Independent Auditor's Report

To the Board of Directors of

Pınar Su Sanayi ve Ticaret A.Ş.

1. We have audited the accompanying balance sheet of Pınar Su Sanayi ve Ticaret A.Ş. ("the Company") as at 31 December 2013 and the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Management's responsibility for the financial statements

2. The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with the Turkish Accounting Standards ("TAS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA") and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to error and/or fraud.

Independent Auditor's responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

   An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error and/or fraud. In making those risk assessments, the Company's internal control system is taken into consideration. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design procedures that are appropriate for the circumstances in order to identify the relation between the financial statements prepared by the Company and its internal control system. An audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Pınar Su Sanayi ve Ticaret A.Ş. as at 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards (Note 2).

Other Matter

5. The financial statements of the Company as of and for the year ended 31 December 2012, were audited by another audit firm. This audit firm issued an unqualified audit opinion on 14 March 2013 related to the financial statements as of and for the year ended 31 December 2012.

Independent Auditor's Report

Reports on independent auditor's responsibilities arising from other regulatory requirements

6. In accordance with Article 402 of the Turkish Commercial Code ("TCC"); the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit, additionally, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2013 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

7. Pursuant to Article 378 of Turkish Commercial Code No: 6102, Board of Directors of publicly traded companies are required to form an expert committee, and to run and to develop the necessary system for the purposes of: early identification of causes that jeopardize the existence, development and continuity of the Company; applying the necessary measures and remedies in this regard; and, managing the related risks. According to subparagraph 4, Article 398 of the code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the Company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by the POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include evaluating the operational efficiency and adequacy of the operations carried out by the management of the Company in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report yet so no separate report has been drawn up relating to it. On the other hand, the Company formed the mentioned committee on 25 May 2012 and it is comprised of two members. The committee has met two times since its formation to the reporting date for the purposes of early identification of risks that jeopardize the existence of the Company and its development, applying the necessary measures and remedies in this regard, and managing the risks, and has submitted the relevant reports to the Board of Directors.

Yöntem Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.
a member of Nexia International

Atila Yılmaz DÖLARSLAN, YMM
Partner

İzmir, 3 March 2014

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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)
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	Notes	31 December 2013	31 December 2012
ASSETS			
Current assets		**28.486.492**	**33.588.699**
Cash and cash equivalents	6	1.157.012	561.129
Trade receivables		15.282.172	13.572.914
- Due from related parties	7	2.294.890	2.220.837
- Other trade receivables	8	12.987.282	11.352.077
Other receivables		940.405	10.935.355
- Due from related parties	7	429.980	10.314.246
- Other receivables	10	510.425	621.109
Inventories	11	7.588.210	6.199.999
Prepaid expenses	13	782.571	970.019
Current income tax assets	41	2.090	561.770
Other current assets	30	2.734.032	787.513
Non-current assets		**101.420.523**	**85.528.028**
Financial assets	4	24.499.401	21.716.172
Other receivables	10	1.800	1.800
- Other receivables		1.800	1.800
Property, plant and equipment	15	76.628.365	62.092.156
Intangible assets	18	229.056	132.021
Prepaid expenses	13	61.901	1.585.879
TOTAL ASSETS		**129.907.015**	**119.116.727**

The financial statements at 1 January - 31 December 2013 and for the year then ended have been approved for issue by Board of Directors of Pınar Su Sanayi ve Ticaret A.Ş. on 3 March 2014.

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

Pınar Su Sanayi ve Ticaret A.Ş.

Statements of Financial Positions (Balance Sheets) at 31 December 2013 and 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)
Convenience translation into English of financial statements originally issued in Turkish

