2,835,000,000	2,835,000,000
(Loss) / Earnings per share in US dollars		(0.0102)	0.0132

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

(Amounts expressed in US Dollars unless otherwise stated)

	Paid-in share capital	Currency translation reserve	Revaluation reserve	Cash flow hedge reserve	Legal reserves and retained earnings attributable to equity holders of the parent	Minority interest	Total equity
Balance at 31 December 2006	75,354,032	366,427	63,765,797	(22,054)	185,465,519	92,374	185,557,893
Transfer of 2007 depreciation difference (net of deferred tax) between the revalued and original value of assets realized from revaluation reserve into retained earnings	-	-	(2,420,882)	-	2,420,882	-	-
Disposals from revaluation reserve	-	-	(943,080)	-	943,080	-	-
Cash flow hedge reserve	-	-	-	(346,448)	(346,448)	-	(346,448)
Currency translation reserve	-	149,379	-	-	149,379	15,345	164,724
Net income recognised directly in equity	-	149,379	(3,363,962)	(346,448)	(197,069)	15,345	(181,724)
Net profit for the year	-	149,379	(3,363,962)	(346,448)	37,319,823	52,977	37,372,800
Total Recognised income and expense	-	149,379	(3,363,962)	(346,448)	37,122,754	68,322	37,191,076
Purchase of Shares of Entities	(6,357,160)	(1,678,076)	-	-	(3,500,000)	-	(3,500,000)
Under Common Control (Note: 22)	-	-	-	-	(21,132,608)	-	(21,132,608)
Dividends paid	-	-	-	-	197,955,665	160,696	198,116,361
Balance at 31 December 2007	68,996,872	(1,162,270)	60,401,835	(368,502)	197,087,730	160,696	198,116,361
Transfer of 2008 depreciation difference (net of deferred tax) between the revalued and original value of assets realized from revaluation reserve into retained earnings	-	-	(2,270,536)	-	2,270,536	-	-
Disposals from revaluation reserve	-	-	(273,911)	-	273,911	-	-
Cash flow hedge reserve	-	-	-	761,490	-	-	761,490
Currency translation reserve	-	(319,120)	-	-	761,490	(28,048)	(347,168)
Net income recognised directly in equity	-	(319,120)	(2,544,447)	761,490	442,370	(28,048)	414,322
Net profit for the year	-	(319,120)	(2,544,447)	761,490	2,544,447	(28,048)	414,322
Total Recognised income and expense	-	(319,120)	(2,544,447)	761,490	(29,023,769)	27,804	(28,995,965)
Dividends paid	-	-	-	-	(28,581,399)	(244)	(28,581,643)
Balance at 31 December 2008	68,996,872	(1,481,390)	57,857,388	392,988	148,489,695	160,452	148,650,147

(4)

The accompanying policies and explanatory notes on pages 8 through 48 form an integral part of the consolidated financial statements

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and its Subsidiaries

STATEMENT OF CASH FLOWS

For the year ended 31 December 2008

(Amounts expressed in US Dollars unless otherwise stated)

	Notes	1 January- 31 December 2008	1 January- 31 December 2007
Cash flows provided from operating activities:			
(Loss)/Profit before taxation on income and minority interest		(31,546,837)	43,110,744
Adjustments to reconcile (loss)/profit before taxation to net cash provided by operating activities:			
Depreciation and amortization	7,8	10,239,551	8,725,947
Interest expense	21	24,733,010	14,029,269
Interest income	21	(5,726,078)	(4,544,890)
Charge for the allowance for doubtful receivables	4	3,231,766	391,220
Provision for reserve for employee benefit obligations	14	(842,713)	4,348,622
Provision for inventories	5	44,752,300	-
Provision for financial assets held for sale	9	1,057,527	-
Gain on sale of property, plant and equipment and intangibles	20	(140,718)	(886,377)
Net change in currency translation reserve		557,903	(1,277,890)
Operating profit before working capital changes		46,315,711	63,896,645
Working capital changes			
Trade receivables	4	(46,211,432)	(16,707,001)
Inventories	5	(23,022,196)	(36,864,825)
Other current assets and liabilities – net	6,12	10,994,298	9,856,802
Trade payables	10	73,402,027	84,000,658
Other non-current assets and liabilities – net	6	(600,726)	(3,167,479)
Net cash provided by operations		60,877,682	101,014,800
Taxes paid	13	(2,595,892)	(8,708,107)
Interest paid		(24,049,850)	(14,029,269)
Employee benefit obligations paid	14	(3,546,045)	(1,503,442)
Net cash provided by operating activities		30,685,895	76,773,982
Investing activities:			
Purchase of property, plant and equipment	7,8	(22,797,662)	(34,619,418)
Advances given for property, plant and equipment	6	(2,074,197)	726,221
Proceeds from sale of property, plant and equipment and intangibles	7,8	319,818	4,210,861
Cash paid for acquisition of subsidiary	22	-	(3,500,000)
Increase in available for sale financial assets	9	(1,334,496)	(271,130)
Interest received	23	5,726,078	4,544,890
Net cash used in investing activities		(20,160,459)	(28,908,576)
Financing activities:			
Redemption of borrowings	11	(651,773,420)	(171,857,465)
Proceeds from borrowings	11	659,440,490	177,087,140
Dividends paid	16	(20,884,571)	(21,132,608)
Net cash used in financing activities		(13,217,501)	(15,902,933)
Net (decrease) / increase in cash and cash equivalents	3	(2,692,065)	31,962,473
Cash and cash equivalents at the beginning of the year	3	38,379,692	6,417,219
Cash and cash equivalents at the end of the year	3	35,687,627	38,379,692

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

(Amounts expressed in US Dollars unless otherwise stated)

1. CORPORATE INFORMATION

General

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. (Borusan Mannesmann Boru) ("the Company") is a joint stock company incorporated in Turkey. The Company's shares have been traded in Istanbul Stock Exchange since 1994. The Company is registered in Turkey and the address of the registered office is as follows:

Meclis-i Mebusan Caddesi No: 35 - 37

Fındıklı - İstanbul

In the extraordinary General Assembly meeting of Borusan Birleşik Boru Fabrikaları A.Ş. (Borusan Boru) held on 25 November 2004, the merger with Mannesmann Boru Endüstrisi T.A.Ş. (Mannesmann Boru) is approved. The merger of these entities under common control is effected legally through dissolution without liquidation and takeover of Mannesmann Boru by Borusan Boru by transferring all its assets, liabilities, rights and obligations. Following the merger, the registered name of Borusan Boru has been changed to Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and the change was registered on the Trade Registry Gazette dated 13 December 2004.

The parent and the ultimate parent of the Company are Borusan Mannesmann Boru Yatırım Holding A.Ş. and Borusan Holding A.Ş. respectively.

Business segments, the location and the Company's ultimate effective shareholding in such subsidiaries' equity are as follows:

Business Segment	Subsidiary	% of ownership	Location
Holding	Borusan Mannesmann Holding BV	100.0	Netherlands
Steel Pipe	Borusan Mannesmann Vobarno Tubi SPA	99.0	Italy
Engineering Services	Borusan Mühendislik İnşaat ve Sanayi Makinaları İmalat A.Ş.	96.9	Gemlik - Turkey

Consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) were authorized for issue on 16 March 2009 by the management of the Company on behalf of the Board of Directors of the Company. Although there is no such intention, the General Assembly and certain regulatory bodies have the power to amend statutory financial statements after issue.

Nature of Activities

The Company and its subsidiaries ("the Group") are involved in the manufacturing and sale of longitudinally and spirally welded steel pipes and plastic pipes and engineering services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The Company and its subsidiary based in Turkey maintain their books of account and prepare its statutory financial statements in Turkish Lira (TL) in accordance with regulations on accounting and reporting framework and accounting standards promulgated by the Turkish Capital Market Board (CMB), Turkish Commercial Code tax legislation and starting from 1 January 1994, the Uniform Chart of Accounts issued by Ministry of Finance.

The foreign subsidiaries Borusan Mannesmann Holding BV and Borusan Mannesmann Vobarno Tubi SPA maintain their books of account in Euro in accordance with the accounting principles and regulations accepted in Netherlands and Italy, respectively.

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and its Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2008

(Amounts expressed in US Dollars unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

The consolidated US Dollar (USD) financial statements are based on the statutory records which are maintained under the historical cost convention (except for the revaluation of property, plant and equipment as discussed in Note 7) with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS, which comprise standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain effect.

