Pınar Entegre Et ve Un Sanayii A.Ş.

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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)
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	Notes	31 December 2012	31 December 2011
ASSETS			
Current Assets		**137.176.345**	**138.615.741**
Cash and Cash Equivalent	6	480.596	4.131.878
Financial Assets	7	1.845.185	2.345.784
Trade Receivables		60.715.728	49.013.261
- Due From Related Parties	37	42.722.045	32.943.467
- Other Trade Receivables	10	17.993.683	16.069.794
Other Receivables		42.208.835	48.382.714
- Due From Related Parties	37	42.179.547	46.676.353
- Other Receivables	11	29.288	1.706.361
Inventories	13	30.510.192	32.289.336
Other Current Assets	26	1.415.809	2.452.768
Non - Current Assets		**275.374.993**	**285.018.042**
Other Receivables		-	9.745.131
- Due From Related Parties	37	-	9.745.000
- Other Receivables	11	-	131
Financial Assets	7	687.145	403.371
Investments in Associates Accounted for Using Equity Method	16	107.209.671	110.498.031
Property, Plant and Equipment	18	167.346.243	164.094.623
Intangible Assets	19	105.716	141.162
Other Non-Current Assets	26	26.218	135.724
TOTAL ASSETS		**412.551.338**	**423.633.783**

The financial statements at 31 December 2012 and for the year then ended have been authorized for issue by Board of Directors of Pınar Entegre Et ve Un Sanayii A.Ş. on 14 March 2013.

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

Pınar Entegre Et ve Un Sanayii A.Ş.

Balance Sheets at 31 December 2012 and 2011

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	Notes	31 December 2012	31 December 2011
LIABILITIES			
Current Liabilities		**73.929.110**	**79.342.461**
Financial Liabilities	8	12.068.589	22.154.307
Trade Payables		56.536.682	50.884.104
- Due to Related Parties	37	8.909.608	5.304.389
- Other Trade Payables	10	47.627.074	45.579.715
Other Payables		178.720	1.035.746
- Due to Related Parties	37	148.720	933.640
- Other Payables	11	30.000	102.106
Current Income Tax Liabilities	35	1.457.116	975.786
Provisions	22	1.364.211	1.011.405
Other Current Liabilities	26	2.323.792	3.281.113
Non- Current Liabilities		**22.447.843**	**33.940.588**
Financial Liabilities	8	-	12.219.000
Provisions	22	223.934	208.512
Provisions for Employment Termination Benefits	24	9.892.871	6.877.385
Deferred Income Tax Liabilities	35	12.331.038	14.635.691
TOTAL LIABILITIES		**96.376.953**	**113.283.049**
EQUITY		**316.174.385**	**310.350.734**
Share Capital	27	43.335.000	43.335.000
Adjustment to Share Capital	27	37.059.553	37.059.553
Reserves		105.990.475	107.604.585
- Revaluation Reserve	18	97.364.859	101.311.294
- Fair Value Reserves of Available for Sale Investments	7	45.992	30.386
- Fair Value Reserves of Investments in Associates	16	8.579.624	6.262.905
Cash Flow Hedge on Fair Value Reserves of Investments in Associates	16	(229.937)	(162.253)
Currency Translation Reserve	2.3	382.081	519.951
Restricted Reserves	27	22.448.345	19.928.250
Retained Earnings	27	76.647.482	72.333.771
Profit for the Year		30.541.386	29.731.877
TOTAL LIABILITIES AND EQUITY		**412.551.338**	**423.633.783**

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

Pınar Entegre Et ve Un Sanayii A.Ş.

Statements of Comprehensive Income for the Years Ended at 31 December 2012 and 2011

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)
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	Notes	1 January - 31 December 2012	1 January - 31 December 2011
Revenue	28	416.443.481	383.665.538
Cost of Sales	28	(344.089.735)	(323.392.020)
GROSS PROFIT	28	**72.353.746**	**60.273.518**
Research and Development Expenses		(1.061.293)	(956.368)
Selling and Marketing Expenses	29	(21.249.565)	(20.812.061)
General Administrative Expenses	29	(19.862.092)	(14.469.024)
Other Operating Income	31	1.107.876	1.251.848
Other Operating Expense	31	(786.759)	(1.699.590)
OPERATING PROFIT		**30.501.913**	**23.588.323**
Share of Results of Investment-in-Associates-net	16	1.111.545	9.167.044
Financial Income	32	10.961.687	9.066.908
Financial Expense	33	(6.513.045)	(6.592.126)
PROFIT BEFORE TAXATION ON INCOME		**36.062.100**	**35.230.149**
Income Tax Expense		(5.520.714)	(5.498.272)
- Taxes on Income	35	(7.833.110)	(6.169.970)
- Deferred Tax Income	35	2.312.396	671.698
PROFIT FOR THE YEAR		**30.541.386**	**29.731.877**
Other Comprehensive Income:			
Increase in Revaluation Reserve of Investment in Associates- net	16	-	3.769.839
Increase in Revaluation Reserve - net	18	-	27.753.456
Increase/(Decrease) in Fair Value Reserve of Available for Sale Investments	7 - 35	15.606	(93.132)
Currency Translation Differences	2 - 16	(137.870)	685.980
Cash Flow Hedge on Fair Value Reserves of Investments in Associates	16	(67.684)	(162.253)
Increase in Fair Value Reserve of Investment in Associates - net	16	2.316.719	810.973
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**2.126.771**	**32.764.863**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**32.668.157**	**62.496.740**
EARNINGS PER SHARE	36	**0,7048**	**0,6861**

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

Pınar Entegre Et ve Un Sanayii A.Ş.

Statements of Cash Flows for the Years Ended at 31 December 2012 and 2011

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	Notes	1 January - 31 December 2012	1 January - 31 December 2011
Cash flows from operating activities:			
Profit before taxation on income		36.062.100	35.230.149
Adjustments to reconcile profit before taxation on income to net cash generated from operating activities			
Depreciation and amortisation	18-19	7.410.431	8.048.209
Interest income	32	(5.988.471)	(3.889.559)
Interest expense	33	2.429.370	1.998.065
Provision for employment termination benefits	24	4.152.315	1.360.926
Reversal of impairment on property, plant and equipment	31	-	(92.198)
Inventory profit elimination	16	14.579	(19.690)
Management bonus provision	29	500.000	500.000
Share of results of investment in associates- net	16	(1.111.545)	(9.167.044)
Gain from sales of property, plant and equipment	31	(52.053)	(28.937)
Unrealized foreign exchange gain		643	(3.391)
		43.417.369	**33.936.530**
Changes in assets and liabilities:			
Increase in trade receivables	10	(1.923.889)	(8.534.568)
Decrease in inventory	13	1.779.144	9.055.325
Increase in due from related parties	37	(9.778.578)	(9.251.119)
Decrease in other receivables and other current assets		1.040.423	853.062
Decrease in other non-current assets		109.637	504.053
Increase in trade payables	10	2.047.359	14.811.174
Increase/(decrease) in due to related parties		3.605.219	(3.947.190)
(Decrease)/increase in other current and non-current liabilities		(945.507)	1.688.914
Employment termination benefit paid	24	(1.136.829)	(818.595)
Bonus paid	22	(215.692)	(492.705)
Taxes paid		(5.678.171)	(7.237.727)
Net cash generated from operating activities		**32.320.485**	**30.567.154**
Investing activities:			
Interest received		6.354.729	5.810.186
Dividend income received	37.ii.d	6.498.794	10.634.856
Purchases of property, plant and equipment and intangible assets	18-19	(10.726.497)	(5.478.474)
Proceeds from property, plant and equipment sales		178.981	128.278
Decrease/(increase) in non-trade due from related parties	37	13.873.245	(25.439.587)
Net cash generated from/(used in) investing activities		**16.179.252**	**(14.344.741)**
Financing activities:			
(Redemption)/increase in financial liabilities	8	(21.539.042)	21.201.596
(Decrease)/increase in non-trade due to related parties		(784.920)	80.400
Dividends paid	37	(26.867.700)	(33.367.950)
Interest paid		(2.694.447)	(1.762.579)
Participation to capital increase in available-for-sale investments		(264.267)	-
Net cash used in financing activities		**(52.150.376)**	**(13.848.533)**
(Decrease)/increase in cash and cash equivalent-net		**(3.650.639)**	**2.373.880**
Cash and cash equivalents at 1 January		4.131.878	1.754.607
Effect of foreign exchange on cash and cash equivalents		(643)	3.391
Cash and cash equivalents at 31 December	6	**480.596**	**4.131.878**

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

Pınar Entegre Et ve Un Sanayii A.Ş.

Statements of Changes in Equity for the Years Ended at 31 December 2012 and 2011

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	Share Capital	Adjustment to share capital	Revaluation reserve	Fair value reserves of available-for-sale investments
1 January 2011	**43.335.000**	**37.059.553**	**73.292.549**	**123.518**
Transfer of prior year income to retained earnings	-	-	-	-
Legal reserves	-	-	-	-
Dividends paid (Notes 27 and 37.ii.k)	-	-	-	-
Depreciation transfer of investments-in -associates-net (Note 18)	-	-	(1.084.232)	-
Depreciation transfer (Note 18)	-	-	(2.420.318)	-
Total comprehensive income	-	-	31.523.295	(93.132)
31 December 2011- as previously reported	**43.335.000**	**37.059.553**	**101.311.294**	**30.386**
Correction (Note 2.6.11)	-	-	(846.722)	-
1 January 2012- as corrected	**43.335.000**	**37.059.553**	**100.464.572**	**30.386**
Transfer of prior year income to retained earnings	-	-	-	-
Legal reserves	-	-	-	-
Dividends paid (Notes 27 and 37.ii.k)	-	-	-	-
Depreciation transfer of investments-in-associates-net (Note 18)	-	-	(246.282)	-
Depreciation transfer (Note 18)	-	-	(2.853.431)	-
Total comprehensive income	-	-	-	15.606
31 December 2012	**43.335.000**	**37.059.553**	**97.364.859**	**45.992**

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

Fair value reserves of investments- in associates	Cash Flow Hedge on Fair Value Reserves of investments in associates	Currency translation reserve	Restricted reserves	Retained earnings	Profit for the year	Total equity
5.451.932	**-**	**(166.029)**	**15.063.386**	**67.530.304**	**39.531.731**	**281.221.944**
-	-	-	-	39.531.731	(39.531.731)	-
-	-	-	4.864.864	(4.864.864)	-	-
-	-	-	-	(33.367.950)	-	(33.367.950)
-	-	-	-	1.084.232	-	-
-	-	-	-	2.420.318	-	-
810.973	(162.253)	685.980	-	-	29.731.877	62.496.740
6.262.905	**(162.253)**	**519.951**	**19.928.250**	**72.333.771**	**29.731.877**	**310.350.734**
-	-	-	-	869.916	-	23.194
6.262.905	**(162.253)**	**519.951**	**19.928.250**	**73.203.687**	**29.731.877**	**310.373.928**
-	-	-	-	29.731.877	(29.731.877)	-
-	-	-	2.520.095	(2.520.095)	-	-
-	-	-	-	(26.867.700)	-	(26.867.700)
-	-	-	-	246.282	-	-
-	-	-	-	2.853.431	-	-
2.316.719	(67.684)	(137.870)	-	-	30.541.386	32.668.157
8.579.624	**(229.937)**	**382.081**	**22.448.345**	**76.647.482**	**30.541.386**	**316.174.385**

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NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Pınar Entegre Et ve Un Sanayii A.Ş. (the "Company") was established in 1985 and is engaged in production of meat and by-products of cattle, sheep, poultry and fish, frozen dough and packaged food. The Company sells its products under "Pınar" brand, which is one of the leading brands in food and beverages business in Turkey.

The Company is a member of Yaşar Group. Majority of the Company's sales in the domestic market amounting approximately 74%, (2011: 79%) are made to its investment-in-associate, Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. ("YBP"), and majority of the exports are made to Yaşar Dış Ticaret A.Ş. ("Yataş"), which are both Yaşar Group companies (Note 37).

The Company is subject to the regulations of the Capital Market Board ("CMB") and 33% (2011: 33%) of its shares are quoted in Istanbul Stock Exchange ("ISE"). The ultimate parent of the Company is Yaşar Holding A.Ş. ("Yaşar Holding") with 54% shares of the Company (2011: 54%) (Note 27).

The address of the registered head office of the Company is as follows:

Ankara Asfaltı 25. Km,

Kemalpaşa

İzmir

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation of Financial Statements

The financial statements of the Company have been prepared in accordance with the financial reporting standards issued by the Turkish Capital Market Board ("CMB").

The CMB regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué XI, No: 29, "Principles of Financial Reporting in Capital Markets" (the "Communiqué"). The Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes Communiqué XI, No: 25, "The Accounting Standards in the Capital Markets".

According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards board ("IASB") are announced by Publicly Oversight Accounting Auditing Standards Board ("POAASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/ Turkish Financial Reporting Standards ("TAS/TFRS") issued by the POAASB, which do not contradict with aforementioned standards shall be applied.

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with the financial reporting standards issued by the CMB ("CMB Financial Reporting Standards"). Accordingly; IAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the IASB, has not been applied in financial statements for the accounting year starting from 1 January 2005.

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by POAASB as of the date of preparation of these financial statements, the financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB, in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS. The financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB with the announcements in weekly newsletters including the mandatory disclosures. Within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB, enterprises are obliged to present hedging rate of their total foreign exchange liability and total export and import amounts in the notes to the financial statements. (Note 38).

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land, land improvements and buildings, machinery and equipment, derivative financial instruments, which are measured at fair values.