	Notes	31 December 2013	31 December 2012
LIABILITIES			
Current liabilities		**35.008.737**	**33.534.225**
Short term borrowings		3.096.488	7.217.363
- Short term borrowings to related parties	7	1.523.661	-
- Short term borrowings to non-related parties	25	1.572.827	7.217.363
Short-term portion of long-term borrowings	25	3.419.777	758.223
- Short-term portion of long-term borrowings to non-related parties		3.419.777	758.223
Trade payables		26.543.198	22.315.164
- Due to related parties	7	1.226.771	482.045
- Other trade payables	8	25.316.427	21.833.119
Payables for employee benefits	28	268.492	232.102
Other payables		630.252	371.322
- Due to related parties	7	15.453	10.335
- Other payables to non-related parties	10	614.799	360.987
Deferred income	13	496.921	813.674
Short-term provisions		553.609	1.826.377
- Provisions for employee benefits	28	255.633	356.693
- Other short-term provisions	26	297.976	1.469.684
Non-current liabilities		**21.965.534**	**7.430.945**
Long-term borrowings	25	12.303.200	156.778
- Long-term borrowings to non-related parties		12.303.200	156.778
Trade payables		4.820.265	-
- Other trade payables	8	4.820.265	-
Long-term provisions		1.971.080	1.502.602
- Provisions for employee termination benefits	28	1.971.080	1.502.602
Deferred tax liabilities	41	2.870.989	5.771.565
TOTAL LIABILITIES		**56.974.271**	**40.965.170**
EQUITY		**72.932.744**	**78.151.557**
Share capital	31	12.789.345	12.789.345
Adjustment to share capital	31	11.713.515	11.713.515
Other comprehensive income/expense not to be reclassified to profit or loss		23.350.623	23.877.158
- Revaluation of property, plant and equipment	15	23.749.585	24.073.850
- Actuarial loss arising from defined benefit plans		(398.962)	(196.692)
Other comprehensive income/expense to be reclassified to profit or loss		16.850.943	14.339.007
- Fair value reserves of available-for-sale investments	48	16.850.943	14.339.007
Restricted reserves	31	4.180.008	4.180.008
Retained earnings		12.689.795	10.865.403
(Loss)/Profit for the year		(8.641.485)	387.121
TOTAL LIABILITIES AND EQUITY		**129.907.015**	**119.116.727**

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

Pınar Su Sanayi ve Ticaret A.Ş.

Statements of Income and Other Comprehensive Income for the Periods 1 January - 31 December 2013 and 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)
Convenience translation into English of financial statements originally issued in Turkish

	Notes	1 January - 31 December 2013	1 January - 31 December 2012
Revenue	32	109.914.474	99.691.742
Cost of sales (-)	32	(65.243.248)	(53.112.036)
GROSS PROFIT	32	**44.671.226**	**46.579.706**
Marketing expenses (-)	34	(42.995.176)	(37.601.348)
General administrative expenses (-)	34	(12.081.373)	(10.821.594)
Other operating income	35	361.754	213.009
Other operating expenses (-)	35	(1.451.897)	(410.303)
OPERATING LOSS		**(11.495.466)**	**(2.040.529)**
Income from investment activities	36	528.158	974.887
Expense from investment activities (-)	36	(222.246)	-
OPERATING LOSS BEFORE FINANCIAL EXPENSE		**(11.189.554)**	**(1.065.642)**
Financial income	38	1.341.768	2.392.604
Financial expenses (-)	38	(2.113.608)	(874.583)
(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**(11.961.394)**	**452.378**
Tax income/(expense) of continuing operations		3.319.909	(65.257)
- Current income tax expense	41	-	(544.356)
- Deferred tax income	41	3.319.909	479.099
(LOSS)/PROFIT FOR THE PERIOD		**(8.641.485)**	**387.121**
(Loss)/Earnings per share		**(0,6757)**	**0,0302**
- (Loss)/earning per share from continuing operations	42	(0,6757)	0,0302
OTHER COMPREHENSIVE INCOME:			
Other comprehensive income/expense not to be reclassified to profit or loss			
- Actuarial loss arising from defined benefit plans	39	(252.838)	(338.688)
- Increase/decrease in revaluation reserve	1.311.614	-	
- Taxes for other comprehensive income/expense not to be reclassified to profit or loss	39	(148.040)	67.737
Other comprehensive income/expense to be reclassified to profit or loss			
- Increase in fair value reserve of available-for-sale investments	39	2.783.230	4.536.334
- Taxes for other comprehensive income/expense to be reclassified to profit or loss	39	(271.294)	(258.451)
OTHER COMPREHENSIVE INCOME		**3.422.672**	**4.006.932**
TOTAL COMPREHENSIVE (LOSS)/INCOME		**(5.218.813)**	**4.394.053**

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

Pınar Su Sanayi ve Ticaret A.Ş.