Statement of Compliance

The consolidated financial statements of Borusan Mannesmann Boru and its subsidiaries have been prepared in accordance with IFRS.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries on the basis set out below:

- (i) The balance sheets and statements of income of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company is eliminated against the related equity accounts. Intercompany transactions and balances between the Company and its subsidiaries, and unrealized gains and losses on transactions among them are eliminated.
- (ii) Subsidiaries are consolidated from the date on which control is transferred to the Company.
- (iii) Minority share in the net assets of the consolidated subsidiaries is separately classified in the consolidated financial statements as minority interest.

Minority Interest

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Comparative Information and Certain Reclassification to Prior Year Financial Statements

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. If the presentation or classification of the financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes. In this content, the following reclassifications have been done to the prior year consolidated financial statements:

- 1,707,231 USD from inventory to other current assets
- 5,591,941 USD from property, plant and equipment to other non-current assets
- 6,268,465 USD from trade payables to other current liabilities
- 3,734 USD from other operating income to financial income.

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and its Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2008

(Amounts expressed in US Dollars unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in Accounting Policies

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (“the IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2008. The adoption of these new and revised Standards and Interpretations has resulted in changes to the Group’s accounting policies in the following areas:

Standards, amendments and interpretations effective in 2008 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2008 but they are not relevant to the Group’s operations:

IFRIC 11, “IFRS 2 – Group and treasury share transactions”,
IFRIC 12, “Service Concession Arrangements”,
IFRIC 14, “IAS 19- The limit on a defined benefit asset, minimum funding requirements and their interaction”
IAS 39, IFRS 7 “Financial Instruments: Recognition and Measurement”

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

Standards and interpretations	Effective for annual periods beginning on or after :
• IFRS 1, “First-time Adoption of International Financial Reporting Standards” — Amendment relating to cost of an investment on first-time adoption	1 January 2009
• IFRS 2, “Share-based Payment” - Amendment relating to vesting conditions and cancellations	1 January 2009
• IFRS 3, “Business Combinations” - Comprehensive revision on applying the acquisition method	1 July 2009
• IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” - Amendments resulting from May 2008 Annual Improvements to IFRSs	1 July 2009
• IFRS 8, “Operating segments”	1 January 2009
• IAS 1, “Presentation of Financial Statements” — Comprehensive revision including a requirement of a statement of comprehensive income — Amendments relating to disclosure of puttable instruments and obligations arising on liquidation — Amendments resulting from May 2008 Annual Improvements to IFRSs	1 January 2009
• IAS 16, “Property, Plant and Equipment” - Amendments resulting from May 2008 Annual Improvements to IFRSs	1 January 2009
• IAS 19, “Employee Benefits” - Amendments resulting from May 2008 Annual Improvements to IFRSs	1 January 2009
• IAS 20, “Government Grants and Disclosure of Government Assistance” - Amendments resulting from May 2008 Annual Improvements to IFRSs	1 January 2009

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and its Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2008

(Amounts expressed in US Dollars unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in Accounting Policies (Continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

<u>Standards and interpretations</u>	<u>Effective for annual periods beginning on or after :</u>
• IAS 23, “(Amendment) Borrowing costs” — Comprehensive revision to prohibit immediate expensing — Amendments resulting from May 2008 Annual Improvements to IFRSs	1 January 2009
• IAS 27, “Consolidated and Separate Financial Statements” — Amendment relating to cost of an investment on first-time adoption — Amendments resulting from May 2008 Annual Improvements to IFRSs — Consequential amendments arising from amendments to IFRS 3	1 January 2009 1 July 2009
• IAS 28, “Investments in Associates” — Consequential amendments arising from amendments to IFRS 3 — Amendments resulting from May 2008 Annual Improvements to IFRSs	1 July 2009 1 January 2009
• IAS 29, “Financial Reporting in Hyperinflationary Economies” — Amendments resulting from May 2008 Annual Improvements to IFRSs	1 January 2009
• IAS 31, “Interests in Joint Ventures” — Consequential amendments arising from amendments to IFRS 3 — Amendments resulting from May 2008 Annual Improvements to IFRSs	1 July 2009 1 January 2009
• IAS 32, “Financial Instruments: Presentation” — Amendments relating to disclosure of puttable instruments and obligations arising on liquidation	1 January 2009
• IAS 36, “Impairment of Assets” — Amendments resulting from May 2008 Annual Improvements to IFRSs	1 January 2009
• IAS 38, “Intangible Assets” — Amendments resulting from May 2008 Annual Improvements to IFRSs	1 January 2009
• IAS 39, “Financial Instruments: Recognition and Measurement” — Amendments for eligible hedged items — Amendments resulting from May 2008 Annual Improvements to IFRSs	1 July 2009 1 January 2009
• IAS 40, “Investment Property” — Amendments resulting from May 2008 Annual Improvements to IFRSs	1 January 2009
• IAS 41, “Agriculture” — Amendments resulting from May 2008 Annual Improvements to IFRSs	1 January 2009
• IFRIC 13, “Customer Loyalty Programmes”	1 July 2008
• IFRIC 15, “Agreements for the construction of real estate”	1 January 2009
• IFRIC 16, “Hedges of a net investment in a foreign operation”	1 October 2008
• IFRIC 17, “Distributions of Non-cash Assets to Owners”	1 July 2009
• IFRIC 18, “Transfers of Assets from Customers”	1 July 2009

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and its Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2008

(Amounts expressed in US Dollars unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in Accounting Policies (Continued)

The Group's management anticipates that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

Details of new and revised standards which may have impact on the consolidated financial statements of the Group:

- IAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Group will apply IAS 1 (Revised) from 1 January 2009. It is likely that both the income statement and statement of comprehensive income will be presented as performance statements.
- IAS 1 (Amendment), 'Presentation of financial statements' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities respectively. The Group will apply the IAS 39 (Amendment) from 1 January 2009. It is not expected to have an impact on the Group's consolidated financial statements.
- IAS 19 (Amendment), 'Employee benefits'. The amendment is part of the IASB's annual improvements project published in May 2008. It is not expected to have any impact on the Group's consolidated financial statements.
 - The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.
 - The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.
 - The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.
 - IAS 37, 'Provisions, contingent liabilities and contingent assets, requires contingent liabilities to be disclosed, not recognized. IAS 19 has been amended to be consistent.

The Group will apply the IAS 19 (Amendment) from 1 January 2009. It is not expected to have any impact on the Group's consolidated financial statements.

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and its Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2008

(Amounts expressed in US Dollars unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in Accounting Policies (Continued)

- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply IAS 23 (Amendment) prospectively from 1 January 2009. However, as the Group is already choosing the option to capitalize the borrowing costs on qualifying assets, there will be no significant impact on the Group's consolidated financial statements.

- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 'Financial instruments: Recognition and measurement'. This eliminates the inconsistency of terms between IAS 39 and IAS 23. The Group will apply the IAS 23 (Amendment) prospectively to the capitalisation of borrowing costs on qualifying assets from 1 January 2009. It is not expected to have any impact on the Group's consolidated financial statements.

- IAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group will apply the IAS 36 (Amendment) and provide the required disclosure where applicable for impairment tests from 1 January 2009.

- IAS 38 (Amendment), 'Intangible assets' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. A prepayment may only be recognized in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. The Group will apply the IAS 38 (Amendment) from 1 January 2009. It is not expected to have any impact on the Group's consolidated financial statements.

- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008.

- This amendment clarifies that it is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.

- The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition.

- When remeasuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) are used.

The Group will apply the IAS 39 (Amendment) from 1 January 2009, however no significant impact is expected on the Group's consolidated financial statements.

- There are a number of minor amendments to IFRS 7, 'Financial instruments: Disclosures', IAS 8, 'Accounting policies, changes in accounting estimates and errors', IAS 10, 'Events after the reporting period', IAS 18, 'Revenue' and IAS 34, 'Interim financial reporting', which are part of the IASB's annual improvements project published in May 2008 (not addressed above). These amendments are unlikely to have a material impact on the Group's accounts and have therefore not been analyzed in detail.

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and its Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2008

(Amounts expressed in US Dollars unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Judgments and Estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known. The reported amounts subject to significant management estimates are impairment of inventory, doubtful receivables, useful lives of property and equipment and employee termination benefits.

Doubtful receivables :

The Group makes provision for doubtful receivables for those are overdue and possible to create collection problem in future, by considering guarantees received related with these receivables.