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

2.2 Amendments in International Financial Reporting Standards

a) Amendments and new standards and interpretations effective from 1 January 2012 have not been presented since those are not relevant to the operations of the Company or have immaterial effects.

b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 and not early adopted by the Company:

- Amendment to IAS 19, "Employee Benefits", is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. Actuarial gains and losses arising from the calculations of provision for employment termination benefits will be classified under other comprehensive income without having an effect on the net profit/loss for the year. The Company is yet to assess IAS 19's full impact.
- Amendment to IAS 1, "Financial statement presentation" regarding other comprehensive income, 1 July 2012, The main change resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" ("OCI") on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The Company is yet to assess IAS 1's full impact.
- IFRS 9, "Financial instruments", is effective for annual periods beginning on or after 1 January 2015. The standard addresses the classification, measurement, and recognition of financial assets and financial liabilities. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The Company will also consider the impact of the remaining phases of IFRS 9 when completed.
- IFRS 12, "Disclosures of Interests in Other Entities" is effective for annual periods beginning on or after 1 January 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose instruments and other off balance sheet instruments. The Company is yet to assess IFRS12's full impact.
- IFRS 13, "Fair value measurement", aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The Company is yet to assess IFRS 13's full impact.
- IAS 28 (revised), "Associates and joint ventures", is effective for annual periods beginning on or after 1 January 2013. The standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11 "Joint arrangements". The amendment does not have a significant impact on the Company's financial statements.
- IAS 32 (amendment), "Financial instruments: Presentation", on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2014. The amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendment does not have a significant impact on the Company's financial statements.
- IFRS 7 (amendment), "Financial instruments: Disclosures", on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2013. The amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements. The amendment does not have a significant impact on the Company's financial statements.

c) New standards, amendments and interpretations issued but not effective or not relevant to the operations of the Company for the financial year beginning 1 January 2012 and not early adopted:

- IFRS 10, "Consolidated financial statements" is effective for annual periods beginning on or after 1 January 2013. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess.
- IFRS 11, "Joint arrangements", is effective for annual periods beginning on or after 1 January 2013. This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. Proportional consolidation of joint ventures is no longer allowed.
- IAS 27 (revised), "Separate financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

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

2.3 Basis of Consolidation

The Company does not have any subsidiary to be consolidated in the financial statements. The investments-in-associates are accounted for using the equity method and are initially recognised at cost. These are undertakings over which the Company has between 20% and 50% of the voting rights, or over which the Company has significant influence, but which not control. Unrealised gains on transactions between the Company has significant influence, but which not control. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Company's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves, such as fair value changes in available-for-sale financial assets, revaluation of property, plant and equipments, depreciation transfer and derecognition of such reserves, is recognised in statement of changes in equity and statement in comprehensive income.

When the carrying amount of the investment in an associated undertaking reaches zero, unless the Company has incurred obligations or guaranteed obligations in respect of the associates or significant influence of the Company ceases, cannot be expected more. Equity accounting is discontinued since the significant influence of the Company ceases. The carrying amount of the investment at the date when significant influence ceases is regarded as cost thereafter.

The table below sets out the associates and the proportion of ownership interest as of 31 December 2012 and 2011 (Note 16):

	Shareholding (%)	
	2012	2011
Investments-in-associates		
YBP	38,05	38,05
Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş. ("Çamlı Yem")	23,38	23,38
Pınar Foods GmbH ("Pınar Foods")	44,94	44,94
Desa Enerji Elektrik Üretim A.Ş. ("Desa Enerji")	26,41	26,41

Foreign currency translation

i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

ii) Translation of financial statements of foreign associate

Financial statements of Pınar Foods operating in Germany are prepared according to the legislation of the country in which it operates, and adjusted to the financial reporting standards issued by the CMB. The assets and liabilities of foreign associate are translated into TL from the foreign exchange rates at the balance sheet date, and the statement of comprehensive income items of foreign associate are translated into TL at the average foreign exchange rates in the period. As of 31 December 2012, the equivalent of EUR1 is TL2,3517 (2011: TL2,4438) and for the year then ended, the average equivalent of EUR1 is TL2,3046 (2011: TL2,3229). Exchange differences arising from re-translation of the opening net assets of investment-in-associate and the differences between the average and year-end rates are included in the "currency translation reserve" under the equity as a separate component.

2.4 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting. As a result of the transactions in the normal course of business, revenue other than revenue described in the section "Revenue Recognition" are presented as net if the nature of the transaction or the event qualify for offsetting.

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

2.5 Comparative Information

The Company prepared its financial statements on a comparative basis with the preceding financial period, which enables determination of trends in financial position and performance. The Company prepared its balance sheet at 31 December 2012 on a comparative basis with balance sheet at 31 December 2011; and statements of comprehensive income, cash flows and changes in equity for the period of 1 January - 31 December 2012 on a comparative basis with financial statements for the period of 1 January - 31 December 2011.

2.6 Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of the financial statements are summarised below:

2.6.1 Revenue recognition

Revenues are recognised on an accrual basis at the time deliveries are made, services are given and significant risks and rewards are transferred to the buyer, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company at the fair value of considerations received or receivable. Net sales represent the invoiced value of goods shipped less sales returns, sales discounts and commissions given. (Note 28)

Interest income is recognised on a time-proportion basis using the effective interest method. The amount of the provision for receivables is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate and recognized as interest income. Interest income on loans is recognised using the effective interest rate. Rent income is recognized on an accrual basis. Dividend income is recognised when the Company's right to receive the payment is established.

2.6.2 Inventories

Raw materials of the Company mainly consist of meat and white meat as well as spices and animal fats, which are used in production of meat. Work in progress stocks mainly consists of processed turkey, cattle and sheep meat, finished goods consist of delicatessen, frozen and fresh meat product, other stocks mainly consists of spare parts.

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Cost elements included in inventories comprise all costs of purchase of material and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is determined on the monthly weighted average basis (Note 13).

2.6.3 Property, plant and equipment

The Company's land and land improvements, buildings, machinery and equipment are stated at fair value, based on valuations by external independent valuer at 31 December 2011, namely Elit Gayrimenkul Değerleme A.Ş. and Vakıf Gayrimenkul Değerleme A.Ş. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Property, plant and equipment, except for land and land improvements, buildings, machinery and equipment, acquired before 1 January 2005 are carried at cost, in the equivalent purchasing power of TL as at 31 December 2004 and items acquired after 1 January 2005 are carried at cost, less the subsequent depreciation and impairment loss, if any, as of 31 December 2012 (Note 18).

Increases in the carrying amount arising on the revaluation of property, plant and equipment are credited to the revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statement of comprehensive income) and depreciation based on the asset's original cost is transferred from the revaluation reserve to the accumulated losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the relevant asset, and the net amount is restated to the revalued amount of the asset.

Buildings, machinery and equipment are capitalised and depreciated when they are in the location and condition necessary for it to be capable of operating in the manner intended by the management. At each balance sheet date, residual values and estimated useful lives of property, plant and equipment are reviewed and adjusted if appropriate, prospectively. The advances given for the property, plant and equipment purchases are classified under the other non-current assets until the related asset is capitalised.

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

Depreciation is provided on the cost or revalued amounts of property, plant and equipment on a straight-line basis less any impairment (Note 18). Land is not depreciated as it is deemed to have an indefinite life. The estimated useful lives of property, plant and equipments are as follows:

	Years
Buildings and land improvements	5-30
Machinery and equipments	5-20
Furniture and fixtures	5-10
Motor vehicles	5

Where the carrying amount of an asset is greater than its recoverable amount, an impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount (Notes 2.6.5 and 18). If the property, plant and equipments that are impaired, are revalued, the impairment is charged to the revaluation reserves to the extent that the amount offsetting previous increases of the same asset charged in the revaluation reserves and all other decreases are recognised in the statement of comprehensive income (Note 31.a).

Gains or losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are included in the related income and expense accounts, as appropriate (Note 31). On the disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to the retained earnings.

Repairs and maintenance are charged to the statements of comprehensive income during the financial period in which they are incurred. Subsequent costs are included in the asset's carrying value recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The Company derecognises the carrying amounts of the replaced parts related to renovations regardless of whether the replaced parts were depreciated separately. Subsequent costs included in the asset's carrying value ore recognised as separate asset, are depreciated based on their useful lives.

2.6.4 Intangible assets

Intangible assets comprise information systems and software. Intangible assets acquired before 1 January 2005 are carried at cost in the equivalent purchasing power of TL as at 31 December 2004 and items acquired after 1 January 2005 are carried at cost, less accumulated amortisation and impairment losses, if any. Intangible assets are recorded at acquisition cost and amortised on a straight-line basis over their estimated useful lives for a period of five years from the date of acquisition. Residual values of intangible assets are deemed as negligible. In case of an impairment, the carrying values of the intangible assets is written-down to their recoverable amounts (Note 2.6.5).

2.6.5 Impairment of assets

At each reporting date, the Company assess whether there is an impairment indication for the assets, except for the deferred income tax asset, and property, plant and equipment that are stated at revalued amounts as of reporting date. If there is an indication of impairment, the impairment test is performed more frequently. When an indication of impairment exists, the Company estimates the recoverable amounts of such assets. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Goodwill on acquisitions of associates is included in the carrying amount of an investment-in-associate and not tested for impairment separately by applying the requirements for impairment testing of goodwill in IAS 36, "Impairment of Assets". Instead, the entire carrying amount of the investments is tested under IAS 36 Impairments, by comparing its recoverable amount (higher of value-in-use and fair value less cost to sell) with its carrying amount, whenever application of the requirements of IAS 39 indicates that the investment may be impaired. In accordance with IAS 39 "Financial Instruments: Recognition and Measurement", if there is an indication of impairment in investment in associates, the carrying amount of the investments is tested in accordance with IAS 36, by comparing its recoverable amount (higher of value-in-use and fair value less cost to sell) with its carrying amount and any additional impairment loss is recognised, if any.

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

Assets are allocated to cash-generating units for the purpose of impairment testing, which is undertaken at the lowest level. The recoverable amount of an intangible assets not yet available for use to be measured annually, irrespective of whether there is any indication that it may be impaired. An impairment loss is recognised for the amount by which the carrying amount of the asset or any cash generating unit of that asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. All impairment losses are accounted for in the statement of comprehensive income. Decreases that offset previous increases of the respective asset are charged against the revaluation reserve; all other decreases are charged to the statement of comprehensive income. Impairment losses can be reversed to the extent that increased carrying amount of an asset shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years provided that increases in the recoverable amount of the asset can be associated with events that occur subsequent to the period in which the impairment loss was recognised.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor,
- A breach of contract, such as a default or delinquency in interest or principal payments,
- The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider,
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation,
- Observable data indicating that there is a measurable decrease in the estimated future cash flows.

2.6.6 Borrowing and borrowing cost

Borrowings are recognised initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, borrowings are restated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings. Borrowing costs are expensed as incurred (Note 33). If the borrowings mature within 12 months, then they are classified in current liabilities, otherwise they are classified in non-current liabilities (Notes 8 and 9).

A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale. According to IAS 23 "Borrowing costs" (Revised), borrowing costs of qualifying assets having capitalisation date 1 January 2009 or later, can be capitalised, based on borrowing cost of qualifying asset, directly or as an asset acquisition or with an extent to associate directly with production, these borrowing costs should be capitalised as a part of cost of related asset.

2.6.7 Financial assets

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. The Company classifies its financial instruments in the following categories:

a) Loans and receivables

Loans and receivables constitute non-derivative financial instruments, which are not quoted in active markets and have fixed or scheduled payments. Loans and receivables arise, without held-for-sale intention, from the Company's supply of goods, service or direct fund to any debtor. If the maturity of these instruments are less than 12 months, these loans and receivables are classified in current assets and if more than 12 months, classified in non-current assets. The loans and receivables are included in Trade receivables and Other receivables in the balance sheet. Loans are recognised initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, loans are stated at amortised cost using the effective yield method less any impairment, if any. Short term loans and receivables without a determined interest rate are evaluated with the invoice amount if the effective interest rate is negligible.

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

b) Available-for-sale investments

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale. These are included in non-current assets, unless management has expressed the intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. The Company management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All financial investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investments, and subsequently carried at fair value. The financial assets which the Company has shares less than 20% and are classified as available-for-sale investments are carried at market value when there is quoted market price, they are carried at fair value by using generally accepted valuation techniques, when there is no active market for the financial asset. When there is no quoted market price, and when a reasonable estimate of fair value could not be determined as a result of being other methods inappropriate and unworkable, available-for-sale investments acquired before 1 January 2005 are carried at cost expressed in purchasing power of TL as at 31 December 2004 and available-for-sale investments acquired after 1 January 2005 are carried at cost, less impairment losses, if any (Note 7). Unrealized gains and losses arising from changes in fair value of securities classified as available-for-sale are recognised in the equity, rather than statement of comprehensive income until the related financial asset is derecognised. Change in fair value of available-for-sale investments is calculated as the difference between the discounted acquisition cost and the current fair value. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the Company’s right to receive payments is established.

When securities classified as available-for-sale are derecognised, the accumulated fair value adjustments in equity are recognised in the statement of comprehensive income. In the case of investments classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered as an indicator that the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss-is removed from equity and recognised in the statement of income. Impairment losses recognised in the statement of comprehensive income on investments are not reversed through the statement of comprehensive income.

2.6.8 Earnings per share

Earnings per share disclosed in the statement of comprehensive income are determined by dividing net income for the year by the weighted average number of shares that have been outstanding during the year concerned (Note 36).

Companies can increase their share capital by making a pro-rata distribution of shares (“Bonus Shares”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year.

In case of dividend distribution, earnings per share is calculated by dividing net income by the number of shares, rather than dividing by weighted average number of shares outstanding.