Statements of Cash Flows for the Years Ended at 31 December 2013 and 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)
Convenience translation into English of financial statements originally issued in Turkish

	Notes	1 January - 31 December 2013	1 January - 31 December 2012
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net period (loss)/income		**(8.641.485)**	**387.121**
Adjustments to reconcile net cash generated from operating activities		**6.590.625**	**5.459.772**
Adjustment to taxation on income		(3.319.909)	(1.106.126)
Depreciation and amortization of fixed assets	15 - 18	5.763.245	5.030.584
Gain from sales of property, plant and equipment - net	36	(222.246)	(166.244)
Interest income	38	(215.049)	(988.541)
Interest expense	38	1.037.248	401.588
Provision for employment termination benefits	28	311.379	422.336
Provision for doubtful receivables	35	-	35.073
Provisions	26	3.135.534	3.101.159
Dividend income	36	(528.158)	(808.643)
Unrealized foreign exchange loss/(gain)		628.581	(461.414)
Changes in working capital		**6.302.923**	**(531.842)**
Increase in trade receivables	8	(1.635.205)	(2.180.489)
Increase in inventories	11	(1.388.211)	(2.419.879)
Increase in trade receivables from related parties	7	(74.053)	(1.068.481)
Increase in other receivables from operating activities		437.222	(949.216)
Increase in trade payables	8	8.303.573	5.551.446
Decrease in due to related parties	7	749.845	(350.086)
Increase in other debt and liabilities from operating activities		(90.248)	884.863
Employee termination benefits paid	28	(166.141)	(106.220)
Case expenses and fees paid	26	(4.344.605)	(3.580.000)
Net cash used in operating activities		**(4.510.746)**	**(3.686.220)**
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	38	215.049	988.541
Dividends received	7.ii.g	528.157	808.643
Increase/(Decrease) in non-trade receivables from related parties	7	10.940.582	(6.321.516)
Purchases of property, plant and equipment and intangible assets		(19.977.337)	(4.293.616)
Proceeds from sales of property, plant and equipment		1.114.708	663.034
Contribution to capital increase of available-for-sale investment	4	-	(264.267)
Net cash used in investing activities		**(7.178.841)**	**(8.419.181)**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in financial liabilities		10.687.101	7.625.670
Redemption of borrowings		(1.629.651)	(1.688.147)
Interest paid		(966.846)	(401.588)
Net cash generated from financing activities		**8.090.604**	**5.535.935**
Net increase/(decrease) in cash and cash equivalents before foreign currency translation differences		**653.080**	**(1.254.415)**
D. EFFECT OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		(57.197)	(1.951)
Net increase/(decrease) in cash and cash equivalents		**595.883**	**(1.256.366)**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**561.129**	**1.817.495**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**6**	**1.157.012**	**561.129**

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

Pınar Su Sanayi ve Ticaret A.Ş.

Statements of Changes in Equity for the Years Ended at 31 December 2013 and 2012

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)
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			Other comprehensive income/(expense) not to be reclassified to profit or loss	
	Share capital	**Adjustment to share capital**	**Revaluation reserve**	**Actuarial loss arising from defined benefit plans**
PREVIOUS PERIOD				
Balances at 1 January 2012 (beginning) - as previously reported	**12.789.345**	**11.713.515**	**25.390.898**	**-**
Change in accounting policies (Note 2)	-	-	-	74.259
Balances at 1 January 2012 (beginning) - restated	**12.789.345**	**11.713.515**	**25.390.898**	**74.259**
Transfer of loss for prior year to retained earnings	-	-	-	-
Total comprehensive income	-	-	-	(270.951)
Depreciation transfer - net (Note 15)	-	-	(1.317.048)	-
Balances at 31 December 2012 (closing)	**12.789.345**	**11.713.515**	**24.073.850**	**(196.692)**
CURRENT PERIOD				
Balances at 1 January 2013 (beginning) - as previously reported	**12.789.345**	**11.713.515**	**24.073.850**	**-**
Change in accounting policies (Note 2)	**-**	**-**	**-**	**(196.692)**
Balances at 1 January 2013 (beginning) - restated	**12.789.345**	**11.713.515**	**24.073.850**	**(196.692)**
Transfer of profit for prior year to retained earnings	-	-	-	-
Total comprehensive loss	-	-	1.113.006	(202.270)
Depreciation transfer - net (Note 15)	-	-	(1.332.940)	-
Sale of property, plant and equipment			(104.331)	
Balances at 31 December 2013 (closing)	**12.789.345**	**11.713.515**	**23.749.585**	**(398.962)**