Impairment of inventory:

Due to dramatic decrease in demand and unit price of steel and plastic goods, and expected decrease for demand and unit prices in short term, the Group has made inventory impairment for WIP and Finished Goods where the net realizable value ("NRV") is less than cost of sales.

Useful lives of property, plant and equipment:

Tangible and intangible assets are amortized over the useful lives determined by the management.

Employee termination benefits:

In accordance with existing social legislation, the Group is required to make lump-sum payments to employees upon termination of their employment based on certain conditions. In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Group makes assumptions and estimations relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations are reviewed regularly.

2.4 Functional and Presentation Currency

Foreign Currency Translation

The consolidated financial statements are presented in US Dollars, which is the Group's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The US Dollar is used to a significant extent, or has a significant impact on the operations of the Company and Borusan Mühendislik İnşaat ve Sanayi Makinaları İmalat A.Ş. ("Borusan Mühendislik") and reflects the economic substance of the underlying events and circumstances relevant to these companies. Therefore, the Company and Borusan Mühendislik use the US Dollar (USD) as functional currency. All currencies other than the currency selected for measuring items in the financial statements are treated as foreign currencies.

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to translation gain / (loss) in the consolidated income statement. Non monetary items and equity balances (excluding profit or loss) that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Functional and Presentation Currency (Continued)

The functional currency of the subsidiaries, Borusan Mannesmann Holding BV and Borusan Mannesmann Vobarno Tubi SPA is Euro. As at the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Group (USD) at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity as currency translation reserve. On disposal of such subsidiaries, the deferred cumulative amount recognised in equity relating to that particular subsidiary is recognised in the income statement.

The Turkish countrywide wholesale price index (WPI) published by State Institute of Statistics and TL exchange rates for the purchases of USD announced by the Central Bank of the Republic of Turkey for the last three years were as follows:

Year	Year End USD/TL Exchange Rates	Inflation Rates (WPI)	TL/USD Annual Devaluation Rates
2006	1.4056	11.58	4.75
2007	1.1647	5.94	(17.50)
2008	1.5123	8.11	29.85

2.5 Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise of cash at banks and in hand, short-term deposits, reverse repurchase agreements and other liquid assets. For the purpose of the consolidated statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, with an original maturity of three months or less.

Trade Receivables

Trade receivables are recognized at original invoice amount and are carried at amortized cost (which is determined using the effective interest rate method) less an allowance for any uncollectible amounts. Interest rates used for amortized cost computation for TL denominated trade receivables is 21% (2007 - 21%) and for USD and EUR denominated trade receivables libor rate is used. The average collection period of trade receivables is 65 days (2007 - 65 days).

Inventories

Inventories are valued at the lower of cost and net realizable value after provision for obsolete stock. Cost is determined by using the monthly weighted average cost. Cost of work in progress and finished goods includes materials, direct labor and an appropriate portion of variable and fixed overhead expenditure, the latter being allocated on the basis of nominal operating capacity. Net realizable value is the selling price in the ordinary course of business less the estimated costs of completion, marketing and distribution. Provision for slow moving items is recognized in cost of sales at the time it is incurred. Obsolete inventories are written off against the provision.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2008

(Amounts expressed in US Dollars unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment and Depreciation

Property, plant and equipment are initially recorded at cost. Land, buildings, machinery and equipment are stated at revalued amounts less accumulated depreciation and any impairment in value. The last revaluations were made in July 1999 and in December 2004 by an independent valuer. Increases or decreases in the carrying amount arising on revaluation of these assets net off the related deferred income taxes are transferred to revaluation reserve in equity (Note 7). All other tangible assets are stated at historical cost less accumulated depreciation and any accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement. On disposal of revalued assets, amounts in revaluation reserves relating to that asset are transferred to retained earnings. Further, the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is realized from the revaluation surplus to retained earnings on an annual basis as the asset is used by the Group.

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. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhead costs, are normally charged to the income statement in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Property, plant and equipment are capitalized and depreciated when they are fully commissioned and in a physical state to meet their designed production capacity.

The depreciation periods for property plant and equipment, which approximate the estimated economic useful lives of the related assets and the depreciation methods applied, are as follows:

	Years	Method
Land improvements	10 – 50	Straight-line
Buildings	25 – 50	Straight-line
Machinery and equipment	12 – 40	Straight-line
Furniture and fixtures	5- 17	Straight-line
Motor vehicles	5	Straight-line

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of the property, plant and equipment.

Intangible Assets

Intangible assets comprising project development costs and software licenses 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 and intangible assets are amortized on a straight line basis over the estimated useful life of the asset (5 years). Amortization expenses are recognized in selling, marketing and general and administrative expenses in the consolidated income statement. Intangible assets excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized on a straight line basis over the best estimate of their useful lives.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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(Amounts expressed in US Dollars unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Intangible Assets (Continued)

The amortization period and the amortization method for an intangible asset with a finite useful life 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.

Intangible asset with indefinite useful lives are not amortized, but are tested for impairment annually either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis. The Group has no intangible assets with indefinite life.

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.

Impairment of Assets

The carrying values of assets with the exception of goodwill and intangible assets with indefinite life which are reviewed from impairment at least annually, are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of income for items carried at cost and treated as a revaluation decrease for items carried at revalued amount to the extent that impairment loss does not exceed the amount held in the revaluation surplus. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

Investments and Other Financial Assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognized on the trade date i.e. the date that the Group 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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(Amounts expressed in US Dollars unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Investments and Other Financial Assets (Continued)

Available-for-sale financial assets

Available for sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified 'financial assets at fair value through profit or loss, held to maturity investments or loans and receivables'. After initial recognition, available for sale financial assets are measured at fair value with gains or losses being recognized as a separate component of equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no quoted market price and where reasonable estimate of the fair value could not be determined since other methods are inappropriate and impractical, they are stated at cost.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

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.

Business combinations for entities under common control

In business combination involving entities under common control, assets and liabilities subject to business combination are recognized at their carrying amounts in consolidated financial statements. In addition, statements of income are consolidated from the beginning of financial year in which the business combination takes place. Similarly, comparative consolidated financial statements are restated retrospectively for comparison purposes. As a result of these transactions, no goodwill is recognized. The difference arising in the elimination of the carrying value of the investment held and share capital of the acquired company is directly accounted under "effect of transactions under common control" in equity.

Finance Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Borrowing Costs

Borrowing costs are expensed as incurred.

Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received less any directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

Gains and losses are recognized in income statement when the liabilities are derecognized as well as through the amortization process.

Trade Payables

Trade payables which generally have an average repayment period of 33 days (2007 – 33 days) are carried at amortized 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 Group. Interest rate used for TL denominated trade payables is 21% (2007 - 21%) and interest rates used for USD and EURO denominated trade payables are Libor/Euribor.

The major part of the trade payables result from the purchase of raw materials and indirect materials. The trade payables resulting from the purchase of raw materials and indirect materials are interest bearing and the average maturities are 180-360 days and the average interest rates applied are in the interval of 2.25-8.90%.

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 rates and tax laws used to compute the amount are those that are 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 and carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and 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. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

Deferred tax (Continued)

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.

Income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

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.

Provisions

A provision is recognized when, and only when, the enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation.

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.

Long-term Employee Benefits

(a) Defined Benefit Plans:

In accordance with existing social legislation in Turkey, the Company and its subsidiary in Turkey are required to make lump-sum termination indemnities to each employee who has completed over one year of service with the companies and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. In accordance with the new legislation, The Company's subsidiary in Italy carries employee termination indemnity accrued up to 31 December 2006 in its financial statements as the amount accrued up to 31 December 2006 is paid to its employees at the time of leaving.

Provision is made for the present value of the defined benefit obligation calculated using the Projected Unit Credit Method and based upon estimated factors derived using the Group's experience of personnel terminating their service and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bond. All actuarial gains and losses are recognized in the income statement.

(b) Defined Contribution Plans:

The Company and its subsidiary based in Turkey pay contributions to the Social Security Institution of Turkey on a mandatory basis. The Company and its subsidiary based in Turkey have no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense when they are due.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Long-term Employee Benefits (Continued)

(b) Defined Contribution Plans (Continued):

Starting from 1 January 2007, the Italian Government has introduced a new law about the employee termination indemnity and the Company's subsidiary in Italy pays the monthly accrual to the Social Security Institution of Italy or pension funds according to this law.

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales, which exclude Value Added Taxes (VAT) and discounts, are recognized when delivery of goods or rendering of the service has taken place and transfer of risks and rewards has been completed.