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

2.6.9 Subsequent events

Subsequent events, announcements related to net profit or even declared after other selective financial information has been publicly announced, include all events that take place between the balance sheet date and the date when balance sheet was authorised for issue (Note 40).

In the case that events require a correction to be made occur subsequent to the balance sheet date, the Company makes the necessary corrections to the financial statements. Moreover, the events that occur subsequent to the balance sheet date and that do not require a correction to be made are disclosed in accompanying notes, where the decisions of the users of financial statements are affected.

2.6.10 Provisions, contingent liabilities and contingent assets

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

In cases where the time value of money is material, provisions are determined as the present value of expenses required to be made to settle the liability. The rate used to discount provisions to their present values is determined considering the interest rate in the related markets and the risk associated with the liability. The discount rate must be pre-tax and does not consider risks associated with future cash flow estimates. In cases where the time value of money is material and the provisions approach to their expected realisation date, the increase in the provision due to passage of time is recognised as interest expense in the statement of comprehensive income.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are treated as contingent assets or liabilities. The Company does not recognise contingent assets and liabilities (Note 22). Provisions are not recognised for future operating losses.

2.6.11 Accounting policies, errors and change in accounting estimates

Material changes in accounting policies and accounting errors are applied on a retrospective basis as if a prior period error had never occurred or the policy had always been applied. The effect of changes in accounting estimate shall be recognised prospectively by including it in the statement of comprehensive income within the period of the change, if the change affects that period only; or period of the change and future periods, if the change affects both.

a) The followings are the changes in accounting estimates effective since 1 January 2012:

- The Company management assessed the useful lives of property, plant and equipments and changed useful lives of buildings and land improvements, machinery and equipment as of 1 January 2012. The effect of change in accounting estimate is recognised prospectively. Had the Company management not changed the estimation, the depreciation expense for the year ended 31 December 2012, would be higher by TL3.374.444.

Useful lives of buildings and land improvements, machinery and equipment have been updated as below:

	Estimated Useful Lives	
	Before Change	After Change
Buildings and land improvements	15-50 years	5-30 years
Machinery and equipment	5-30 years	5-20 years

- The Company management has changed certain actuarial assumptions and estimations for employment termination benefits provision as of 1 January 2012. The effect of change in accounting estimate is recognised prospectively. Had the Company management not changed the estimations, the provision for employment termination benefits for the year ended 31 December 2012, would be lower by TL746.968.

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b) Prior year corrections:

- In 2012, the Company identified certain corrections regarding measurement of property, plant and equipments, deferred income tax and revaluation fund in prior years. The Company, according to IAS 8 “Accounting policies, changes in accounting estimates and errors” (“IAS 8”), and corrected them without restating prior year financial statements on the grounds of materiality as of 1 January 2012.

Understatement in property, plant and equipment (Note 18)	27.036
Understatements of deferred income tax liability (Note 35)	(3.842)
Overstatements of revaluation fund (Note 18)	846.722
Total effect on retained earnings	(869.916)
Total effect on equity	23.194

2.6.12 Related parties

For the purpose of these financial statements, shareholders having control, joint control or significant influence over the Company, Yaşar Group Companies, key management personnel and board members, and their close family members, in each case together with and companies controlled, jointly controlled or significantly influenced by them are considered and referred to as related parties (Note 37).

2.6.13 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that takes strategic decisions.

The chief operating decision makers regularly monitor and review the operational results based on the main products’ performances in domestic and foreign markets. However, as the nature of the products, production processes, type of customers, distribution methods and regulatory environment for the operations of the Company are identical, and the operations performed in foreign markets is not material, segment reporting is not applicable.

2.6.14 Leases

(1) The Company as the lessee

Finance Leases

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property net off any tax incentives received, if any, or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other liabilities (Note 8). The interest element of the finance cost is charged to the statement of comprehensive income over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the lower of useful life or the lease period of the asset (Note 18).

Operating Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

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(2) The Company as the lessor

Operating Leases

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. Rental income is recognised on a straight-line basis over the lease term in the statement of comprehensive income.

2.6.15 Taxation on income

The tax expense for the period comprises current and deferred income tax. The current income tax liability includes the taxes payable calculated on the taxable portion of the period income with tax rates enacted on the balance sheet date (Note 35). The adjustments related to prior period tax liabilities are recognised in other operating expenses.

Deferred income tax income or expense is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In case, when the tax is related to items recognized directly in equity and other comprehensive income, the tax is also recognized in equity and other comprehensive income.

Deferred income tax assets or liabilities are reflected to the financial statements to the extent that they will provide an increase or decrease in the taxes payable for the future periods where the temporary differences will be reversed, using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled as of the balance sheet date (Note 35).

Deferred income tax liabilities are recognized for all taxable temporary differences, where deferred income tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. To the extent that deferred income tax assets will not be utilised, the related amounts have been deducted accordingly (Note 35).

2.6.16 Provision for employment termination benefits

In accordance with the Turkish Labor Law, the Company is required to make lump-sum termination indemnities to each employee whose employment is terminated due to retirement or for reasons other than resignation or misconduct and who has completed at least one year of service. Provision is made for the present value of the defined benefit obligation calculated using the projected unit credit method. All actuarial gains and losses are recognised in the statement of comprehensive income (Note 24).

The Company allocates bonus for the management and board of directors and recognises a provision during the related year with respect to this bonus (Note 22.a).

2.6.17 Statement of cash flow

In the statement of cash flows, cash flows are classified into three categories as operating, investment and financing activities. Cash flows from operating activities are those resulting from the Company's production and sales activities. Cash flows from investing activities indicate cash inflows and outflows resulting from property, plant and equipments and financial investments. Cash flows from financing activities indicate the resources used in financing activities and the repayment of these resources. For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash in hand accounts, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months.

2.6.18 Share capital and dividends

Ordinary shares are classified as equity. Dividends payable on shares are recognised as an appropriation of the profit in the period in which they are declared. Dividend income is recognized when the Company's right to receive the payment is established.

2.6.19 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The derivative financial instruments of the Company consist of foreign currency derivative swap transactions (Note 8).

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Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Foreign currency and interest expenses arising from the difference between the fair value of such instrument and the initial recognition is recognized as finance income (Note 32) and finance expenses in the statement of comprehensive income (Note 33).

2.6.20 Critical accounting estimates and judgements

Preparation of financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognised as of the balance sheet date, disclosures of contingent assets and liabilities and the amount of revenue and expenses reported. Although these estimates and assumptions rely on the Company management's best knowledge about current events and transactions, actual outcomes may differ from those estimates and assumptions. Significant estimates of the Company management are as follows:

a) Income taxes

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and significant judgment is required in determining the provision for income taxes. The Company recognises tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

b) Fair value determination of available-for-sale investments

The generally accepted valuation techniques used in fair value determination of available-for-sale investments for which there is no quoted market price exists, consist of several assumptions, which are based on the management's best estimates and fair value available-for-sale investments could be different when the purchase/sales of the transactions incurred (Note 7).

c) Impairment test of goodwill and distribution network recognised as investments in associates

The Company management used several estimations and assumptions in the impairment test of assets in the impairment tests which are based on discounted cash flow technique as stated in IAS 36 "Impairment of Assets" (Note 16).

d) Revaluation of land, buildings and land improvements, machinery and equipments

As of 31 December 2012, land and land improvements, buildings, machinery and equipment were stated at fair value less subsequent depreciation of land improvements, buildings, machinery and equipment, based on valuations performed by external independent valuer namely Vakıf Gayrimenkul Değerleme A.Ş. based on the Company's assumption that those values do not significantly differ from their fair values as of 31 December 2011 (Note 18). As there were no recent similar buying/selling transactions nearby, revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements and machinery and equipment were based on the method of cost approach and based on the following valuation techniques and assumptions;

- Revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements and machinery and equipment were based on the method of cost approach, considering existing utilization of the aforementioned property, plant and equipments are consistent to the highest and best use approach.
- In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m² sale value was determined for lands subject to the valuation. The similar pieces of land found were compared in terms of location, accessibility, size, settlement status, changes in settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the estate market, also, current information and experience of the professional valuation company was utilized.
- In the cost approach method, fair value of the buildings and land improvements was calculated by considering recent re-construction costs and related depreciation. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components.

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

- Regarding the valuation of the machinery and equipment, technologic conditions, economic and commercial useful life, capacities, technological and actual tear, commercial attributes and industrial positions as well as dismantling and assembling costs were taken into account.
- Since a fully integrated industrial plant was in discussion, the revaluation work was performed based on all the active and functioning assets in the integrated plant rather than taking as basis the data for the second-hand market within the scope of the valuation of the machinery and equipment. Such machinery and equipment were reviewed and assessed by their line.

The carrying values of land, land improvements, buildings, machinery and equipment do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties.

As of initial recognition and as of balance sheet date, the Company performs impairment assessment for buildings, land improvements and machinery and equipment of which valuations are based on cost approach, accordance with the "IAS 36 Impairment of Assets", and no impairment indicator is identified.

NOTE 3 - BUSINESS COMBINATIONS

None (2011: None).

NOTE 4 - JOINT VENTURES

None (2011: None).

NOTE 5 - SEGMENT REPORTING

Please see Note 2.6.13

NOTE 6 - CASH AND CASH EQUIVALENT

	31 December 2012	31 December 2011
Cash in hand	37.228	57.062
Banks	443.368	4.074.816
- demand deposits	103.368	285.816
- time deposits	340.000	3.789.000
	480.596	**4.131.878**

As of 31 December 2012, time deposits amounting to TL340.000 (2011: TL3.789.000) mature less than one month (2011: less than one month) and bear the effective weighted average interest rates of 7,18% per annum ("p.a.") (2011: 11,40% p.a.).

Demand deposits at 31 December 2012 include foreign currency denominated balances comprised of USD219, equivalent of TL390 (2011: USD4.526, equivalent of TL8.549), whereas cash in hand at 31 December 2012 comprised of USD2.105 and EUR4.305, equivalent of TL13.876 (2011: USD1.910 and EUR3.000, equivalent of TL10.939).

Based on the independent data with respect to the credit risk assessment of the banks, at which the Company has deposits, the credit quality of the banks is sufficient. The market values of cash and cash equivalents approximate carrying values, including accrued income at the respective balance sheet date.

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NOTE 7 - FINANCIAL ASSETS

a) Available-for-sale investments:

	31 December 2012		31 December 2011	
	TL	%	TL	%
Yataş	620.014	1,76	346.278	1,76
Bintur Turizm ve Catering Hizmetleri A.Ş. ("Bintur")	67.131	1,33	57.093	1,33
	687.145		**403.371**	

Yataş and Bintur were stated at their fair values which were determined based on one of the generally accepted valuation methods, based on discounted cash flows.

As of 31 December 2012 and 2011, the discount and growth rates used in discounted cash flow models are as follows;

	Discount rate		Growth rate	
	2012	2011	2012	2011
Bintur	9,60%	11,06%	1%	1%
Yataş	7,58%	9,07%	0%	0%

Movements of available-for-sale investments in 2012 and 2011 are as follows;

	2012	2011
1 January	**403.371**	**519.786**
Fair value change - Yataş	9.469	(113.502)
Fair value change - Bintur	10.038	(2.913)
Contribution to the capital increase of Yataş	264.267	-
31 December	**687.145**	**403.371**

Movements of fair value reserve of available-for-sale investments in 2012 and 2011 are as follows:

1 January	**30.386**	**123.518**
Change in fair value - net	19.507	(116.415)
Deferred income tax effect on fair value reserve of available-for-sale investments (Note 35)	(3.901)	23.283
31 December	**45.992**	**30.386**

b) Other financial assets

As of 31 December 2012, other financial assets amounting to TL1.845.185 (2011: TL2.345.784) consist of receivables from derivative financial instruments, and have been further disclosed in Note 8.

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NOTE 8 - FINANCIAL LIABILITIES

	31 December 2012	31 December 2011
Short-term bank borrowings	124.460	21.922.678
Short-term portion of long-term bank borrowings	11.944.129	231.629
Derivative financial assets	(1.845.185)	(2.345.784)
Short-term financial liabilities ve derivative financial assets	**10.223.404**	**19.808.523**
Long-term bank borrowings	-	12.219.000
Long-term financial liabilities and derivative financial assets	-	12.219.000
Total financial liabilities and derivative financial assets	**10.223.404**	**32.027.523**

a) Bank borrowings and other financial liabilities:

	Effective weighted average interest rate p.a. %		Original currency		TL equivalent	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Short-term bank borrowings:						
EUR borrowings (*)	-	5,54	-	5.049.684	-	12.340.418
USD borrowings (**)	-	6,20	-	5.072.931	-	9.582.260
TL borrowings (***)	-	-	124.460	-	124.460	-
					124.460	**21.922.678**
Short-term portion of long-term bank borrowings:						
Short-term portion of long-term EUR borrowings (****)	6,05	7,34	5.078.934	94.782	11.944.129	231.629
Total short-term bank borrowings					**12.068.589**	**22.154.307**
Derivative financial assets:						
Cross currency swaps	-	-	(1.845.185)	(2.345.784)	(1.845.185)	(2.345.784)
Total short-term bank borrowings and derivative financial assets					**10.223.404**	**19.808.523**
Long-term bank borrowings:						
EUR borrowings (****)	-	7,34	-	5.000.000	-	12.219.000
Total long-term bank borrowings					**-**	**12.219.000**

(*) As of 31 December 2011, there is EUR denominated short-term bank borrowings at three months floating interest rates of Euribor +3.75% p.a.

(**) As of 31 December 2011, there is USD denominated short-term bank borrowings at fixed interest rates of 6.20% p.a.

(***) TL denominated short-term bank borrowings as of 31 December 2012 consists of interest-free spot (2011: TL short-term borrowings consist of spot borrowing without interest charge).