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

Other comprehensive income/(expense) to be classified to profit or loss				
Fair value reserve for available - for sale investments	**Restricted reserves**	**Retained earnings**	**(Loss)/Profit for the period**	**Total equity**
10.061.124	**4.180.008**	**10.493.519**	**(870.905)**	**73.757.504**
-	-	(74.259)	-	-
10.061.124	**4.180.008**	**10.419.260**	**(870.905)**	**73.757.504**
-	-	(870.905)	870.905	-
4.277.883	-	-	387.121	4.394.053
-	-	1.317.048	-	-
14.339.007	**4.180.008**	**10.865.403**	**387.121**	**78.151.557**
14.339.007	**4.180.008**	**10.939.662**	**116.170**	**78.151.557**
-	**-**	**(74.259)**	**270.951**	**-**
14.339.007	**4.180.008**	**10.865.403**	**387.121**	**78.151.557**
-	-	387.121	(387.121)	-
2.511.936	-	-	(8.641.485)	(5.218.813)
-	-	1.332.940	-	-
		104.331	-	-
16.850.943	**4.180.008**	**12.689.795**	**(8.641.485)**	**72.932.744**

Pınar Su Sanayi ve Ticaret A.Ş.

Notes to the Financial Statements for the Period Between 1 January - 31 December 2013

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)
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NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Pınar Su Sanayi ve Ticaret A.Ş. (the "Company") is engaged in the production of bottled water under the brand name "Pınar Yaşam Pınarım". The Company's production facilities are located in Aydın, Isparta and Sakarya whereas the Company's headquarter is located in Izmir.

Sales and distribution of the Company's products in the domestic market are performed by its own sales departments and its exports are performed by Yaşar Dış Ticaret A.Ş. ("YDT"), which is Yaşar Group company (Note 7).

The Company is subject to the regulations of Turkish Capital Markets Board ("CMB") and 31,78% (2012: 31,78%) of its shares are quoted on the "Borsa Istanbul" ("BIST"). The ultimate parent of the Company is Yaşar Holding A.Ş ("Yaşar Holding") with 58.00% of shares of the Company (2012: 58,00%) (Note 31).

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

Şehit Fethibey Street No:120

Alsancak/Izmir

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation of Financial Statements

The accompanying financial statements are prepared in accordance with the Communiqué Serial II, No: 14.1, "Principals of Financial Reporting in Capital Markets"("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, financial statements are prepared in accordance with Turkish Accounting Standards ("TAS") issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC").

The financial statements of the Company are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year's financial statements.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the financial statements of the Company have been prepared accordingly.

The Company maintains its books of accounts and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. Subsidiaries operating in foreign countries have prepared their financial statements in accordance with the laws and regulations of the countries in which they operate. Other than land, buildings and land improvements, machinery and equipments and financial assets and liabilities carried at their fair values, financial statements are prepared and presented based on historical cost convention and in terms of Turkish Lira ("TL") which is the functional currency of the Company.

2.2.1 Amendments in Turkish Financial Reporting Standards

a) New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2013 and are adopted by the Company:

- Amendment to TAS 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 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 other comprehensive income.
- Amendment to TAS 19 (revised), "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.

Accordingly, as a result of application in TAS 19, on a retrospective basis; as of 1 January 2013 and 2012 the actuarial gain and loss, net of deferred income tax, amounting to TL74.259 and TL196.692 that were recognised in general administrative expenses in the income statement, were recognised as "actuarial loss arising from defined benefit plans" in other comprehensive income and balance sheet.

In parallel to the application in TAS 19, actuarial loss net of deferred income tax, amounting to TL270.951 that were recognised in general administrative expenses in the income statement, were recognised as "actuarial loss arising from defined benefit plans" and the related statements of income and other comprehensive income and changes in equity were restated.