Earnings Per Share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares.

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

Subsequent Events

Post year-end events that provide additional information about the Group'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 notes when material.

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 derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group 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 Group 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 assets.

Where the Group 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 recognized to the extent of the Group'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 Group could be required to repay.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Derecognition of Financial Assets and Liabilities (Continued)

Financial assets (Continued)

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognized 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 recognized in profit or loss.

Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions.

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognized directly in equity and the ineffective portion is recognized immediately in profit or loss.

The Group's policy with respect to hedging the foreign currency risk of a firm commitment is to designate it as a cash flow hedge. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognized, the associated gains or losses on the derivative that had previously been recognized in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognized in profit or loss in the same period in which the hedged item affects profit or loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in profit or loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognized in equity is retained in equity until the forecasted transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to profit or loss for the period.

Segment Reporting

Since the Group mainly operates in a single segment, the significant portion of its operations is occurred in Turkey and other operations have no material effect on its sales, no segmental information is provided.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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3. CASH AND CASH EQUIVALENTS

	31 December 2008	31 December 2007
Banks		
-time deposits	32,581,834	32,548,253
-demand deposits	3,103,822	5,827,205
Cash on hand	1,971	4,234
	35,687,627	38,379,692

The detail of time deposits as of 31 December 2008 and 2007 is as follows:

31 December 2008					
Currency	Effective interest rate	Maturity (days)	Original Amount	Amount in USD	
TL	15%	2	70,000	46,288	
USD	2.5 - 5.25 %	2 - 5	31,331,019	31,331,019	
EUR	1.5%	2	850,900	1,204,527	
				32,581,834	
31 December 2007					
Currency	Effective interest rate	Maturity (days)	Original Amount	Amount in USD	
TL	18.5%	3	1,088,000	934,146	
USD	5.40 - 5.75 %	3	29,718,628	29,718,628	
EUR	3.58 - 3.80 %	3	1,290,881	1,895,479	
				32,548,253	

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4. TRADE RECEIVABLES

	31 December 2008	31 December 2007
Trade receivables	138,225,736	76,883,138
Trade receivables from related parties (Note 24)	8,680,071	14,389,152
Cheques and notes receivable	8,204,008	17,626,093
Less: Provision for doubtful receivables (*)	(8,065,314)	(4,833,548)
	147,044,501	104,064,835

(*) Among the provision for doubtful receivables USD 496,653 is from related parties.

As of 31 December 2008, trade receivables of USD 144,559,957 (2007: USD 98,497,643) were neither past due nor impaired. As of 31 December 2008, trade receivables of USD 586,727 (2007: USD 4,197,543) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	31 December 2008	31 December 2007
Up to 6 months	-	3,285,490
Over 6 months	586,727	912,053
	586,727	4,197,543

The carrying amount of trade receivables that would be otherwise be past due or impaired whose term have been negotiated is USD 1,897,817 (2007 : USD 1,369,647).

The provision for trade receivables is provided based on estimated irrecoverable amounts from the sales of goods and services provided, determined by reference to past default experience. As of 31 December 2008, USD 8,065,314 (2007: USD 4,833,548) were impaired and provided for. The aging of these receivables is over one year.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2008

(Amounts expressed in US Dollars unless otherwise stated)

4. TRADE RECEIVABLES (Continued)

The movement of the provision for doubtful receivables during the year 2008 and 2007 is as follows:

	1 January - 31 December 2008	1 January - 31 December 2007
At the beginning of the year	4,833,548	4,442,328
Allowance provided during the year	3,286,936	448,403
Amounts recovered during the year	(55,170)	(57,183)
At the end of the year	8,065,314	4,833,548

5. INVENTORIES

	31 December 2008	31 December 2007
Raw materials	73,307,017	52,541,161
Work-in-process	12,882,943	12,481,984
Finished goods	68,134,022	47,279,077
Merchandise stocks	1,578,695	1,995,333
Goods-in-transit	6,719,057	25,301,983
Less : Allowance for decrease at net realizable value	(44,752,300)	-
	117,869,434	139,599,538

Movement of allowance for net realizable value is as follows:

	1 January - 31 December 2008	1 January - 31 December 2007
At the beginning of the year	-	-
Charge for the year	44,752,300	-
At the end of the year	44,752,300	-

Net realizable value of the inventories exposed to allowance in 2008 is amounting to USD 118,960,194.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2008

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6. OTHER CURRENT AND NON CURRENT ASSETS

The detail of other current assets as of 31 December 2008 and 2007 is as follows:

	31 December 2008	31 December 2007
Current asset		
Prepaid income taxes	7,865,382	-
Advances given with respect to inventory purchases	805,450	1,707,231
Prepaid expenses	779,737	2,905,957
Advances given to personnel	455,309	647,319
Forward foreign exchange contract income accrual	392,988	-
VAT receivable	376,012	3,120,143
Due from personnel	41,707	196,333
Other	979,260	3,212,808
	11,695,845	11,789,791

The detail of other non-current assets as of 31 December 2008 and 2007 is as follows:

	31 December 2008	31 December 2007
Non-current assets		
Advances given with respect to property, plant and equipment	8,518,542	5,591,941
Receivable from related parties (Note:24)	3,437,368	2,916,068
Prepaid expenses	81,848	75,938
Deposits and advances given	63,490	80,887
	12,101,248	8,664,834

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and its Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2008

(Amounts expressed in US Dollars unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment and related accumulated depreciation for the year ended 31 December 2008 is as follows:

	31 December 2007	Additions	Disposals	Transfers	Currency translation reserve	31 December 2008
Cost						
Land	52,612,539	-	-	15,407	-	52,627,946
Land improvement and leasehold items	3,197,185	-	-	42,740	-	3,239,925
Building	50,053,328	230,947	-	1,451,297	(640,553)	51,095,019
Machinery and equipment	93,229,426	2,596,580	(343,557)	8,582,083	(270,959)	103,793,573
Motor vehicles	3,162,435	806	(231,820)	33,374	(11,587)	2,953,208
Furniture and fixtures	9,399,224	181,511	-	397,485	(7,666)	9,970,554
Construction in progress	5,999,598	19,448,790	-	(10,522,386)	(6,509)	14,919,493
	217,653,735	22,458,634	(575,377)	-	(937,274)	238,599,718
Less : Accumulated Depreciation						
Land improvement and leasehold items	(1,604,998)	(206,155)	-	-	-	(1,811,153)
Buildings	(5,008,164)	(1,347,800)	-	-	51,672	(6,304,292)
Machinery and equipment	(14,411,424)	(7,524,825)	294,022	-	113,511	(21,528,716)
Motor vehicles	(2,530,679)	(181,157)	102,255	-	6,737	(2,602,844)
Furniture and fixtures	(7,252,287)	(600,108)	-	-	3,576	(7,848,819)
	(30,807,552)	(9,860,045)	396,277	-	175,496	(40,095,824)
Net book value	186,846,183					198,503,894

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2008

(Amounts expressed in US Dollars unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

The movement of property, plant and equipment and related accumulated depreciation for the year ended 31 December 2007 is as follows:

	31 December 2006	Additions	Disposals	Transfers	Currency translation reserve	31 December 2007
Cost						
Land	54,871,719	-	(2,259,180)	-	-	52,612,539
Land improvement and leasehold items	2,492,530	582,847	-	121,808	-	3,197,185
Building	42,095,762	539,650	(23,991)	6,273,888	1,168,019	50,053,328
Machinery and equipment	63,686,308	1,735,476	(177,311)	27,279,347	705,606	93,229,426
Motor vehicles	2,917,721	140,266	(224,653)	308,575	20,526	3,162,435
Furniture and fixtures	8,006,693	56,972	(4,593)	1,320,488	19,664	9,399,224
Construction in progress	9,835,511	32,260,177	(791,984)	(35,304,106)	-	5,999,598
	183,906,244	35,315,388	(3,481,712)	-	1,913,815	217,653,735
Less : Accumulated Depreciation						
Land improvement and leasehold items	(1,511,836)	(93,162)	-	-	-	(1,604,998)
Buildings	(3,745,532)	(1,128,455)	-	-	(134,177)	(5,008,164)
Machinery and equipment	(7,979,025)	(6,241,864)	1,596	-	(192,131)	(14,411,424)
Motor vehicles	(2,436,641)	(235,583)	155,402	-	(13,857)	(2,530,679)
Furniture and fixtures	(6,755,603)	(488,375)	230	-	(8,539)	(7,252,287)
	(22,428,637)	(8,187,439)	157,228	-	(348,704)	(30,807,552)
Net book value	161,477,607					186,846,183