(****) As of 31 December 2012, there is EUR denominated long term bank borrowings at six months floating interest rates of Euribor +5.60% p.a. (2011: at six months floating interest rates of Euribor +5.60% p.a.).

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NOTE 8 - FINANCIAL LIABILITIES (Continued)

Based on the loan agreement undersigned on 27 September 2006 between the Company and Morgan Stanley Bank International Limited, the Company received a borrowing EUR5.000.000 with a maturity date of 27 September 2013 and with an interest rate of Euribor +5,60% p.a. Yaşar Holding A.Ş., Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş., Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş., Viking Kağıt ve Selüloz A.Ş., Pınar Süt Mamülleri Sanayii A.Ş., Pınar Su Sanayi ve Ticaret A.Ş., Dyo Boya Fabrikaları Sanayi ve Ticaret have undersigned this loan agreement as the guarantors of this borrowing obtained. With respect to a long term borrowing of EUR5.000.000, the Company signed a cross currency swap agreement with Morgan Stanley & Co. International Limited together with the undersigned International Limited and International Swaps and Derivatives Association ("ISDA") master agreements, related appendices and corresponding swap confirmation documents. In line with this agreement, the Company swapped the borrowing amounting to EUR5.000.000 with the interest rate of Euribor + 5,60% p.a. with a currency swap amounting to TL9.745.000, using the interest rate of TL swap curve + 8,50% p.a. The gain or loss relating to the cross currency swaps is recognized in the statements of comprehensive income in finance income and finance expenses. The notional principal amount of the cross currency swap amounts to TL21.503.500 as at 31 December 2012 (2011: TL21.964.000).

The loan agreement signed with Morgan Stanley International Limited is subject to covenant clauses, whereby Yaşar Holding, is required to meet certain key performance indicators. Considering any non- compliance with the certain key performance indicators for 2012, Yaşar Holding obtained a waiver from Morgan Stanley International Limited on 23 November 2012 stating that the Company will continue to make its payments in line with the original redemption schedule, which is in 2013, and conditions as stated in the loan agreement.

Guarantees given related with the bank borrowings and financial liabilities are stated in Note 22.

The redemption schedule of long-term bank borrowings at 31 December 2011 is as follows:

	31 December 2012	31 December 2011
2013	-	9.745.000
	-	**9.745.000**

The carrying amounts of the bank borrowings including derivative financial instruments, with floating and fixed rates which were classified in terms of periods remaining to contractual repricing dates are as follows:

	Up to 3 months	Total
31 December 2012:		
Bank borrowings with floating rates	10.098.944	10.098.944
Bank borrowings with fixed rates	-	124.460
Total	**10.098.944**	**10.223.404**

	Up to 3 months	Total
31 December 2011:		
Bank borrowings with floating rates	22.445.264	22.445.264
Bank borrowings with fixed rates	-	9.582.259
Total	**22.445.264**	**32.027.523**

According to the interest rate sensitivity analysis performed at 31 December 2012, if interest rates on bank borrowings had been 1% higher while all other variables being constant, net profit for the year would be TL 25.445 (2011: TL25.175) lower as a result of additional interest expense that would be incurred on bank borrowings with floating rates.

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NOTE 8 - FINANCIAL LIABILITIES (Continued)

The carrying amounts and fair values of borrowings are as follows:

	Carrying Amounts		Fair Values	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Bank borrowings other financial liabilities-net	10.223.404	32.027.523	10.247.757	31.278.378

The fair values are based on cash flows discounted using the rate based on the TL borrowing rate of 14.42% p.a. (2011: The fair values are based on cash flows discounted using the rate based on the borrowing respectively for TL, EUR and USD denominated bank borrowings as of 31 December 2011 are 16,58% p.a., 4,62% p.a. ve 4,75% p.a.).

NOTE 9 - OTHER FINANCIAL LIABILITIES

None (2011: None).

NOTE 10 - TRADE RECEIVABLES AND PAYABLES

	31 December 2012	31 December 2011
a) Short-term trade receivables:		
Customer current accounts	13.418.986	10.752.813
Cheques and notes receivable	5.005.359	5.797.349
	18.424.345	**16.550.162**
Less: Provision for impairment of receivables	(303.499)	(303.499)
Unearned finance income	(127.163)	(176.869)
	17.993.683	**16.069.794**

The effective weighted average interest rate on TL denominated trade receivable is 7,57% as of 31 December 2012, (2011: 11,00%) maturing within two months (2011: within one month).

The agings of trade receivables as of 31 December 2012 and 2011, over which no provision for impairment is provided, are as follows:

	31 December 2012	31 December 2011
Overdue	2.089.989	688.207
0-30 days	6.629.594	7.925.835
31-60 days	6.873.270	5.761.100
61-90 days	687.471	505.400
91days and over	1.713.359	1.189.252
	17.993.683	**16.069.794**

As of 31 December 2012, trade receivables of TL2.089.989 (2011: TL688.207), over which no provision for impairment is provided, were past due. The Company management does not expect any collection risk regarding those receivables based on its past experience (Note 38.a).

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NOTE 10 - TRADE RECEIVABLES AND PAYABLES (Continued)

The aging of overdue receivables as of 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
0-30 days	2.089.989	688.207
	2.089.989	**688.207**
b) Short-term trade payables		
Supplier current accounts	46.943.441	44.835.108
Cheques	812.500	925.335
	47.755.941	**45.760.443**
Less: Unincurred finance cost	(128.867)	(180.728)
	47.627.074	**45.579.715**

As of 31 December 2012 and 2011, the effective weighted average interest rate TL, USD and EUR denominated on short-term trade payables are as below:

TL denominated trade payables	7,56%	11,00%
USD denominated trade payables	2,21%	0,36%
EUR denominated trade payables	2,91%	1,04%

Trade payables mature within one month (2011: one month).

NOTE 11 - OTHER RECEIVABLES AND PAYABLES

	31 December 2012	31 December 2011
a) Other short-term receivables:		
VAT receivables	-	1.673.609
Other	29.288	32.752
	29.288	**1.706.361**
b) Long-term other receivables		
Deposits and guarantees given	-	**131**
c) Short-term other payables		
Deposits and guarantees received	**30.000**	**102.106**

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NOTE 12 - RECEIVABLES AND PAYABLES FROM FINANCE SECTOR OPERATIONS

None (2011: None).

NOTE 13 - INVENTORIES

	31 December 2012	31 December 2011
Raw materials	6.240.242	6.516.345
Raw materials in transit	878.365	1.350.074
Work in progress	11.899.362	12.709.387
Finished goods	7.730.127	8.579.234
Spare parts	3.184.513	2.716.504
Other (*)	577.583	417.792
	30.510.192	**32.289.336**

(*) Other stocks mainly consists of palettes.

The costs of inventories recognised as expense and included in cost of sales amounted to TL296.906.638 (2011: TL283.014.775) (Note 30). Inventories are carried at cost, and there are no inventories valued at fair value less costs to sell.

NOTE 14 - BIOLOGICAL ASSETS

None (2011: None).

NOTE 15 - CONSTRUCTION CONTRACT RECEIVABLES

None (2011: None).

NOTE 16 - INVESTMENTS IN ASSOCIATES ACCOUNTED FOR USING EQUITY METHOD

Investments-in-associates:

	31 December 2012		31 December 2011	
	TL	%	TL	%
YBP	80.163.710	38,05	82.486.931	38,05
Çamlı Yem	17.311.323	23,38	19.455.048	23,38
Desa Enerji	6.018.887	26,41	4.858.544	26,41
Pınar Foods	3.715.751	44,94	3.697.508	44,94
	107.209.671		**110.498.031**	

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NOTE 16 - INVESTMENTS IN ASSOCIATES ACCOUNTED FOR USING EQUITY METHOD (Continued)

Movement in investments-in-associates during the years are as follows:

	2012	2011
1 January	**110.498.031**	**106.839.645**
Increase in fair value reserves- net	2.316.719	810.973
Share of profit/(loss) before taxation of investments-in-associates	1.389.431	11.458.804
Share of income taxation on investments-in-associates	(277.886)	(2.291.760)
Increase in revaluation reserve of investments-in-associates - net	-	3.769.839
Cash flow hedge - net	(67.684)	(162.253)
Dividend income from investments-in-associates	(6.496.491)	(10.632.887)
Currency translation reserve	(137.870)	685.980
Inventory profit elimination	(14.579)	19.690
31 December	**107.209.671**	**110.498.031**

The Company acquired 23% (equivalent to 4.601.731.996 units of shares) and 6% (equivalent to 4.801.800.000 units of shares) of YBP shares in 2004 and in 2005, in consideration of TL25.175.996 and TL8.167.862 respectively. Together with these acquisitions, the shares of the Company in YBP increased from 9,26% to 32,26% and then, to 38,26% gradually. The fair values regarding to purchases of 23% and 6% of YBP shares are based on the valuation range determined by an independent valuer.

The distribution network, which is a component of fair value and stated in the financial statements as a result of acquisition of the associate, is not capable of being separated or divided from the entity and sold, transferred, licensed or exchanged, either individually or together with a related contract, asset or liability; or arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations, thus it is included in the goodwill generated from the acquisition. As of 31 December 2012, distribution network and the goodwill amounted to TL 39.162.384 (2011: TL39.162.384). As of 31 December 2011, the Company performed an impairment test for the distribution network and goodwill in accordance with IAS 36 by using discounted cash flow method, and based on the impairment test, no impairment has been identified. The discount rate applied for the discounted cash flow is 8,60% p.a. whereas the growth rate is 1% p.a. (2011: The discount rate applied for the discounted cash flow is 10,06% p.a. whereas the growth rate is 1% p.a.).

Movement of fair value in investments-in-associates during the years are as follows:

	2012	2011
1 January	**6.262.905**	**5.451.932**
Change in fair value- net (Çamlı Yem)	150.699	47.044
Change in fair value- net (YBP)	2.166.020	763.929
31 December	**8.579.624**	**6.262.905**

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NOTE 16 - INVESTMENTS IN ASSOCIATES ACCOUNTED FOR USING EQUITY METHOD (Continued)

The financial information of the investments-in-associates accounted by equity method are as follows:

	31 December 2012			31 December 2011		
	Assets	Liabilities	Profit/(loss) for the year	Assets	Liabilities	Profit for the year
YBP	348.852.634	240.507.505	5.344.195	344.096.708	229.684.187	20.944.618
Çamlı Yem	210.921.375	136.878.079	(9.247.351)	174.364.619	91.152.267	2.323.938
Desa Enerji	25.987.656	3.197.476	4.393.568	21.536.172	3.139.566	1.017.269
Pınar Foods	11.635.476	3.367.228	177.499	9.704.011	1.476.356	858.076

NOTE 17 - INVESTMENT PROPERTY

None (2011: None).

NOTE 18 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment and accumulated depreciation between 1 January and 31 December 2012 were as follows:

	1 January 2012 Opening	Additions (*)	Disposals	Transfers	31 December 2012 Closing
Cost/revaluation:					
Land	54.816.000	-	-	-	54.816.000
Buildings and land improvements	50.650.000	201.660	-	-	50.851.660
Machinery and equipment	51.896.827	7.711.153	-	81.633	59.689.613
Furniture and fixtures	29.891.640	2.619.864	(1.363.596)	-	31.147.908
Motor vehicles	2.079.101	81.768	(119.315)	-	2.041.554
Construction in progress	165.115	109.683	-	(81.633)	193.165
	189.498.683	**10.724.128**	**(1.482.911)**	**-**	**198.739.900**
Accumulated depreciation:					
Buildings and land improvements	-	(1.373.270)	-	-	(1.373.270)
Machinery and equipment	-	(4.379.916)	-	-	(4.379.916)
Furniture and fixtures	(23.451.009)	(1.526.109)	1.236.668	-	(23.740.450)
Motor vehicles	(1.953.051)	(66.285)	119.315	-	(1.900.021)
	(25.404.060)	**(7.345.580)**	**1.355.983**		**(31.393.657)**
Net book value	**164.094.623**				**167.346.243**

(*) See Note 2.6.11

Main additions to machinery and equipment in 2012 are related with the investments to production line of delicatessen products whereas main additions to furniture and fixtures are related with the fridge purchases.

Leased machinery and equipment, leased furniture and fixtures, leased motor vehicles has been merge with the related fixed asset line item since the leasing obligation of the Company has been matured.

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NOTE 18 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements of property, plant and equipment and accumulated depreciation between 1 January and 31 December 2011 were as follows:

	1 January 2011 Opening	Additions	Disposals	Transfers	Revaluation	Reversal of impairment (Not 31.b)	31 December 2011 Closing
Cost/revaluation:							
Land	48.851.000	-	-	-	5.965.000	-	54.816.000
Buildings and land improvements	44.446.673	197.152	-	486.737	5.519.438	-	50.650.000
Machinery and equipment	45.875.790	2.939.051	(98.033)	93.848	2.993.973	92.198	51.896.827
Furniture and fixtures	28.512.201	1.485.322	(105.883)	-	-	-	29.891.640
Motor vehicles	2.148.044	23.998	(92.941)	-	-	-	2.079.101
Construction in progress	38.548	707.152	-	(580.585)	-	-	165.115
	169.872.256	**5.352.675**	**(296.857)**	**-**	**14.478.411**	**92.198**	**189.498.683**
Accumulated depreciation:							
Buildings and land improvements	(3.090.976)	(1.430.483)	-	-	4.521.459	-	-
Machinery and equipment	(9.460.346)	(5.120.519)	7.352	-	14.573.513	-	-
Furniture and fixtures	(22.184.118)	(1.364.448)	97.557	-	-	-	(23.451.009)
Motor vehicles	(1.954.041)	(91.617)	92.607	-	-	-	(1.953.051)
	(36.689.481)	**(8.007.067)**	**197.516**	**-**	**19.094.972**	**-**	**(25.404.060)**
Net book value	**133.182.775**						**164.094.623**

The Company eliminated the accumulated depreciation against the gross carrying amount of the relevant asset, in line with IAS 16 "Property, plant and equipment" and accordingly revised the movements of property, plant and equipment for the comparative period, accordingly.