- TFRS 12, "Disclosures of interests in other entities", is effective for annual periods beginning on or after 1 January 2013. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

- TFRS 13, "Fair value measurement" is effective for annual periods beginning on or after
- 1 January 2013. This standard 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 TFRS.
- Amendment to IFRSs/TFRSs 10, 11 and 12 on transition guidance¸; is effective for annual periods beginning on or after 1 January 2013. These amendments provide additional transition relief to TFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period.
- TAS 28, "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".
- TFRS 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 TFRS financial statements and those that prepare US GAAP financial statements.
- Annual improvements 2011; is effective for annual periods beginning on or after 1 January 2013. It includes changes to standards including TFRS 1, 'First time adoption', TAS 1, 'Financial statement presentation', TAS 16, 'Property plant and equipment', TAS 32, 'Financial instruments; Presentation' and TAS 34, 'Interim financial reporting'.

b) New standards, amendments and interpretations issued and effective as of 1 January 2013 have not been presented since they are not relevant to the operations of the Company or have insignificant impact on the financial statements.

c) Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Company:

- TAS 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 TAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
- TFRS 9 'Financial instruments' - classification and measurement; is effective for annual periods beginning on or after 1 January 2015. This standard on classification and measurement of financial assets and financial liabilities will replace TAS 39, "Financial instruments: Recognition and measurement".
- TAS 36 (amendment), "Impairment of assets" on recoverable amount disclosures is effective for annual periods beginning on or after 1 January 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- TAS 39 (amendment), "Financial instruments: Recognition and Measurement", is effective for annual periods beginning on or after 1 January 2014. These amendments address on novation of derivatives and hedge accounting and will allow hedge accounting to continue in a situation where a derivative is novated to effect clearing with a central counterparty as result of laws or regulation, if specific conditions are met.

Company will determine the effects of these amendments above on the financial statements and will apply after effective date. The amendments do not have significant impact on the Company's financial statements.

2.2.2 Comparative information and correction of prior year financial statements

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 has prepared its balance sheet at 31 December 2013 on a comparative basis with balance sheet at 31 December 2013 and the statements of comprehensive income, cash flows and changes in equity for the period of 1 January - 31 December 2013, on a comparative basis with financial statements for the period 1 January - 31 December 2012.

The Company has made below reclassifications in prior period financial statements in line with the illustrative financial statements and disclosures guidance issued by CMB with the decision taken on the meeting held on 7 June 2013, numbered 20/670. Reclassifications in the balance sheet of the Company as at 31 December 2012 are as follows;

- Prepaid expenses amounting to TL849.167 and order advances given amounting to TL120.852 which were recognised other current asset as of 31 December 2012, recognised in prepaid expenses;
- Prepaid corporate tax amounting to TL561.770 which was recognised in other current asset as of 31 December 2012, recognised in current income tax assets,
- Borrowings amounting to TL7.217.363 and TL758.223, respectively, which were recognised in financial liabilities as of 31 December 2012, recognised in short term borrowings to non-related parties and short term portion of long term borrowings to non-related parties as a separate item,
- Deposits and guarantees received amounting to TL13.039 was recognised in other payables and taxes and funds payables amounting to TL347.948 which were recognised in other current liabilities as of 31 December 2012, recognised in other payables to non-related parties,
- Payable to personnel amounting to TL10.974 and social security premiums payable amounting to TL221.128 which were recognised in other current liabilities as of 31 December 2012, recognised in payables for employee benefits,
- Advances received amounting to TL813.674 which was recognised in other current liabilities as of 31 December 2012, recognised in deferred income,

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- Management bonus accrual amounting to TL220.000 and provision for seniority incentive amounting to TL136.693 which were recognised in short-term provisions as of 31 December 2012, recognised in short - term provisions for employee benefits,
- Provision for employment termination benefit amounting to TL1.502.602 as of 31 December 2012, was recognised in long-term provisions for employee termination benefits.

Reclassifications in the Company's statement of income and other comprehensive income ended at 31 December 2012 are as follows;

- Gain on sale of property, plant and equipment amounting to TL166.244 which was recognised in other operating income at 1 January - 31 December 2012, recognised in income from investing activities.
- Foreign exchange gain amounting to TL105.262 which was recognised in finance income as of 1 January - 31 December 2012, reclassified under other operating income.
- Foreign exchange loss amounting to TL116.444 which was reclassified under finance expense at 1 January - 31 December 2012, recognised in other operating expense.

In parallel to the aforementioned classifications, net cash provided from operating activities in the statement of cash flow as of 31 December 2012 were restated.