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2008

(Amounts expressed in US Dollars unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements of the revaluation reserve of land, buildings, machinery, equipment and installations were as follows:

	1 January - 31 December 2008	1 January - 31 December 2007
January 1	60,401,835	63,765,797
Depreciation difference (net of deferred tax) between the revalued and original value of assets realized from revaluation reserve into retained earnings	(2,270,536)	(2,420,882)
Disposals from revaluation reserve	(273,911)	(943,080)
December 31	57,857,388	60,401,835

The historical cost of land, buildings and machinery and equipment as of 31 December 2008 and 2007 are as follows:

	31 December 2008		31 December 2007	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	10.837.567	-	10.822.160	-
Building	30.441.801	(15.094.117)	28.759.557	(13.746.317)
Machinery and equipment	162.322.467	(99.125.331)	151.487.361	(91.894.528)
	203.601.835	(114.219.448)	191.069.078	(105.640.845)

As of 31 December 2008 and 2007, the gross carrying amount of property and equipment and intangibles, which are fully depreciated, but still in use, is as follows:

	31 December 2008	31 December 2007
Land improvements	867,958	867,790
Building	2,328,316	2,328,316
Machinery and equipment	3,083,652	2,313,930
Vehicles	420,224	392,658
Furniture and fixtures	4,791,116	4,255,851
Other tangible assets	338,901	333,463
Intangibles	726,975	561,804
	12,557,142	11,053,812

Finance (Capital) Leases

The Group recognized finance (capital) leases as assets and liabilities in the balance sheets at amounts equal to the fair value of the leased property at the inception of the lease or, if lower, at the present value of minimum lease payments. Included in machinery and equipment, USD 1,096,922 (2007 – USD 1,535,072) (net book value) relates to the tube finishing line and furnace leased by the Group.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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8. INTANGIBLE ASSETS

The movement of intangible assets during the years ending 31 December 2008 and 2007 is as follows:

	31 December 2008	31 December 2007
Cost at 1 January,	2,867,489	2,667,718
Additions	339,028	312,331
Disposals	-	(183,498)
Currency translation reserve	26,512	70,938
Cost at 31 December	3,233,029	2,867,489
Accumulated amortization at 1 January,	(2,101,475)	(1,685,865)
Charge for the year	(379,506)	(538,508)
Disposals	-	183,498
Currency translation reserve	(33,106)	(60,600)
Accumulated amortization at 31 December	(2,514,087)	(2,101,475)
Net book value at 31 December	718,942	766,014

9. AVAILABLE FOR SALE FINANCIAL ASSETS

	31 December 2008		31 December 2007	
	(%)		(%)	
Borçelik Çelik Sanayii Ticaret A.Ş. (Borçelik)	15,661,868	10.7	15,661,868	10.7
Borusan Kültür ve Sanat Hizmetleri Yayıncılık A.Ş.	395,065	18.9	395,065	16.7
Borusan Mannesmann Cooperatie U.A. (*)	1,341,758	99.0	-	-
Other	6,802	(**)	14,064	-
Impairment on available for financial asset	(1,057,527)		-	
	16,347,966		16,070,997	

(*) As of 31 December 2008, the Entity has been in establishment process and the business activities have not been started yet, therefore the entity is not included in the consolidated financial statements.

(**) Company's shareholding is insignificant.

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and its Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2008

(Amounts expressed in US Dollars unless otherwise stated)

10. TRADE PAYABLES

	31 December 2008	31 December 2007
Trade payables	272,477,610	165,041,563
Due to related parties (Note 24)	4,513,886	4,756,723
Notes payable	-	33,791,183
	276,991,496	203,589,469

USD 45,831,540 of the trade payables are interest bearing. The average interest rate applied to these trade payables is 3.93 % and the average maturity of the payables is between 270-360 days. (31 December 2007: USD 33,164,655 and EUR 5,550,317 interest rate applied is 5% for EUR and 6% for USD and the average maturity is 360 days). On the other hand, the average maturity of the trade payables by the amount USD 206,383,626 is between 180-360 days and average 3,55 % interest rate is applied to them (31 December 2007: USD 101,549,08, interest rate applied is 5%, maturity 180-360 days) .

11. BANK BORROWINGS (SHORT TERM AND LONG TERM)

As of 31 December 2008 and 2007, short-term borrowings consist of the following:

	31 December 2008	31 December 2007
Short term borrowings	35,012,056	19,334,243
Current portion of long term borrowings	9,107,959	4,789,884
	44,120,015	24,124,127

Currency and interest rate breakdown of short-term borrowings are as follows:

	Weighted Average Effective Interest Rate (%)	31 December 2008	Weighted Average Effective Interest Rate (%)	31 December 2007
USD denominated borrowings	4.78	15,012,188	6.01	1,880,844
EUR denominated borrowings	6.58	12,120,859	4.69	8,526,191
TL denominated borrowings	17.50	7,879,009	16.00	8,927,208
		35,012,056		19,334,243

Interest of the borrowings is paid semi-annually or annually.

As of 31 December 2008 and 2007 long-term borrowings consist of the following:

	31 December 2008	31 December 2007
Long term borrowings	39,353,349	46,000,096
Less : Current portion of long-term borrowings	(9,107,959)	(4,789,884)
	30,245,390	41,210,212

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2008

(Amounts expressed in US Dollars unless otherwise stated)

11. BANK BORROWINGS (SHORT TERM AND LONG TERM) (Continued)

Currency and interest rate breakdown of long term borrowings are as follows:

	Weighted Average Effective Interest Rate (%)	31 December 2008	Weighted Average Effective Interest Rate (%)	31 December 2007
EUR denominated debt	4.33 - 5.10	16,816,819	4.63	23,924,498
USD denominated debt	4.51 - 6.59	13,428,571	6.77	17,285,714
		30,245,390		41,210,212

As of 31 December 2008 and 2007, the detail of secured and unsecured long term borrowings of the Group's is as follows;

	31 December 2008	31 December 2007
Secured borrowings	7,176,408	7,853,909
Unsecured borrowings	23,068,982	33,356,303
Total	30,245,390	41,210,212

Payment plan of the long-term debt is as follows:

	31 December 2008	31 December 2007
2009	-	10,352,867
2010	10,329,018	10,233,423
2011	8,565,677	8,956,615
2012	4,980,531	5,059,684
2013	2,123,388	2,202,541
2014	2,123,388	2,202,541
2015	2,123,388	2,202,541
Total	30,245,390	41,210,212

Obligations under finance leases

As of 31 December 2008, The Group has USD 505,332 short term liabilities related to financial leasing agreements (2007: USD 1,090,622).

As of 31 December 2008, The Group has USD 360,473 long term liabilities related to financial leasing agreements (2007: USD 456,013).

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and its Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2008

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12. OTHER CURRENT LIABILITIES

	31 December 2008	31 December 2007
Due to related parties (Note 24)	12,311,454	6,282,419
Accruals for export expenses	7,584,714	3,358,319
Payroll and withholding taxes payable	3,097,920	2,796,151
Advances taken	2,606,889	138,655
Expense accruals	1,183,497	274,884
Personnel premium payable	35,375	1,372,997
Forward foreign exchange contract accrual	-	368,502
Other	806,670	2,134,240
	27,626,519	16,726,167

13. TAXES ON INCOME

a) Current Statutory Taxes

The Company and the subsidiaries which are incorporated in Turkey are subject to taxation in accordance with the tax procedures and the legislation effective in Turkey.

In Turkey, the corporation tax rate for the fiscal year ended 31 December 2008 is 20% (2007 – 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% (2007 - 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.

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from April 24, 2003. This rate was changed to 15% commencing from July 23, 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes. Withholding tax at the rate of 19.8% is still applied to investment allowances relating to investment incentive certificates obtained prior to April 24, 2003. Subsequent to this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities of the Group. The investments without investment incentive certificates do not qualify for tax allowance.

Investment incentive certificates are revoked commencing from 1 January 2006. If companies cannot use investment incentive due to inadequate profit, such outstanding investment incentive can be carried forward to following years so as to be deducted from taxable income of subsequent profitable years. However the companies can deduct the carried forward outstanding allowance from 2006, 2007 and 2008 taxable income. The investment incentive amount that cannot be deducted from 2009 taxable income will not be carried forward to following years.