As of 31 December 2012 and 2011, the Company has no mortgages given for loans obtained from several financial institutions (2011: None).

Current year's depreciation and amortisation charges were allocated to cost of goods sold by TL5.492.597 (2011: TL6.122.686), to the cost of inventories by TL128.996 (2011: TL116.641), to general administrative expenses by TL587.569 (2011: TL539.359) (Note 29), to selling and marketing expenses by TL1.149.857 (2011: TL1.056.511) (Note 29), to research and development expenses by TL51.412 (2011: TL213.012).

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NOTE 18 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in revaluation reserve related to land, buildings, land improvements, machinery and equipments as of 31 December 2012 and 2011 were as follows:

1 January 2011	**73.292.549**
Depreciation on revaluation reserve transferred to retained earnings	(3.025.398)
Deferred income tax calculated on depreciation transfer transferred to retained earnings	605.080
Depreciation transfer of investments-in-associates - net	(1.084.232)
Increase in revaluation reserve arising from revaluation of machinery and equipment	17.567.486
Increase in revaluation reserve arising from revaluation of land, buildings and land improvements	16.005.897
Deferred income tax calculated on increase in revaluation reserve (Note 35)	(5.819.927)
Increase in revaluation reserves of investments-in-associates - net	3.769.839
31 December 2011 - previously reported	**101.311.294**
Correction (See Note 2 "Prior year corrections")	(846.722)
Depreciation transfer of investments -in-associates-net	(246.282)
Depreciation on revaluation reserve transferred to retained earnings	(3.566.789)
Deferred income tax calculated on depreciation transfer transferred to retained earnings	713.358
31 December 2012	**97.364.859**

The carrying amounts of each class of property, plant and equipments that would have been recognised if the assets have been carried under the cost model at 31 December 2012 and 2011, are as follows:

31 December 2012:	**Land**	**Land improvements and buildings**	**Machinery and equipment**
Cost	11.383.443	26.498.241	107.079.992
Less: Accumulated depreciation	-	(13.925.016)	(80.573.950)
Net book value	**11.383.443**	**12.573.225**	**26.506.042**

31 December 2011:	**Land**	**Land improvements and buildings**	**Machinery and equipment**
Cost	11.383.443	26.296.581	99.287.206
Less: Accumulated depreciation	-	(13.540.870)	(78.771.699)
Net book value	**11.383.443**	**12.755.711**	**20.515.507**

NOTE 19 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortisation for the years ended 31 December 2012 and 2011 were as follows:

	1 January 2012 Opening	**Additions**	**31 December 2012 Closing**
Costs:			
Rights	17.406.293	29.405	17.435.698
Accumulated amortisation	(17.265.131)	(64.851)	(17.329.982)
Net book value	**141.162**	**(35.446)**	**105.716**

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NOTE 19 - INTANGIBLE ASSETS (Continued)

	1 January 2011 Opening	Additions	31 December 2011 Closing
Costs:			
Rights	17.280.494	125.799	17.406.293
Accumulated amortisation	(17.223.989)	(41.142)	(17.265.131)
Net book value	**56.505**	**84.657**	**141.162**

NOTE 20 - GOODWILL

None (2011: None).

NOTE 21 - GOVERNMENT GRANTS

In the scope of Turquality Project implemented in 2012 and 2011 by Undersecreteriat of Foreign Trade to support brandization of products made in Turkey in foreign markets and to settle the image of Turkish goods, the Company was provided TL86.865 (2011: TL83.806) government incentive. The incentive amount is accounted as other income.

NOTE 22 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

	31 December 2012	31 December 2011
a) Short-term provisions:		
Management bonus accruals	1.148.549	864.241
Provision for seniority incentive bonus	134.784	86.964
Provision for litigations	60.200	60.200
Other	20.678	-
	1.364.211	**1.011.405**

Movement of management bonus accruals during the year is as follows:

	2012	2011
1 January	**864.241**	**856.946**
Provision for management bonus (Note 29.b)	500.000	500.000
Payment of management bonus	(215.692)	(492.705)
31 December	**1.148.549**	**864.241**

b) Long-term provisions:		
Provisions for seniority incentive bonus	**223.934**	**208.512**

c) Guarantees given:		
Bails	654.834.000	690.513.500
Letters of guarantee	1.344.559	781.289
	656.178.559	**691.294.789**

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NOTE 22 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES (Continued)

As of December 2012 and 2011, guarantees given are mainly related with joint guarantees provided by the Company along with Yaşar Holding A.Ş., Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş., Dyo Boya Fabrikaları Sanayi ve Ticaret A.Ş., Viking Kağıt ve Selüloz A.Ş., Pınar Su Sanayi ve Ticaret A.Ş., Pınar Süt Mamülleri Sanayii A.Ş. ve Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. for repayment of borrowings obtained by Yaşar Group companies from international capital markets amounting to EUR70.000.000 and USD275.000.000, equivalent of TL654.834.000 (2011: EUR70.000.000 and USD275.000.000, equivalent of TL690.513.500).

The collaterals, pledges and mortgages ("CPM") position of the Company for the years ended 31 December 2012 and 2011 were as follows:

	31 December 2012			31 December 2011		
	Currency	Amount	TL Equivalent	Currency	Amount	TL Equivalent
CPM provided by the Company:						
A. Total amount of CPM given for the Company's own legal personality	TL	1.344.559	1.344.559	TL	781.289	781.289
B. Total amount of CPM given on behalf of fully consolidated companies	-	-		-	-	
C. Total amount of CPM given for continuation of its economic activities on behalf of third parties	-	-		-	-	
D. Total amount of other CPM			**654.834.000**			**690.513.500**
i. Total amount of CPM given to on behalf of the majority shareholder			445.650.000			472.225.000
	USD	*250.000.000*	*445.650.000*	*USD*	*250.000.000*	*472.225.000*
ii. Total amount of CPM given to on behalf of other Group companies which are not in scope of B and C			**209.184.000**			**218.288.500**
	USD	25.000.000	44.565.000	*USD*	25.000.000	47.222.500
	EUR	70.000.000	164.619.000	*EUR*	70.000.000	171.066.000
iii. Total amount of CPM given on behalf of third parties which are not in scope of C		-	-		-	-
TOTAL			**656.178.559**			**691.294.789**
Total amount of other CPM/Equity			207%			222%

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NOTE 22 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES (Continued)

	31 December 2012			31 December 2011		
	Currency	Amount	TL Equivalent	Currency	Amount	TL Equivalent
d) Guarantees received:						
Bails	EUR	5.000.000	11.758.500	EUR	5.000.000	12.219.000
Mortgages	TL	200.000	200.000	TL	562.000	562.000
Letters of guarantee	TL	923.000	923.000	TL	436.000	436.000
	EUR			EUR	57.360	140.176
Guarantee notes	USD	59.000	105.173	USD	59.000	111.445
	TL	5.000	5.000			
			12.991.673			**13.468.621**

e) Contingent liabilities

Based on negotiations with Kemalpaşa Municipality Housing Department regarding the 1/1000 scaled building development scheme dated 27 February 2008, it has been identified that the plots in Kemalpaşa - İzmir, the site of the Company's land, buildings and land improvements, are located within an industrial zone. As of 31 December 2012, the fair value of the aforementioned properties located on the plots amounts to TL90.378.614. This plan was announced by the Industry and Trade Office of İzmir within July 2008. If the building development scheme comes into force, Kemalpaşa Municipality may reduce the legal area on the title deeds of those properties. In consideration of time consuming process, it is not possible to make a reliable estimation therefore the amount of any possible reduction over those plots cannot be reliably estimated. The Company management assumes that the impact of such reduction will be immaterial to the financial statements.

f) Major litigations

Based on the result of the tax inspection by Ministry of Finance, İzmir Hasan Tahsin Tax Office initiated a legal action against the Company and charged tax penalties amounting to TL1,628,950 comprising of TL659.119 VAT penalty and TL969.831 tax loss penalty for the transactions in fiscal years in between 2006 and 2011. The Company applied to İzmir Tax Court for cancellation of those tax penalties which resulted in favour of the Company. Tax Office applied to the supreme court and the case is pending at the Court of Appeal as of 31 December 2012. The Company management and legal counselor of the Company believe that the likelihood of losing the cases is considered to be remote. As a result, no provision was accounted for in the financial statements as of 31 December 2012.

NOTE 23 - COMMITMENTS

As of 31 December 2012, the Company has purchase commitments amounting to TL418.097, equivalent of EUR177.785 relating to 395.569 m^2 of packaging material (2011: TL499.078, equivalent of EUR204.222 relating to 454.393 m^2 of packaging material).

NOTE 24 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS

	31 December 2012	31 December 2011
Provision for employment termination benefits	9.892.871	6.877.385
	9.892.871	**6.877.385**

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL3.033,98 for each year of service as of 31 December 2012. (2011: TL2.731,85). The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees with certain actuarial assumptions.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TL3.129,25 which is effective from 1 January 2013 (1 January 2012: TL2.805,04) has been taken into consideration in calculating the provision for employment termination benefits of the Company which is calculated once in every six months.

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NOTE 24 - PROVISION FOR EMPLOYMENT TERMINATION BENEFITS (Continued)

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

	31 December 2012	31 December 2011
Discount rate (%)	3,50	4,66
Probability of retirement (%)	98,69	98,64

Movements of the provision for employment termination benefits during the years are as follows:

	2012	2011
1 January	**6.877.385**	**6.335.054**
Interest costs	240.708	295.214
Actuarial losses	2.094.379	348.933
Paid during the year	(1.136.829)	(818.595)
Annual charge	1.817.228	716.779
31 December	**9.892.871**	**6.877.385**

The total of interest costs, actuarial losses and annual charge for the year amounting to TL4.152.315 (2011: TL1.360.926) was included in general administrative expenses (Note 29).

NOTE 25 - PENSION PLANS

None (2011: None).

NOTE 26 - OTHER ASSETS AND LIABILITIES

	31 December 2012	31 December 2011
a) Other current assets:		
Prepaid expenses	1.118.454	1.275.496
Income accrual	151.858	177.419
Order advances given	128.852	384.323
Tax and funds deductible	-	586.094
Other	16.645	29.436
	1.415.809	**2.452.768**
b) Other non-current assets:		
Advances for property, plant and equipment purchases	-	109.546
Other	26.218	26.178
	26.218	**135.724**
c) Other current liabilities:		
Witholding taxes and fund payable	2.134.178	1.332.951
Order advances received	146.906	233.959
Expense accrual	14.504	20.996
Payable to personnel	6.143	1.824
Taxes payable - not netted off yet	-	1.673.609
Other	22.061	17.774
	2.323.792	**3.281.113**

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NOTE 27 - EQUITY

The Company adopted the registered share capital system available to companies registered to the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of TL 1. The Company's historical authorised registered capital at 31 December 2012 and 2011 is as follows:

	31 December 2012	31 December 2011
Registered share capital (historical values)	100.000.000	100.000.000
Authorised registered share capital with a nominal value	43.335.000	43.335.000

In Turkey, companies may exceed registered share capital nonrecurringly -except for cash injection- through capital increase from internal sources. Registered share capital may not be exceeded through capital increase by cash injection.

The compositions of the Company's share capital at 31 December 2012 and 2011 were as follows:

	31 December 2012		31 December 2011	
	Share (%)	TL	Share (%)	TL
Yaşar Holding (A, B)	54	23.476.893	54	23.476.893
Pınar Süt (A, B)	13	5.451.752	13	5.451.752
Public quotation (A, B)	33	14.406.355	33	14.406.355
Share capital		**43.335.000**		**43.335.000**
Adjustment to share capital		37.059.553		37.059.553
Total paid-in capital		**80.394.553**		**80.394.553**

Adjustment to share capital amounting to TL37.059.553 (2011: TL37.059.553) represents the remaining amount after net-off the accumulated losses of 2003 from the difference between restated (inflation adjusted) share capital and historical cost of share capital (before inflation adjustment).

There are 4.333.500.000 (2011: 4.333.500.000) units of shares with a face value of Kr1 each (2011: Kr1 each).

The Company's capital is composed of 1.500.000 units of A type bearer share and 4.332.000.000 units of B type bearer share, and the B type bearer shares are traded on ISE. Based on the Company's Articles of Association, the Board of Directors comprises five to nine members elected by the General Assembly from among the Company's shareholders or from outside the Company personnel in accordance with the provisions of the TCC. In the event the Board of Directors comprises five members, three are elected from among candidates nominated by shareholders bearing A type shares, two from those nominated by shareholders bearing B type shares. In the event the Board of Directors comprises seven members, four are elected from among candidates nominated by shareholders bearing A type shares, three from those nominated by shareholders bearing B type shares. In the event the Board of Directors comprises nine members, five are elected from among the candidates nominated by shareholders bearing A type shares, four from those nominated by shareholders bearing B type shares. In addition, the chairman of the board and the executive director are selected from among shareholders of A type shares.