Aforementioned classifications have no impact on retained earnings and net profit for the current year.

2.3 Accounting policies, errors and changes 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 change in accounting estimate shall be recognized prospectively by including it in the statements 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.

2.4. Summary of significant accounting policies

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

2.4.1 Revenue

Revenues are recognized 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 32).

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

Sales of goods:

Sales of goods are recognised when the Company has delivered or sold products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured. It is the Company's policy to sell its products to the customers with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale.

Interest income:

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Dividend income:

Dividend income is recognised when the Company's right to receive payment is established.

2.4.2 Inventory

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 such as labor and appropriate amount of factory overheads (based on normal operating capacities). The cost of inventories is determined on the monthly weighted average basis (Note 11).

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2.4.3 Property, plant and equipment

Land and land improvements and buildings are stated at fair value, based on valuations by external independent valuers namely Elit Gayrimenkul Değerleme A.Ş. as at 30 June 2013 less subsequent depreciation between balance sheet date and revaluation date, except for land. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount as at 31 December 2013. Property, plant and equipment except for land, land improvements and buildings and 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 accumulated amortization and impairment losses, if any (Note 15).

As of the revaluation date, the Company eliminated the accumulated depreciation against the gross carrying amount of the asset with the net amount restated to equal the revalued amount.

Depreciation is provided on the restated or revalued amounts of property, plant and equipment on a straight-line basis (Note 15). 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:

Buildings and land improvements	25 - 45 years
Machinery and equipments	5 - 25 years
Motor vehicles	5 years
Furniture and fixtures	5 - 10 years

Property, plant and equipment are capitalized and depreciated when they are fully commissioned and in a physical state to meet their designed production capacity. Residual values of property, plant and equipment are deemed as negligible. The advances given for the property, plant and equipment purchases are classified under the other non-current assets until the related asset is capitalized. At each balance sheet date, residual values and estimated useful lives of property, plant and equipment are reviewed and adjusted if appropriate, prospectively.

Subsequent costs are included in the asset’s carrying value or 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. Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (Note 2.4.5). The assets’ useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Repairs and maintenance are charged to the statements of income and other comprehensive income during the financial period in which they are incurred. The Company derecognizes 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 or recognize as separate asset, are depreciated based on their useful lives.

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 36). On the disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to the retained earnings.

2.4.4 Intangible assets

Intangible assets have finite useful lives and comprise of acquired rights, 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 permanent 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. Gains or losses on disposals or impairments of intangible assets with respect to their amounts are included in related income and expense accounts. Residual values of intangible assets are deemed as negligible. Intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (Note 2.4.5).

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2.4.5 Impairment of assets

At each reporting date, the Company assesses whether there is an impairment indication for the assets, except for the deferred income tax asset (Note 41). When an indication of impairment exists, the Company estimates the recoverable amounts of such assets. The recoverable amounts of intangible assets not yet available for use to be measured annually. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Assets are allocated to cash generating units for the purpose of impairment testing, which is undertaken on the lowest level. An impairment loss is recognized 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 or value in use. Impairment losses are accounted for in the statement of income and other 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 recognized.

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.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. The amount of the loss is the difference between the asset's carrying amount and the amount that is collectable. The collectable amount is the estimated all future cash flows, including collectable amounts from guarantees and various insurances, discounted at the financial asset's original effective interest rate.

2.4.6 Borrowing and borrowing cost

Borrowings are recognized initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, borrowings are restated at amortized cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings. Borrowing costs are expensed as incurred (Note 38). If the borrowings mature within 12 months, then they are classified in current liabilities, otherwise they are classified in non-current liabilities (Note 25). Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

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 (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.

2.4.7 Financial assets

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

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 other trade receivables and cash and cash equivalents in the balance sheet. Loans and receivables are recognized initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, loans and receivables are stated at amortized 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. In subsequent periods, loans are stated at amortised cost using the effective yield method.

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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 financial assets. 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 recognized 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 4). Unrealized gains and losses arising from changes in fair value of securities classified as available-for-sale are recognized in the equity, rather than statement of comprehensive income until the related financial asset is derecognized. 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 recognized in the statement of income and other 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 derecognized, the accumulated fair value adjustments in equity are recognized in the statement of income and other 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 recognized in profit or loss-is removed from equity and recognized in the statement of income and other comprehensive income. Impairment losses recognized in the statement of comprehensive income on investments are not reversed through the statement of income and other comprehensive income.