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and its Subsidiaries**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****For the year ended 31 December 2008**

(Amounts expressed in US Dollars unless otherwise stated)

13. TAXES ON INCOME (Continued)**a) Current Statutory Taxes (Continued)**

The tax rate that the companies can use in the case of deducting the tax investment incentive amount in 2006, 2007 and 2008 is 30%. If the Group cannot use the investment incentive carried forward, the effective tax rate will be 20% and the unused investment incentive will be cancelled. On January 1, 2005, Ministry of Finance ceased the inflation accounting application in the statutory books of accounts, based on the decline in the inflation rate.

As of 31 December 2008 and 2007, the current statutory tax charges for the Group can be analyzed as follows:

	31 December 2008	31 December 2007
Provision for current taxes as per statements of income		
- Turkey tax charge	330,816	9,537,528
- Italy tax charge	348,228	308,119
Total statutory income tax charge for the year	679,044	9,845,647
Prepaid taxes	(649,618)	(7,899,373)
Income tax payable	29,426	1,946,274

	1 January-31 December 2008	1 January-31 December 2007
Statutory combined profit before taxes as per historical statutory financial statements	1,697,415	45,140,440
Permanent non-tax deductible expenses and other additions	13,479	7,423,071
Permanent non-taxable income and tax loss carried forward utilized during the year	(56,814)	(4,875,873)
Taxable income per Turkish tax legislation	1,654,080	47,687,638
Corporation tax at 20%	330,816	9,537,528
Italy tax charge	348,228	308,119
Provision for current statutory taxes on income	679,044	9,845,647

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2008

(Amounts expressed in US Dollars unless otherwise stated)

13. TAXES ON INCOME (Continued)

a) Current Statutory Taxes (Continued)

Reconciliation of taxes by applying effective tax rates to profit before tax provision as reflected in the consolidated income statement for the years ended 31 December 2008 and 2007 is as follows:

	1 January-31 December 2008	1 January-31 December 2007
Net (loss)/profit from ordinary activities before income tax	(31,546,837)	43,110,744
At statutory income tax rate at 20% (2007 – 20%)	(6,309,367)	8,622,149
Effect of :		
Disallowable expenses	522,175	848,823
Tax exempt income	(877,706)	(614,565)
Non tax deductible translation (gain)/loss arising from remeasurement	4,114,026	(3,118,463)
	(2,550,872)	5,737,944

b) Deferred Taxes

The revised IAS 12 “Income Taxes” requires deferred taxation to be provided on the temporary differences which arise on the remeasurement of the non-monetary assets. Deferred taxes reflected in the consolidated balance sheets are summarized as follows:

	31 December 2008	31 December 2007
Deferred tax assets	384,672	754,864
Deferred tax liabilities	(1,195,799)	(4,764,551)
Deferred tax liability, net	(811,127)	(4,009,687)

Deferred tax assets and liabilities are based on temporary differences arising between the financial statements as reported for IFRS purposes and the statutory tax financial statements. Such temporary differences usually result in the recognition of income and expenses in different reporting periods for IFRS and tax purposes.

Deferred tax assets are recognized for the carry forward of unused tax losses and unused tax credits to the extent that is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2008

(Amounts expressed in US Dollars unless otherwise stated)

13. TAXES ON INCOME (Continued)

c) Deferred Taxes (Continued)

The breakdown of deferred tax assets/(liabilities) provided at 31 December 2008 and 2007 using the current tax rates are as follows:

	Deferred tax base		Deferred tax asset / (liability)	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
Net difference between the tax base and the				
- carrying value of property, plant and equipment mainly arising from remeasurement pursuant to IAS 21	(50,532,924)	(37,144,953)	(10,106,585)	(7,428,991)
-carrying value of plant	(41,803,868)	(41,781,802)	(2,090,194)	(2,089,091)
-carrying value of inventories	(20,461,170)	10,835,541	(4,092,234)	2,167,109
Provision for employee benefits obligation	8,882,343	12,911,960	1,776,469	2,582,392
Allowance for net realizable value of inventories	44,752,300	-	8,950,460	-
Tax losses carried forward	13,286,014	-	2,657,203	-
Other provisions and accruals	8,200,735	1,667,784	1,818,285	621,249
Other temporary differences	1,377,346	688,221	275,469	137,644
Deferred tax liability, net	(36,299,224)	(52,823,249)	(811,127)	(4,009,688)

The carryforward tax losses expire in 2013.

Movements in deferred taxes are analyzed as follows:

	1 January-31 December 2008	1 January-31 December 2007
Beginning balance	(4,009,688)	(7,707,181)
Tax charge recognized in the statement of income	3,229,916	4,107,703
Currency translation reserve	(31,355)	(410,210)
	(811,127)	(4,009,688)

As each company is a separate legal entity, their respective deferred tax assets and liabilities cannot be offset against each other. The deferred tax asset/(liability) balances of each consolidated entity are analyzed as follows:

	31 December 2008		31 December 2007	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
Borusan Mühendislik İnşaat ve Sanayi Makinaları İmalat A.Ş.	-	77,570	133,615	-
Borusan Mannesmann Vobarno Tubi SPA	384,672	-	621,249	-
	384,672	77,570	754,864	-

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2008

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14. PROVISION FOR EMPLOYEE TERMINATION BENEFITS

Under the Turkish Labor Law, the Group is required to pay termination benefits to each employee whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women), achieves the retirement age (58 for women and 60 for men) if the employee has completed one year of service. The amount payable consists of one month's salary limited to a maximum for each year of service at 31 December 2008 of TL 2,173.19 (USD 1,473.01) (2007: TL 2,030.19, USD 1,743.10).

The maximum payment for retirement payment liability per year of employment is increased to TL 2,260.05 (USD 1,494.44) as of 1 January 2009.

IFRS requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Accordingly, as at 31 December 2008 and 2007, the following actuarial assumptions were used in the calculation of the liability:

	31 December 2008	31 December 2007
Discount rate	12%	11%
Expected rates of salary/limit increases	5.4%	5.0%
Turnover rate to estimate the probability of retirement	98%	98%

Movements of the provision for employee benefits obligation during the years ended 31 December 2008 and 2007 are as follows:

	31 December 2008	31 December 2007
Beginning of the year	14,912,952	12,067,772
Translation gain/loss	105,338	
Actuarial loss	(407,985)	-
Interest expense	839,742	572,899
Current service cost	(1,274,470)	3,775,723
Payments	(3,546,045)	(1,503,442)
End of the year	10,629,532	14,912,952

15. SHARE CAPITAL

The Company's share capital consists of the 2.835.000.000 number of shares with par value of TL 0.01. The composition of shareholders and their respective shares are as follows:

	2008		2007	
	TL	Share %	TL	Share %
Borusan Mannesmann Boru Yatirim Holding A.Ş.	20,831,453	73.48	20,831,453	73.48
Publicly traded	4,555,045	16.07	4,555,045	16.07
Lumbro Nominees Jersey Ltd	1,890,000	6.67	1,890,000	6.67
Other	1,073,502	3.78	1,073,502	3.78
	28,350,000	100	28,350,000	100

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16. RETAINED EARNINGS AND LEGAL RESERVES

Legal Reserves

Legal reserves consist of first and second legal reserves in accordance with Turkish Commercial Code (TCC). First legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserves reach a maximum of 20% at the Company's restated share capital. A second legal reserve is appropriated at the rate of 10% of all distribution in excess of 5% of the Company share capital. Companies whose shares are quoted on the Istanbul Stock Exchange Market perform their dividend appropriation in accordance with Turkish Capital Market Board regulations.