Retained earnings and certain reserves according to the statutory financial statements, other than legal reserves, are available for distribution subject to the legal reserve requirement referred to below:

According to Turkish Commercial Code, interest may not be paid for capital; and profit share may only be distributed from net profit for the period and free reserves. Five percent of the annual profit shall be reserved as general reserve fund until it this sum reaches the twenty percent of the paid-in capital. After reaching this threshold:

a) The portion of the premium arising out of issuance of new shares, which has not been used for issuing expenditures, amortization provisions and charity-related payments.

b) The portion of the amount paid for the common stocks which have been cancelled due to foreclosing after deducting the issuance expenditures of new stocks to be issued instead of those,

c) Ten percent of the total amount to be distributed to persons to get a share from the profit after five percent of dividend is paid to the shareholders shall be added to general legal reserves.

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NOTE 27 – EQUITY (Continued)

General statutory reserve funds shall be spent only on recovering losses, maintaining the activities of the enterprise or preventing unemployment, unless it exceeds half of the share capital or the issued capital. The company allocates reserves in the amount that covers acquisition value of the shares acquired. These reserve funds may only be spent in proportion with the acquisition value of the bought back shares once transferred or extinguished. The article related to revaluation fund states that revaluation funds and other funds included in the liabilities of the company may be spent when converted into capital and when the assets re-evaluated are amortised or transferred.

The articles of association may regulate that more than five percent of the annual profit may be reserved as reserve funds, and that reserve funds may exceed twenty percent of the paid-in capital. Additionally, the articles of association may provide other reserve funds and determine their allocation and in which conditions they may be spent.

Dividends cannot be defined without allocating the contingency reserve according to prediction of law and articles of corporation. General assembly can decide to allocate contingency reserve by predicting law and articles of corporation, if it's necessary to re-provide the assets, when considering the all shareholder's benefits, if company's continuous development and distribution of dividend seems fair. Besides, even there is not any sentence in the core contract; general assembly can reserve capital reserve to set up social rights and welfare organization for its workers, for labor organizations in terms of existence and sustainability of these organisms and other social and charitable purposes.

The aforementioned amounts accounted for under "Restricted Reserves" in accordance with CMB Financial Reporting Standards. At 31 December 2012, the restricted reserves of the Company amount to TL22.448.345 (2011: TL19.928.250). The unrestricted reserves of the Company, amounting to TL41.181.934 (2011: TL38.574.051), is classified in the "Retained Earnings".

In accordance with the Communiqué No: XI-29 and related announcements of CMB "Share Capital", "Restricted Reserves" and "Share Premium" shall be carried at their statutory amounts. The valuation differences (e.g. the differences raises from inflation adjustments) shall be classified as follows:

- the difference arising from the "Paid-in-Capital" and not been transferred to capital yet, shall be classified under the "Inflation Adjustment to Share Capital";
- the difference due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, shall be classified under "Retained Earnings". Other equity items shall be carried at the amounts calculated based on the CMB Financial Reporting Standards.

Capital adjustments differences have no other use other than being transferred to share capital.

Quoted companies are subject to dividend requirements regulated by the CMB as follows:

Based on the CMB Decree No:2/51 dated 27 January 2010, there is no mandatory minimum profit distribution requirement for the quoted entities at the stock Exchange for profits arising from operations in 2009. Regarding the dividend distribution for the current and following years, the entities are to distribute their profits for the current and following years under the scope of CMB Communiqué IV, No:27, their articles of association and their previously publicly declared profit distribution policies. Based on the Articles of Association 5% of the retained earnings after dividend distribution can be allocated to Board of Directors in necessary conditions.

Based on the decision of General Assembly meeting on 14 May 2012, the Company has decided to distribute net income for the year 2011 amounting TL26.867.700 as dividend. As of 31 December 2012 all the dividends were paid. In context of this dividend distribution, Company separate TL2.520.095 from 2011 profit as "Restricted Reserve".

Composition of the equity items subject to the profit distribution as per statutory financial statements of the Company is as follows:

	31 December 2012	31 December 2011
Extraordinary reserves	35.330.530	32.722.647
Retained earnings	8.561.522	8.277.213
Profit for the year	35.401.081	32.495.678
	79.293.133	**73.495.538**

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NOTE 28 - SALES AND COST OF SALES

	1 January - 31 December 2012	1 January - 31 December 2011
Domestic sales	508.235.870	477.025.083
Export sales	7.774.082	5.731.901
Gross Sales	**516.009.952**	**482.756.984**
Less: Discounts	(86.647.418)	(87.139.196)
Returns	(12.919.053)	(11.952.250)
Net Sales	**416.443.481**	**383.665.538**
Cost of sales	**(344.089.735)**	**(323.392.020)**
Gross Profit	**72.353.746**	**60.273.518**

NOTE 29 - MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2012	1 January - 31 December 2011
a) Marketing, selling and distribution expenses:		
Advertisement	12.314.511	12.974.053
Staff costs	2.890.715	2.510.897
Depreciation and amortisation	1.149.857	1.056.511
Outsourced services	1.020.044	839.853
Utilities	1.013.556	1.311.846
Repair and maintenance	953.742	1.036.541
Transportation	480.985	40.674
Rent	415.420	423.786
Other	1.010.735	617.900
	21.249.565	**20.812.061**
b) General administrative expenses:		
Consultancy charges	6.133.634	5.337.809
Staff costs	5.472.765	4.281.658
Employment termination benefits	4.152.315	1.360.926
Outsourced services	765.079	700.206
Depreciation and amortisation	587.569	539.359
Management bonus	500.000	500.000
Repair and maintenance	319.396	278.139
Utilities	295.844	241.470
Taxes (Corporate Tax excluded)	196.448	223.686
Other	1.439.042	1.005.771
	19.862.092	**14.469.024**

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NOTE 30 - EXPENSE BY NATURE

	1 January - 31 December 2012	1 January - 31 December 2011
Direct material costs	296.906.638	283.014.775
Staff costs	31.161.938	25.002.133
Advertisement	12.314.511	12.974.053
Utilities	9.665.438	7.973.211
Outsourced services	8.201.564	7.416.827
Depreciation and amortisation	7.398.076	8.047.100
Consultancy charges	6.133.634	5.340.480
Repair and maintenance	4.305.186	3.895.568
Employment termination benefits	4.152.315	1.360.926
Rent	1.616.352	1.574.344
Taxes, dues and fees	254.685	282.321
Insurance	110.160	90.288
Other	4.042.188	2.657.447
	386.262.685	**359.629.473**

NOTE 31 - OTHER OPERATING INCOME/EXPENSES

	1 January - 31 December 2012	1 January - 31 December 2011
a) Other operating income:		
Income from sales of scrap	453.213	260.806
Rent income	428.852	563.157
Government grants	124.557	179.904
Income from sales of property, plant and equipment	52.053	28.937
Reversal of impairment on property plant and equipment	-	92.198
Other	49.201	126.846
	1.107.876	**1.251.848**
b) Other operating expense:		
Penalties	(285.052)	(285.720)
Donations	(173.075)	(1.044.453)
Other	(328.632)	(369.417)
	(786.759)	**(1.699.590)**

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NOTE 32 - FINANCIAL INCOME

	1 January - 31 December 2012	1 January - 31 December 2011
Interest income	5.988.471	3.889.559
Foreign exchange gain	3.131.183	3.574.287
Bail income (Note 37.ii.c)	1.147.876	1.131.429
Interest income on term purchase	694.157	471.633
	10.961.687	**9.066.908**

NOTE 33 - FINANCIAL EXPENSES

	1 January - 31 December 2012	1 January - 31 December 2011
Foreign exchange loss	(3.221.516)	(3.681.596)
Interest expense on borrowings	(2.429.370)	(1.998.065)
Interest expense on term sales	(570.565)	(687.832)
Bail expense (Note 37.ii.i)	(195.190)	(149.410)
Other	(96.404)	(75.223)
	(6.513.045)	**(6.592.126)**

NOTE 34 - NON-CURRENT ASSETS HELD FOR SALE AND DISCOUNTED OPERATIONS

None (2011: None).

NOTE 35 - TAX ASSETS AND TAX LIABILITIES

As of 31 December 2012 and 2011, corporation taxes currently payable are as follows:

	31 December 2012	31 December 2011
Corporation taxes currently payable	7.833.110	6.169.970
Less: Prepaid corporate tax	(6.375.994)	(5.194.184)
Current income tax liabilities	**1.457.116**	**975.786**

Corporation tax is payable at a rate of 20% for 2012. (2011: 20%) on the total income of the Company after adjusting for certain disallowable expenses, exempt income (exemption for participation in subsidiaries, exemption for investment incentive allowance etc.) and allowances (e.g. research and development allowance). No further tax is payable unless the profit is distributed.

Dividends paid ton on-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to witholding tax. Otherwise, dividends paid are subject to witholding tax at the rate of 15% (2011: 15%). An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur witholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% (2011: 20%) on their corporate income. Advance tax is declared by 14th and payable by the 17th (2011: 17th) of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offseting, there remains an amount for advance tax amount paid, it may be refunded or offset against other liabilities to the government.

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NOTE 35 - TAX ASSETS AND TAX LIABILITIES (Continued)

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

Tax returns are open for 5 years from the beginning of the year that follows the date of filling, during when the tax authorities have the right to examine tax returns and the related accounting records on which they are based, and may issue re-assessments based on their findings. Under the Turkish taxation system, tax losses can be carried forward to offset future taxable income for 5 years.

In Corporate Tax Law, there are many exemptions for corporations, those related to the Company are explained below:

Dividend income from shares in the capital of another corporation subject to resident taxpaying (except dividends from investment funds participation certificates and investment trusts shares) is exempt from corporate tax.

According to Turkish Corporate Income Tax Law numbered 5520, effective from 21 June 2006, a 75% portion of the gains derived from the sales of preferential rights, usufruct shares and founding shares from investment equity and real property, which has remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The sales considerations has to be collected up until the end of the second calendar year following the year the sale was realised.

75% of the profits from sale of preferential right certificates and share premiums generated from sale of shares at a price exceeding face values of those shares during incorporations or capital increases of joint stock companies are exempt from corporate tax.

Accordingly, the aforementioned gains/(losses) which have been included in trade profit/(loss) have been taken into consideration in calculation of Company's corporate tax.

Apart from the exemptions mentioned in the preceding paragraphs, the deductions granted in 8th article of Corporate Tax Law, and 40th article of the Income Tax Law, together with other deductions mentioned in 10th article of Corporate Tax Law, have been taken into consideration in calculation of the Company's corporate tax.

Transfer Pricing

Corporations should set the prices in accordance with the arm's length principle while entering into transactions regarding the sale or purchase of goods and services with related parties. Under the arm's length principle within the new legislation related parties must set the transfer prices for purchase and sale of goods and services as if they would have been agreed between third parties. Depending on the circumstances, a choice of accepted methods in aforementioned law of arm's length transaction has to be made by corporations for transactions with related parties. Corporations should keep the documentary evidence within the company representing how arm's length price has been determined and the methodology that has been chosen by use of any fiscal records and calculations in case of any request by tax authorities. Besides, corporations must report transactions with related parties in a fiscal period.

If a taxpayer enters into transactions regarding the sale or purchase of goods and services with related parties, where the prices are not set in accordance with the arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. The profit distributed in a disguised in a disguised manner through transfer pricing completely or partially, will be assessed as distributed profit share is considered as net profit share and complemented to gross amount, deemed profit will be subject to corporate tax Previous taxation processes will be revised accordingly by taxpayer who distributes disguised profit. In order to make adjustments in this respect, the taxes assessed in the name of the company distributing dividends in a disguised manner must be finalised and paid.

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NOTE 35 - TAX ASSETS AND TAX LIABILITIES (Continued)

Taxation on income in the statement of comprehensive income for the years ended 31 December 2012 and 2011 are as follows:

	1 January - 31 December 2012	1 January - 31 December 2011
Current corporation tax expense	(7.833.110)	(6.169.970)
Deferred tax income	2.312.396	671.698
Taxation on income	**(5.520.714)**	**(5.498.272)**
Profit before tax	**36.062.100**	**35.230.149**
Tax calculated at tax rates applicable to the profit	(7.212.420)	(7.046.030)
Expenses not deductible for tax purpose	(168.587)	(284.550)
Income not subject to tax	188.170	193.321
Tax effect upon the results of investments-in-associates	222.309	1.833.409
Recognition of deferred income tax asset on investment incentive	1.126.515	-
Other	323.299	(194.422)
Total taxation on income	**(5.520.714)**	**(5.498.272)**

Deferred income taxes

The company recognises deferred income tax assets and liabilities based upon temporary differences arising between its financial statements are reported in accordance with the CMB Financial Reporting Standards and its tax purpose financial statements. Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on the taxable income in future periods under the liability method using a principal tax rate of 20% (2011: 20%).

The breakdown of cumulative temporary differences and the resulting deferred income tax assets/(liabilities) provided at 31 December 2012 and 2011 using the enacted tax rates at the balance sheet dates are as follows:

	Taxable cumulative temporary differences		Deferred income tax assets/(liabilities)	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Revaluation of property, plant and equipment	108.098.933	112.708.166	(15.080.472)	(16.026.750)
Restatement differences on tangible and intangible assets	4.410.404	2.430.729	(897.303)	(486.146)
Provision for employment termination benefits	(9.892.871)	(6.877.385)	1.978.574	1.375.477
Available for sale investments	(1.836.925)	(1.817.417)	367.384	363.483
Investment incentives (*)	(5.632.575)	-	1.126.515	-
Other	(871.320)	(691.227)	174.264	138.245
Deferred income tax assets			3.646.737	1.877.205
Deferred income tax liabilities			(15.977.775)	(16.512.896)
Deferred income tax liabilities- net			**(12.331.038)**	**(14.635.691)**

(*) The Company has investment incentive certificate relating with production line investment. As of 31 December 2012, based on the best estimate of the Company management, it is highly probable to utilize investment incentive amounted to TL1,126,515.