As of 31 December 2008 and 2007, reserves and retained earnings/accumulated deficit (as per the statutory financial statements of the Company) in TL are as follows:

	31 December 2008	31 December 2007
Legal reserves	20,960,303	18,292,754
Special reserves	2,778	2,778

Dividends

Dividend distributed from the distributable profit of 2007 and 2006 during the years 2008 and 2007 is as follows:

	2008	2007
Dividends to common stock holders	19,774,343	19,319,711
Dividend per share	0.007	0.006
Dividends to usufructuary	1,110,228	1,812,897

17. NET SALES

	1 January-31 December 2008			1 January-31 December 2007		
	Domestic Sales	Export	Total	Domestic Sales	Export	Total
Steel and Plastic Pipe	429,298,167	453,348,445	882,646,612	387,895,365	273,426,431	661,321,796
Engineering Services	10,472,013	573,366	11,045,379	9,106,885	689,097	9,795,982
	439,770,180	453,921,811	893,691,991	397,002,250	274,115,528	671,117,778

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18. COST OF SALES

	1 January - 31 December 2008	1 January - 31 December 2007
Raw material	734,979,116	517,586,165
Direct labor	45,955,895	46,459,887
Depreciation and amortization	7,475,571	6,671,480
Repair, maintenance and other production expenses	26,628,151	21,138,481
Net change in finished goods	(20,704,117)	(13,881,883)
Net change in work-in-process	(489,374)	(3,794,276)
Cost of trade goods sold	9,615,664	7,854,638
Cost of other sales	1,275,532	923,857
Allowance for net realizable value of inventory	44,752,300	-
	849,488,738	582,958,349

19. SELLING, MARKETING, GENERAL AND ADMINISTRATIVE EXPENSES

	1 January - 31 December 2008	1 January - 31 December 2007
Personnel expenses	20,897,966	21,940,280
Consultancy expenses	6,723,911	4,836,726
Sales and distribution expenses	5,391,578	2,949,720
Service charges	2,861,378	3,269,309
Provision for bad debt receivables	3,239,582	394,720
Utility expenses	2,617,320	1,455,447
Depreciation expenses	2,237,795	2,130,793
Outsourced services	3,332,047	2,991,364
Rent expenses	1,624,228	1,564,761
Insurance expenses	649,494	701,652
Other	8,016,554	6,522,462
	57,591,853	48,757,234

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20. OTHER OPERATING (EXPENSE) / INCOME, net

	1 January - 31 December 2008	1 January - 31 December 2007
Impairment on financial assets held for sale	(1,057,527)	-
Gain on sale of scrap	566,889	593,196
Gain on sale of property, plant and equipment	140,718	886,377
Claim expenses	-	(704,935)
Other, net	189,896	(156,103)
	(160,024)	618,535

21. FINANCIAL (EXPENSE) / INCOME, net

	1 January - 31 December 2008	1 January - 31 December 2007
Financial income		
Interest income	5,726,078	4,544,890
Dividend income	1,008,719	3,734
Translation gain	-	12,570,659
Total financial income	6,734,797	17,119,283
Financial expense		
Interest expense	(13,995,542)	(11,013,547)
Hedging expenses	(2,691,096)	-
Factoring expenses	(2,521,679)	(1,407,745)
Discount expense	(1,087,041)	(1,483,714)
Other financial expenses	(2,463,129)	(124,263)
Translation loss	(1,974,523)	-
Total financial expense	(24,733,010)	(14,029,269)
Financial expense, net	(17,998,213)	3,090,014

22. BUSINESS COMBINATIONS

As of 5 December 2007, The Company acquired all of the shares of BM Holding BV from Borusan Mannesmann Yatırım Holding for a consideration of USD 3,500,000. Borusan Mannesmann Holding BV holds 99% of shares of Borusan Mannesmann Vobarno Tubi SPA.

This acquisition is defined as business combination involving entities under common control, since the Company, BM Holding BV and Borusan Mannesmann Vobarno Tubi SPA are ultimately controlled by the same party or parties before and after the aforementioned business combination. The Group has decided to apply an accounting policy in line with the "pooling of interest" method in accounting the transaction under common control considering that it would reflect the economic substance of related transaction reliably and fairly after considering generally accepted accounting principles around the world, since there is no guidance concerning the standards under the IFRS framework. Assets and liabilities subject to business combination are accounted for with the carrying amounts in the consolidated financial statements. In addition, statements of income are consolidated from the beginning of the financial year in which the business combination takes place.

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22. BUSINESS COMBINATIONS (Continued)

Similarly, comparative consolidated financial statements are restated retrospectively for comparison purposes. As a result of adopting such an accounting policy, no goodwill is recognized. The difference arising in the elimination of the carrying value of the investment held and share capital acquired is directly accounted for in equity as "effect of transactions under common control".

23. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Guarantee Letters

As of 31 December 2008 letter of guarantees and collaterals received from customers amount to USD 1,540,104 (2007: USD 2,004,808) and USD 8,513,919 (2007: USD 8,820,812) respectively.

As of 31 December 2008, the Group is contingently liable for guarantee letters given to custom authorities amounting to TL 11,820,332 (2007 - TL 5,388,008), given to domestic customers amounting to TL 822,480 and USD 6,659,876 (2007: TL 1,030,788 and USD 7,913,580) and given to foreign customers USD 62,528,074; EUR 5,241,571 and 22,090,082 Algerian Dinar (2007: USD 47,075,755; EUR 2,434,473 and 28,386,601 Algerian Dinar).

(b) Mortgages and Pledges on Assets

The Group's production plant in Vobarno is mortgaged at an amount of 5,000,000 EUR, as a guarantee for the long-term loan obtained by BM Vobarno Tubi SPA. (2007: 4,544,821 EUR)

(c) Export Commitments

There is an amount of USD 13,931,148 export commitments as of 31 December 2008 (31 December 2007: 1,100,530)

(d) Letter of credits

As of 31 December 2008, The Group has open letter of credit agreements for the future purchases from suppliers amounting to 18,293,430 USD and 187,200 GBP (2007 : 43,292,815 USD, 1,009,601 EUR and 12,750,000 JPY).

(e) Anti-dumping investigations

In May 2008, an anti-dumping duty administrative review commenced in the United States covering imports of certain carbon steel welded pipe and tube entering the United States during the period of 1 May 2007 to 30 April 2008. In relation with this review, the Company has provided responses to questionnaires issued by the United States Department of Commerce (USDC). On 3 February 2009 USDC announced the anti dumping rate that would be applied to the Company as 7.64%.

(f) Other commitments

The Company signed a protocol with Kocaeli Municipality on 21 November 2007 under the scope of "Urban Transformation Project" undertaken by Kocaeli Municipality. In accordance with this protocol, the Company shall transfer 23,000 m² of its total land of 91,000 m², where the Company's İzmit factory is located, to Kocaeli Municipality free of charge until 31 December 2010 Studies on the relocation project which will ensure no loss in production are in progress and there is no Board of Directors' resolution on the final action plan as of the date of the report.

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24. RELATED PARTY BALANCES AND TRANSACTIONS

31 December 2008

	Receivables		Payables	
	Current	Non Current	Current	
	Trade	Non Trade	Trade	Non Trade
Borusan İstikbal Ticaret T.A.Ş. (İstikbal)	8,177,268	-	404,769	9,527,215
Borçelik Çelik Sanayi Ticaret A.Ş. (Borçelik)	430,011	-	-	-
Borusan Mannesmann Espana S.A.	-	3,437,368	-	-
Borusan Lojistik Dağıtım Depolama Taşımacılık ve Ticaret A.Ş. (Lojistik)	-	-	3,909,607	-
Borusan Holding A.Ş.	-	-	69,512	-
Borusan Mannesmann Boru Yatırım Holding A.Ş. (BMBYH)	-	-	-	2,748,504
Other	186,416	-	194,437	35,735
Less : Allowance for imputed interest	(113,624)	-	(64,439)	-
Less : Provision for doubtful receivables	(496,653)	-	-	-
	8,183,418	3,437,368	4,513,886	12,311,454

31 December 2007

	Receivables		Payables	
	Current	Non Current	Current	
	Trade	Non Trade	Trade	Non Trade
İstikbal	13,832,559	-	2,832,670	5,355,623
Borçelik	523,326	-	-	-
Borusan Mannesmann Espana S.A.	-	2,916,068	-	-
Lojistik	-	-	1,694,039	-
Borusan Holding A.Ş.	-	-	121,131	-
BMBYH	-	-	-	912,825
Other	328,111	-	231,782	13,971
Less : Allowance for imputed interest	(294,844)	-	(122,899)	-
Less : Provision for doubtful receivables	(639,561)	-	-	-
	13,749,591	2,916,068	4,756,723	6,282,419

Due from related parties are generally resulted from sales transactions. Interest is charged on the overdue balance of related party balances.

Due to related parties are generally resulted from purchase transactions. Interest is charged on the overdue balance of related party balances. Interest is charged by market interest rates.

Non-trading payables to İstikbal bear interest at 4.05% for USD denominated and 17.5% for TL denominated payables.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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24. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

1 January - 31 December 2008	Services obtained	Sales	Product purchases	Finance income
Borçelik	-	9,964,651	1,754,989	-
Borusan Lojistik	90,932,830	-	-	-
Borusan Holding	2,098,667	-	-	-
İstikbal	731,941	120,732,884	-	-
Borusan Birlik Danışmanlık	972,608	-	-	-
Other	644,289	890,733	-	-
	95,380,335	131,588,268	1,754,989	-

1 January - 31 December 2007	Services obtained	Sales	Product purchases	Finance income
Borçelik	-	6,694,025	4,775,071	-
Borusan Lojistik	30,409,260	-	-	-
Borusan Holding	1,800,000	-	-	-
İstikbal	647,947	111,841,409	-	-
BMBYH	-	-	-	20,655
Borusan Birlik Danışmanlık	624,929	-	-	-
Other	833,936	446,190	-	-
	34,316,072	118,981,624	4,775,071	20,655

Compensation of key management personnel:

	1 January - 31 December 2008	1 January - 31 December 2007
Salaries and other short term benefits	2,420,576	2,164,512
	2,420,576	2,164,512
Average number of personel	1,589	1,566

25. SUBSEQUENT EVENTS

The retirement pay ceiling has been raised to 2,260.04 TL effective from 1 January 2009.

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26. FOREIGN CURRENCY POSITION

As at 31 December 2008 and 2007, the detail of foreign currency position of the Group is as follows;

	EUR (USD Equivalent)	GBP (USD Equivalent)	TL (USD Equivalent)	Toplam USD
31 December 2008				
Cash and cash equivalents	3,430,417	-	1,391,121	4,821,538
Trade receivables, net	28,100,372	1,554,169	21,801,828	51,456,369
Trade payables, net	(4,021,139)	-	(16,143,315)	(20,164,454)
Advances received	(57,904)	(233,114)	-	(291,018)
Due to related parties-non trading	-	-	(8,360,884)	(8,360,884)
Borrowings	(33,904,318)	-	(7,879,013)	(41,783,331)
	(6,452,572)	1,321,055	(9,190,263)	(14,321,780)
31 December 2007				
Cash and cash equivalents	4,753,166	-	4,186,045	8,939,211
Trade receivables, net	37,120,707	4,519,702	51,705,221	93,345,630
Trade payables, net	(17,261,417)	-	(52,517,398)	(69,778,815)
Advances received	-	-	(138,655)	(138,655)
Borrowings	(35,600,222)	-	(8,927,207)	(44,527,429)
	(10,987,766)	4,519,702	(5,691,994)	(12,160,058)

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital risk management

Capital risk management of the Group aims to maximize the profitability through the optimization of the debt and equity balance, while maintaining the continuity of its business operations.

The capital structure of the Group consists of debt which includes the borrowings disclosed in Note 11 cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 15 and 16.

The Management of the Group analyzes the cost of capital and the risks associated with each class of capital and aims to balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The Group's overall strategy remains unchanged from 2006.

Significant accounting policies

The Group's accounting policies about financial instruments are disclosed in Note 2 "Financial Assets" to the financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)
Categories of financial instruments and fair values

Balance Sheet	31 December 2008		31 December 2007		Total	Note
	Loans and receivables (including cash and cash equivalents)	Available for sale investments	Financial liabilities at amortized cost	Total		
Financial Assets						
Cash and cash equivalents	35,687,627	-	-	35,687,627		3
Trade receivables	147,044,501	-	-	147,044,501		4
Other assets	11,695,845	-	-	11,695,845		6
Available for sale investments	-	16,347,966	-	16,347,966		9
	194,427,973	16,347,966	-	210,775,939		
Financial Liabilities						
Borrowings	-	-	74,365,405	74,365,405		11
Finance lease obligations	-	-	865,805	865,805		11
Trade payables	-	-	276,991,496	276,991,496		10
	-	-	352,222,706	352,222,706		
Balance Sheet						
Financial Assets						
Cash and cash equivalents	38,379,692	-	-	38,379,692		3
Trade receivables	104,064,835	-	-	104,064,835		4
Other assets	11,789,791	-	-	11,789,791		6
Available for sale investments	-	16,070,997	-	16,070,997		9
	154,234,318	16,070,997	-	170,305,315		
Financial Liabilities						
Borrowings	-	-	65,334,339	65,334,339		11
Finance lease obligations	-	-	1,546,635	1,546,635		11
Trade payables	-	-	203,589,469	203,589,469		10
	-	-	270,470,443	270,470,443		

The management believes that the carrying amount of financial instruments approximates the fair values

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Financial risk management objectives

The Group's finance department is responsible for maintaining a systematical access to international and local markets as well as monitoring and managing the Group's risk exposure using the in-house reports which analyze the level and extent of risks. Such risks consist of market risk, credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments such as foreign currency forwards during the period. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk includes foreign currency risk, interest rate risk and price risk.

Foreign currency risk management

Transactions in foreign currencies results in foreign currency risk. Foreign currency risk is managed by using derivative financial instruments such as foreign currency forwards.

Foreign currency sensitivity

The Group is mainly exposed to EURO and TL foreign currency risk.

The following table details the Group's sensitivity to a 10% change in the EUR and TL exchange rates. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis below have been determined based on the exposure to interest rates at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. The negative amount indicates the revaluation of EUR and TL against USD.

	EUR impact		TL impact	
	1 January- 31 December 2008	1 January- 31 December 2007	1 January- 31 December 2008	1 January- 31 December 2007
Profit and loss	(1,368,972)	(879,021) (i)	(1,389,843)	(455,359)(ii)

(i) This is mainly attributable to the exposure outstanding on EUR receivables and payables at year end in the Group.

(ii) This is mainly attributable to the exposure to outstanding TL receivables and payables at the year end.

If USD revaluates 10% against EURO and TL, the nominal amounts would remain same; however the effect on income statement would be in the opposite direction.

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Financial risk factors (Continued)

Interest rate risk management

The interest rates on the Group's bank borrowings are detailed in Note 11, Bank Borrowings, Short Term and Long Term.

Interest rate sensitivity

The sensitivity analysis above have been determined based on the exposure to interest rates at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

The Libor rate is fixed for the significant portion of the Group's borrowings when the borrowing is obtained. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the income and loss effect of variable rate borrowings in the financial statements would be immaterial.

Price risk management

The Group is exposed to price risks arising from the cost of raw material inventories and the steel price changes affecting the sales prices. There are no global derivative instruments to be utilized against the adverse price change effect on the sales margins. The Group optimizes inventory turnover rates by reviewing the sales-production-purchase balance on a consistent basis considering the steel price trend and reflects the changes on steel prices to the selling prices.

Credit risk management

The Group's credit risk primarily arises from its trade receivables. Such credit risk is managed by limiting the risk by the amount of the collaterals received. In managing credit risk, the Group uses three types of instruments which are Direct Debit System, letters of guarantee and mortgages. The Group monitors the customers' credit limits on a consistent basis and creditworthiness of the customers are systematically assessed based on the financial position, past experience and other factors. Trade receivables are reviewed depending on the Group policies and procedures and they are carried at net amounts in the balance sheet subsequent to any provision for doubtful receivables (Note 4).

Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

Liquidity risk tables

Conservative liquidity risk management requires maintaining sufficient cash on hand, availability of sufficient loan transactions and fund sources and ability to close market positions

Funding risk on current and future potential loan requirements is managed by maintaining the availability of sufficient number of creditors with high quality

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk management (Continued)

The below table shows the maturity analysis of the Group's non-derivative financial liabilities;

	31 December 2008					Total
	Up to 3 Month	3 month - 12 Months	1 Year - 5 Years	More than 5 Years	Adjustment	
Borrowings	2,150,413	43,164,142	27,168,222	4,246,800	(2,364,172)	74,365,405
Obligations under finance leases	574,572	-	360,474	-	(69,241)	865,805
Trade payables (including related parties)	107,245,368	177,669,077	-	-	(7,922,949)	276,991,496
	109,970,353	220,833,219	27,528,696	4,246,800	(10,356,362)	352,222,706

	31 December 2007					Total
	Up to 3 Month	3 month - 12 Months	1 Year - 5 Years	More than 5 Years	Adjustment	
Borrowings	15,645,639	4,153,431	43,944,665	6,607,624	(5,017,020)	65,334,339
Obligations under finance leases	1,159,862	-	456,017	-	(69,244)	1,546,635
Trade payables (including related parties)	108,801,911	100,389,176	-	-	(5,601,618)	203,589,469
	125,607,412	104,542,607	44,400,682	6,607,624	(10,687,882)	270,470,443