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NOTE 35 - TAX ASSETS AND TAX LIABILITIES (Continued)

Movements in deferred income tax liabilities can be analysed as follows:

1 January 2011	**(9.510.745)**
Charged to fair value reserve of available-for-sale investments	23.283
Credited to statement of comprehensive income	671.698
Deferred tax on revaluation reserve	(5.819.927)
31 December 2011	**(14.635.691)**
Correction (Note 2.6.11)	(3.842)
Credited to statement of comprehensive income	2.312.396
Deferred income tax on available-for-sale investments	(3.901)
31 December 2012	**(12.331.038)**

NOTE 36 - EARNINGS PER SHARE

		1 January - 31 December 2012	1 January- 31 December 2011
Profit for the period	A	30.541.386	29.731.877
Weighted average number of shares (Note 27)	B	43.335.000	43.335.000
Basic earnings per 100 shares with a Kr1	**A/B**	**0,7048**	**0,6861**

There are no differences between basic and diluted earnings per share. As of 31 December 2012, Board of Directors, do not accounted any dividend.

NOTE 37 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Due from and due to related parties and the transactions with related parties as of and for the years ended 31 December 2012 and 2011 are as follows:

i) Balances with related parties:

	31 December 2012	31 December 2011
a) Trade receivables from related parties- current:		
YBP	41.575.378	32.176.892
Yataş	1.347.670	1.117.545
	42.923.048	**33.294.437**
Less: Unearned finance income	(201.003)	(350.970)
	42.722.045	**32.943.467**

The effective weighted average interest rate on TL denominated short-term trade receivable is 7,57% p.a as of 31 December 2012, (2011: 11,00%) and mature within two months (2011: two months).

As of 31 December 2012, trade receivables of TL433.998 (2011: TL187.063), over which no provision for impairment is provided of overdue receivables and maturity is about one month. (2011: one month) (Note 38-a).

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NOTE 37 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

b) Non-trade receivables from related parties - current:

	31 December 2012	31 December 2011
Yaşar Holding	41.997.934	46.623.320
Dyo Boya Fabrikaları Sanayi ve Ticaret A.Ş. ("Dyo Boya")	123.415	37.584
Viking Kağıt ve Selüloz A.Ş. ("Viking")	58.198	15.449
	42.179.547	**46.676.353**

As of 31 December 2012, the Company has short-term receivables from Yaşar Holding amounting to TL31.898.990 (2011: TL24.340.799) which are non-trade. The effective weighted average interest rate applied to those receivables is 8,25% p.a. (2011: 12,00% p.a.). Company management expects to collect other receivables from Yaşar Holding between three to twelve months.

Other receivables from Yaşar Holding amounting to TL10.098.944 consisting of principal and interest accrual of TL loan obtained from a financial institution by the Company and were transferred to related parties with the same terms and conditions, amounting to TL9.745.000 and TL353.944, respectively (2011: interest accrual amounting to TL359.843). The effective weighted average interest rate applied to TL denominated loan is 13,91% p.a. (2011: 14,29% p.a.).

As of 31 December 2011, other receivables of the Company from Yaşar Holding amounting to TL21,922,678 consist of principal and interest accruals of short-term USD and EUR denominated loans obtained from various banks and financial institutions by the Company, and were transferred to related parties with the same terms and conditions. The effective weighted average interest rate applied to the receivables are 6.20% p.a. and 5.54% p.a for USD and EUR denominated loans, respectively as of 31 December 2011.

Other receivables of the Company from related parties consist of receivables related with overdue interest charges and bail commission charges for the borrowings obtained by Yaşar Group companies from international capital markets and various financial institutions with the guarantee of the Company.

c) Non-trade receivables from related parties - non-current:

	31 December 2012	31 December 2011
Yaşar Holding	-	9.745.000
	-	**9.745.000**

d) Due to related parties - trade - current:

Çamlı Yem	6.242.167	3.258.309
Yaşar Holding	1.433.633	1.409.782
Hedef Ziraat Ticaret A.Ş.	558.489	60.998
Yadex Export-Import und Spedition GmbH ("Yadex")	208.690	325.642
Pınar Su Sanayi ve Ticaret A.Ş. ("Pınar Su")	93.304	-
Other	410.015	311.329
	8.946.298	**5.366.060**
Less: Unincurred finance cost	(36.690)	(61.671)
	8.909.608	**5.304.389**

As of 31 December 2012 and 2011, the effective weighted average interest rate applied to those payables is 7,56% (2011: 11,00%) and maturity is two months (2011: 2 month).

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NOTE 37 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

e) Due to related parties - non trade - current:

	31 December 2012	31 December 2011
Dividend payable	148.720	133.640
Yaşar Üniversitesi	-	800.000
	148.720	**933.640**

ii) Transaction with related parties:

	1 January - 31 December 2012	1 January - 31 December 2011
a) Product sales:		
YBP	309.876.469	299.203.604
Yataş	7.774.082	5.731.901
Çamlı Yem	2.738.422	2.537.904
Other	9.442	31.645
	320.398.415	**307.505.054**

Majority of the Company’s sales in domestic market are made to its associate, YBP, and its exports are made to Yataş, which are both Yaşar Group companies.

b) Service sales:

Pınar Süt	42.490	51.564
Çamlı Yem	39.167	1.550
YBP	35.188	12.542
Yataş	25.799	-
Other	11.674	7.080
	154.318	**72.736**

c) Finance income:

Yaşar Holding	3.991.244	2.393.718
YBP	89.334	103.634
Dyo Boya	134.159	97.883
Viking	66.434	35.425
Pınar Süt	19.930	20.336
Çamlı Yem	16.609	8.856
	4.317.710	**2.659.852**

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NOTE 37 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

As it is explained in Note 22, the majority of finance income consists of bail commission charges amounting to TL1.147.876 (2011: TL1.131.429), for the borrowings obtained by Yaşar Group Companies from international capital markets and various financial institutions with the guarantee of the Company (Note 32). The commission rates of bail and financing used in the associated intercompany charges is 0,50% p.a. (2011: 0,50% p.a.).

The part of financial income includes interest income of borrowings obtained from various financial institutions and transferred to the related parties with the same terms and conditions and interest income of trade and non-trade receivables.

	1 January - 31 December 2012	1 January - 31 December 2011
d) Dividends received:		
YBP	6.496.491	10.271.542
Bintur	2.303	1.969
Pınar Anadolu	-	237.163
Çamlı Yem	-	124.182
	6.498.794	**10.634.856**
e) Other incomes from related parties:		
YBP	426.152	389.747
Çamlı Yem	9.655	216.624
Other	2.700	30.721
	438.507	**637.092**

Other income from YBP and Çamlı Yem is related to the rent of cars and building.

f) Product purchases:

Çamlı Yem	36.353.232	36.899.251
Yadex	2.366.120	23.926.288
Hedef Ziraat	1.945.914	2.525.557
Pınar Süt	539.062	480.420
Pınar Anadolu	-	156.360
Other	51.167	107.068
	41.255.495	**64.094.944**

g) Service purchases:

Yaşar Holding	5.845.125	5.190.520
YBP	2.207.505	1.747.203
Yataş	360.957	1.029.474
Bintur	228.196	157.822
HDF-FZCO	40.869	191.846
Pınar Süt	33.300	8.440
Other	93.546	64.669
	8.868.368	**8.389.974**

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NOTE 37 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Service purchases from YBP are related to promotion and advertisement. Service purchases from Yaşar Holding are related to consultancy services. Service purchases from Yataş are comprised of export commissions and import service charges.

	1 January - 31 December 2012	1 January - 31 December 2011
h) Purchases of property, plant and equipment:		
YBP	18.679	7.647
Pınar Süt	2.691	16.062
Yaşar Holding	-	39.746
Pınar Anadolu	-	21.118
Other	6.460	3.212
	27.830	**87.785**

i) Finance expenses:

Çamlı Yem	208.684	125.871
Yaşar Holding	60.023	53.403
YBP	20.555	17.967
Pınar Süt	16.609	16.947
Pınar Su	16.609	16.947
Viking	16.609	16.947
Dyo Boya	16.609	16.947
	355.698	**265.029**

The finance expense mainly includes bail commission charges, which is related with borrowings obtained by the Company from international capital markets and various financial institutions with the guarantee of the related parties, which is amounting to TL195.190 (2011: TL149.410) (Note 33). The rates of bail commission and commission for financial services used in the charges are 0,50% p.a. per each (2011: 0,50% p.a. per each).

j) Other expenses from related parties:

YBP	126.910	474.636
Pınar Süt	5.786	8.386
Other	10.632	64.048
	143.328	**547.070**

k) Dividends paid:

Yaşar Holding	14.555.674	18.077.208
Pınar Süt	3.380.086	4.197.849
Other	8.931.940	11.092.893
	26.867.700	**33.367.950**

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NOTE 37 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 December 2012	1 January - 31 December 2011
l) Donations:		
Yaşar Eğitim Vakfı	42.525	187.660
Yaşar Üniversitesi	-	800.000
	42.525	**987.660**

m) Key management compensation:

Key management includes, members of board of directors, general manager and directors. The compensation paid or payable to key management are shown below:

	1 January - 31 December 2012	1 January - 31 December 2011
Short-term employee benefits	1.771.011	1.513.545
Bonus and profit-sharing	590.100	500.000
Termination benefits	-	135.077
Post-employment benefits	16.928	-
Other long-term benefits	75.136	15.669
	2.453.175	**2.164.291**

n) Bails given to related parties:

The Company jointly guarantees with Yaşar Holding A.Ş., Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş., Dyo Boya Fabrikaları Sanayi ve Ticaret A.Ş., Viking Kağıt ve Selüloz A.Ş., Pınar Su Sanayi ve Ticaret A.Ş., Pınar Süt Mamülleri Sanayii A.Ş. and Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş., the repayment of loans obtained by Yaşar Group companies from international markets and financial institutions amounting to EUR70.000.000 and USD275.000.000, equivalent of TL654.834.000) (2011: EUR70.000.000 and USD275.000.000, equivalent of TL690.513.500) (Note 22).

o) Bails received from related parties:

As of 31 December 2012, guarantees received from related parties are related with joint guarantees provided to the Company by Yaşar Holding, Çamlı Yem, Dyo Boya, Viking, Pınar Su, Pınar Süt and YBP for repayment of borrowings obtained by the Company from international capital markets amounting to EUR5.000.000 equivalent of TL11.758.500 (2011: EUR5.000.000 equivalent of TL12.219.000)

NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow, fair value interest rate risk), capital risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

Risk management is carried out by the senior management and finance department of the Company under policies approved by Board of Directors. The Board of Directors provides principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and capital risk and closely monitors financial and operational risks (especially arising from meat price fluctuations).

The financial risk management objectives of the Company are defined as follows:

- Safeguarding the Company's core earnings stream from its major assets through the effective control and management of foreign exchange risk and interest rate risk,
- Effective and efficient usage of credit facilities in both the short and long term through the adoption of reliable liquidity management planning and procedures,
- Effective monitoring and minimizing risks sourced from counterparts.

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NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

a) Credit risk:

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements and in turn credit risks arises from cash and cash equivalents, deposits in banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Majority of the Company's sales in domestic market are made to its investments in associate, YBP, and its exports are made to Yataş, which are both Yaşar Group Companies. In line with past experiences and current condition trade receivables are monitored by the Company Management and necessary provisions for impairment is recognised. The Company management believes that credit risk arises from receivables is well managed. The Company management believes that there is no risk for non-trade receivables from related parties since they are mainly comprised of receivables from shareholders (Note 37.i.b). The credit risk analysis of the Company as of 31 December 2012 and 2011 are as follows:

	Receivables					
	Trade Receivables [1]		Other Receivables			
31 December 2012	**Related Parties**	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits**	**Other**
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) [2]	**42.722.045**	**17.993.683**	**42.179.547**	**29.288**	**443.368**	**-**
- The part of maximum credit risk covered with guarantees	-	-	-	-	-	-
A. Net book value of financial assets not due or not impaired [3]	42.288.047	15.903.694	42.179.547	29.288	443.368	-
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired [3]	-	-	-	-	-	-
C. Net book value of assets past due but not impaired [4]	433.998	2.089.989	-	-	-	-
- The part covered by guarantees	-	-	-	-	-	-
D. Net book value of assets impaired						
- Past due amount (gross book value)	-	303.499	-	-	-	-
- Impairment amount (-)	-	(303.499)	-	-	-	-
- Collateral held as security and guarantees received	-	-	-	-	-	-
- Due amount (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- Collateral held as security and guarantees received	-	-	-	-	-	-
E. Off-balance items exposed to credit risk	-	-	-	-	-	-

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NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	Receivables					
	Trade Receivables (1)		Other Receivables			
31 December 2011	Related Parties	Third Parties	Related Parties	Third Parties	Bank Deposits	Other
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	**32.943.467**	**16.069.794**	**46.676.353**	**1.706.361**	**4.074.816**	**-**
- The part of maximum credit risk covered with guarantees	-	-	-	-	-	-
A. Net book value of financial assets not due or not impaired (3)	32.756.404	15.381.587	46.676.353	1.706.361	4.074.816	-
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired (3)	-	-	-	-	-	-
C. Net book value of assets past due but not impaired (4)	187.063	688.207	-	-	-	-
- The part covered by guarantees	-	-	-	-	-	-
D. Net book value of assets impaired						
- Past due amount (gross book value)	-	303.499	-	-	-	-
- Impairment amount (-)	-	(303.499)	-	-	-	-
- Collateral held as security and guarantees received						
- Due amount (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- Collateral held as security and guarantees received						
E. Off-balance items exposed to credit risk	-	-	-	-	-	-

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NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(4) Agings of financial instruments past due but not impaired are as below:

	Receivables		
31 December 2012	**Related Parties**	**Third Parties**	**Total**
1-30 days overdue	296.488	2.024.066	2.320.554
1-3 months overdue	137.510	65.923	203.433
3-6 months overdue	-	-	-
Over 6 months overdue	-	-	-
The part of credit risk covered with guarantees	-	-	-
	433.998 (*)	**2.089.989 (**)**	**2.523.987**

	Receivables		
31 December 2011	**Related Parties**	**Third Parties**	**Total**
1-30 days overdue	181.978	688.207	870.185
1-3 months overdue	5.085	-	5.085
3-6 months overdue	-	-	-
Over 6 months overdue	-	-	-
The part of credit risk covered with guarantees	-	-	-
	187.063	**688.207**	**875.270**

(*) A total amount of TL284.973of the overdue but not impaired receivables from related parties has been collected as of the approval date of the financial statements.
(**) A total amount of TL1.977.630 of the overdue but not impaired receivables from third parties has been collected as of the approval date of the financial statements.

b) Liquidity risk:

Prudent liquidity risk management comprises maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of fund providers lines from high quality lenders. In order to maintain liquidity, the Company management closely monitors the timely collection of trade receivables, take actions to minimise the effect of delay in collections and arranges cash and non-cash credit lines from financial institutions in case of requirement.

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NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2012				
	Carrying Value	Total Cash outflows per agreement (=I+II+III)	Less than 3 months (I)	3 - 12 monhts (II)	1 - 5 years (III)
Contractual maturity dates:					
Non-Derivative financial liabilities:					
Bank borrowings	12.068.589	12.586.283	466.301	12.119.982	-
Trade payables	56.387.962	56.553.519	56.275.315	278.204	-
Other payables	178.720	178.720	178.720	-	-
	68.635.271	**69.318.522**	**56.920.336**	**12.398.186**	**-**
Derivative financial instruments					
Financial (assets)/ liabilities (Note 8)	(1.845.185)	(1.433.465)	171.713	(1.605.178)	-

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NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2011				
	Carrying Value	Total Cash outflows per agreement (=I+II+III)	Less than 3 months (I)	3 - 12 monhts (II)	1 - 5 years (III)
Contractual maturity dates:					
Non-Derivative financial liabilities:					
Bank borrowings	34.373.307	36.029.648	336.630	22.800.362	12.892.656
Trade payables	50.884.104	51.126.503	51.048.323	78.180	-
Other payables	1.035.746	1.035.746	1.035.746	-	-
	86.293.157	**88.191.897**	**52.420.699**	**22.878.542**	**12.892.656**
Derivative financial instruments					
Financial (assets)/liabilities (Note 8)	(2.345.784)	(1.468.952)	248.160	253.674	(1.970.786)

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NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) Market risk:

i) Foreign exchange risk

The Company is exposed to foreign exchange risks through the impact of rate changes on translation into TL of foreign currency denominated assets and liabilities. The Company minimizes the risk through balancing foreign currency denominated assets and liabilities. These risks are monitored by analyses of the foreign currency position. Current risks are discussed by the Audit Committee and the Board of Directors regularly and the foreign exchange rates relevant to the foreign currency position of the Company are mentioned. When necessary derivative financial instruments (swap contracts) are used as a tool to hedge foreign exchange risk.

	Foreign Currency Position			
	31 December 2012			
	TL Equivalent	USD	EUR	Other (TL Equivalent)
1. Trade Receivables	806.577	452.472	-	-
2a. Monetary Financial Assets (Cash, Bank accounts included)	14.266	2.324	4.305	-
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	203.945	-	86.722	-
4. Current Assets (1+2+3)	**1.024.788**	**454.796**	**91.027**	**-**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non- monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non- Current Assets (5+6+7)	**-**	**-**	**-**	**-**
9. Total Assets (4+8)	**1.024.788**	**454.796**	**91.027**	**-**
10. Trade Payables	(1.343.629)	(125.713)	(476.053)	-
11. Financial Liabilities	(11.944.129)	-	(5.078.934)	-
12a. Monetary Other Liabilities	-	-	-	-
12b. Non-monetary Other Liabilities	-	-	-	-
13. Short- Term Liabilities (10+11+12)	**(13.287.758)**	**(125.713)**	**(5.554.987)**	**-**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Monetary Other Liabilities	-	-	-	-
16b. Non-monetary Other Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	**-**	**-**	**-**	**-**
18. Total Liabilities (13+17)	**(13.287.758)**	**(125.713)**	**(5.554.987)**	**-**
19. Net Asset/Liability) Position of Off-Balance Sheet Derivative Instruments (19a-19b)	**-**	**-**	**-**	**-**
19a. Amount of Hedged Asset	-	-	-	-
19b. Amount of Hedge Liability	-	-	-	-
20. Net Foreign Currency Asset (Liability) Position (9-18+19)	**(12.262.970)**	**329.083**	**(5.463.960)**	**-**
21. Net Foreign Currency Asset (Liability) Position of Monetary Items (IFRS 7.B23) (=1+2a+3+5+6a-10-11-12a-14-15-16a)	**(12.262.970)**	**329.083**	**(5.463.960)**	**-**
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	**-**	**-**	**-**	**-**
23. Amount of Foreign Currency Denominated Assets Hedged	**-**	**-**	**-**	**-**
24. Amount of Foreign Currency Denominated Liabilities Hedged	**11.944.129**	**-**	**5.078.934**	**-**
25. Export	**7.774.082**	**4.347.560**	**-**	**-**
26. Import	**16.806.949**	**9.378.321**	**-**	**-**

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31 December 2011			
TL Equivalent	**USD**	**EUR**	**Other (TL Equivalent)**
611.816	303.274	15.943	-
19.488	6.436	3.000	-
-	-	-	
22.154.307	5.072.931	5.144.466	-
22.785.611	**5.382.641**	**5.163.409**	**-**
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	**-**	**-**	**-**
22.785.611	**5.382.641**	**5.163.409**	**-**
(1.707.270)	(101.565)	(618.104)	(4.901)
(22.154.307)	(5.072.931)	(5.144.466)	-
(27.106)	(14.350)	-	-
-	-	-	-
(23.888.683)	**(5.188.846)**	**(5.762.570)**	**(4.901)**
-	-	-	-
(12.219.000)	-	(5.000.000)	-
-	-	-	-
-	-	-	-
(12.219.000)	**-**	**(5.000.000)**	**-**
(36.107.683)	**(5.188.846)**	**(10.762.570)**	**(4.901)**
-	**-**	**-**	**-**
-	**-**	**-**	**-**
-	**-**	**-**	**-**
(13.322.072)	**193.795**	**(5.599.161)**	**(4.901)**
(13.322.072)	**193.795**	**(5.599.161)**	**(4.901)**
-	**-**	**-**	**-**
-	**-**	**-**	**--**
12.450.629	**-**	**5.094.783**	**-**
5.731.901	**3.410.922**	**-**	**-**
36.323.575	**22.889.496**	**-**	**-**

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NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	Sensitivity Analysis for Foreign Currency Risk			
	Profit/Loss		Equity	
31 December 2012	Appreciation of Foreign currency	Depreciation of Foreign currency	Appreciation of Foreign currency	Depreciation of Foreign currency
Change of USD by 10% against TL:				
1- Asset/Liability denominated in USD - net	58.662	(58.662)	-	-
2- The part hedged for USD risk (-)	-	-	-	-
3- USD Effect – net (1+2)	**58.662**	**(58.662)**	**-**	**-**
Change of EUR by 10% against TL:				
4- Asset/Liability denominated in EUR - net	(1.284.959)	1.284.959	-	-
5- The part hedged for EUR risk (-)	1.194.412	(1.194.412)	-	-
6- EUR Effect - net (4+5)	**(90.547)**	**90.547**	**-**	**-**
Change of other currencies by average 10% against TL:				
7- Assets/Liabilities denominated in other foreign currencies - net	-	-	-	-
8- The part hedged for other foreign currency risk (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	**-**	**-**	**-**	**-**
TOTAL (3+6+9)	**(31.885)**	**31.885**	**-**	**-**

	Sensitivity Analysis for Foreign Currency Risk			
	Profit/Loss		Equity	
31 December 2011	Appreciation of Foreign currency	Depreciation of Foreign currency	Appreciation of Foreign currency	Depreciation of Foreign currency
Change of USD by 10% against TL:				
1- Asset/Liability denominated in USD - net	36.606	(36.606)	-	-
2- The part hedged for USD risk (-)	-	-	-	-
3- USD Effect – net (1+2)	**36.606**	**(36.606)**	**-**	**-**
Change of EUR by 10% against TL:				
4- Asset/Liability denominated in EUR - net	(1.368.323)	1.368.323	-	-
5- The part hedged for EUR risk (-)	1.245.063	(1.245.063)	-	-
6- EUR Effect - net (4+5)	**(123.260)**	**123.260**	**-**	**-**
Change of other currencies by average 10% against TL:				
7- Assets/Liabilities denominated in other foreign currencies - net	(490)	490	-	-
8- The part hedged for other foreign currency risk (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	**(490)**	**490**	**-**	**-**
TOTAL (3+6+9)	**(87.144)**	**87.144**	**-**	**-**

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NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

ii) Interest rate risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities.

	Interest Rate Position	
	31 December 2012	31 December 2011
Financial instruments with fixed interest rate		
Financial assets	103.235.275	96.883.196
Financial liabilities	56.809.862	61.400.003
Financial instruments with floating interest rate		
Financial assets	-	12.340.418
Financial liabilities	10.098.944	22.445.264

According to the interest rate sensitivity analysis performed as at 31 December 2012, if interest rates had been 1% higher while all other variables being constant, net income for the year would be TL25.445 lower (2011: income for the current year would be TL25.175 lower) as a result of additional interest expense that would be incurred on financial instruments with floating rates.

iii) Price risk

The profitability of the Company's operations and the cash flows generated by those operations are affected by changes in the raw material prices and market competition that are closely monitored by the Company management and precautions for cost efficiency are taken. The Company does not anticipate that prices of unprocessed meat and other raw materials will change significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of a decline or increase in the prices of unprocessed meat and other stocks and raw materials. The current risks are properly monitored by Board of Directors and Audit Committee regularly in considering the need for active financial risk management.

d) Capital Risk Management:

The Company's objectives when managing capital are to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as the total liability (including borrowings, trade payables, due to related parties and other payables, as shown in the balance sheet) less cash and cash equivalents.

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NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2012	31 December 2011
Financial liabilities	12.068.589	34.373.307
Derivative financial assets	(1.845.185)	(2.345.784)
Other payables to related parties	148.720	933.640
Less: Cash and cash equivalents	(480.596)	(4.131.878)
Net debt	**9.891.528**	**28.829.285**
Total equity	**316.174.385**	**310.350.734**
Net debt/equity ratio	**3%**	**9%**

The Company's strategy is to gradually decrease the level of debt/equity ratio and indebtedness consistent with its conservative financial profile. The Company management regularly monitors debt/equity ratio and try to lower this ratio. The Company management regularly monitors the debt/equity ratio. The Company management regularly monitors the debt/equity ratio.

NOTE 39 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)

Classification of financial assets

The Company's financial assets and liabilities classified as available-for-sale investments and loans and receivables. Cash and cash equivalents (Note 6), trade receivables (Notes 10 and 37) and other receivables (Notes 11 and 37) of the Company are classified as loans and receivables and measured at amortised cost using effective interest method. Available-for-sale investments are disclosed in Note 7. The Company's financial liabilities are classified as financial liabilities (Note 8), other financial liabilities (Note 9), trade payables (Note 10) and other payables (Notes 11 and 37).

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

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

The following methods and assumptions were used to estimate the fair value of the financial instruments:

Financial assets

The fair value of the foreign currency denominated amounts, which are translated by using the exchange rates prevailing at period-end, is considered to approximate their fair value. The fair values of certain financial assets carried at costs, including cash and due from banks, receivables and other financial assets are considered to approximate their respective carrying values due to their short-term nature. Available-for-sale investments are carried at their fair values. The fair values of available-for-sale investments which do not have quoted market prices in active markets, are determined by using general accepted valuation techniques or stated at cost, less a provision for impairment, if any, by assuming the carrying values do not differ materially from their fair values.

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NOTE 39 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (Continued)

Financial liabilities

Fair values of bank borrowings are disclosed in Note 8.

Trade payables, payables to related parties and other monetary liabilities are estimated to be presented with their discounted carrying amounts and they are considered to approximate to their fair values and the fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate carrying values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2012 and 2011.

31 December 2012

	Level 1	Level 2	Level 3 (*)	Total
Assets:				
Available-for-sale investments	-	-	687.145	687.145
Derivative financial instruments-designated as hedges	-	1.845.185	-	1.845.185
Total assets	**-**	**1.845.185**	**687.145**	**2.532.330**

31 December 2011

	Level 1	Level 2	Level 3 (*)	Total
Assets:				
Available-for-sale investments	-	-	403.371	403.371
Derivative financial instruments- designated as hedges	-	2.345.784	-	2.345.784
Total assets	**-**	**2.345.784**	**403.371**	**2.749.155**

(*) Please see Note 7-a for the movement of Level 3 financial instruments.

NOTE 40 - SUBSEQUENT EVENTS

None (2011: None).

NOTE 41 - OTHER MATTERS THAT MAY HAVE A MATERIAL EFFECT ON, OR BE EXPLAINED FOR THE CLEAR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None (2011: None).

NOTE 42 - EXPLANATION FOR CONVENIENCE TRANSLATION INTO ENGLISH

As of 31 December 2012 and 2011, the CMB Financial Reporting Standards differ from IFRS issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the financial statements are not intended to present the financial position and results of operations of the Company in accordance with IFRS.