The Company does not have financial assets at fair value through profit or loss and held to maturity financial assets.

2.4.8. Foreign currency translations and balances

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet dates. The exchange differences that were recorded are recognised in the statements of income and other comprehensive income as part of the profit for the year.

2.4.9 Earnings/(loss) per share

Earning/(loss) per share disclosed in the statement of income and other comprehensive income are determined by dividing net profit/(loss) for the year by the weighted average number of shares that have been outstanding during the year concerned (Note 42). 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/(loss) per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year.

2.4.10 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 authorized for issue.

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.

2.4.11 Provisions, contingent assets and contingent liabilities

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. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed, where an inflow of economic benefits is probable (Note 26).

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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. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are not recognised for future operating losses.

2.4.12 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 of the Company or parent Company "Yaşar Holding" and their close family members, together companies controlled, jointly controlled or significantly influenced by them are considered as and referred to as related parties (Note 7).

2.4.13 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 takes strategic decisions on allocating resources and assessing performance of the operating segments, has been identified as the key management.

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 significant, there is a single reportable segment, and segment reporting is not applicable.

2.4.14 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 41). The adjustments related to prior period tax liabilities are recognized in other operating expenses.

Deferred income tax income or expense is recognized in the statement of income and other comprehensive income, except to the extent that it relates to items recognized 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 (Note 41).

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. 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 utilized. To the extent that deferred income tax assets will not be utilized, the related amounts have been deducted accordingly (Note 41).

Deferred income tax assets and deferred income tax liabilities related to income taxes levied by the same taxation authority are offset accordingly, at individual entity level (Note 41).

2.4.15 Employee benefits/Provision for employment termination benefits

Provision for employment termination benefits represents the present value of the estimated total provision of the future probable obligation of the Company arising from the retirement of the employees calculated in accordance with the Turkish Labour Law. In accordance with existing social legislation and Turkish Labor Law in Turkey, 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 (Note 28). All actuarial gains and losses are recognised in other comprehensive income in the statements of comprehensive income.

The Company allocates bonus for the management and board of directors and recognizes a provision during the related year with respect to this bonus (Note 28.b).

2.4.16 Statement of cash flow

In the statement of cash flows, cash flows are classified into three categories as operating, investing 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 equipment 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

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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.

2.4.17 Share capital and dividends

Ordinary shares are classified as equity. Dividends payable on shares are recognized 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.

2.5 Critical accounting estimates and judgments

Preparation of financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognized 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:

i) Revaluation of land, buildings and land improvements and machinery and equipment

Land, land improvements and buildings are stated at fair value, based on valuations by external independent valuers namely Elit Gayrimenkul Değerleme A.Ş. as at 30 June 2013 less subsequent depreciation between balance sheet date and revaluation date, except for land. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount as at 31 December 2013.

The revaluation techniques used in fair value determinations of land, land improvements and buildings, consist of several assumptions, which are based on the management's best estimates.

- 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 were based on the method of cost 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 m^2 sale value was determined for the lands subject to the valuation. The similar pieces of land found were compared in terms of location, size, 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.

The carrying values of land, land improvements and buildings 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 Group performs impairment assessment for buildings and land improvements of which valuations are based on cost approach, in accordance with the "TAS 36 Impairment of Assets", and no impairment indicator is identified.

ii) 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 4).

iii) 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 recognizes tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. In this respect, the Company did not recognise deferred income tax assets arising from tax losses carried forward and other deductible differences as their future utilisation is not virtually certain (Note 41). 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 (Note 41).

2.6. 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 having 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 sales are presented as net if the nature of the transaction or the event qualify for offsetting.

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NOTE 3 - BUSINESS COMBINATIONS

None (31 December 2012: None).

NOTE 4 - INTERESTS IN OTHER ENTITIES

Please see Note 48.

NOTE 5 - SEGMENT REPORTING

Please see Note 2.4.13.

NOTE 6 - CASH AND CASH EQUIVALENTS

	31 December 2013	31 December 2012
Cash in hand	9.653	24.704
Banks	861.582	338.910
- Demand deposits	131.582	128.910
- Turkish Lira	131.582	79.090
- Foreign currency	-	49.820
- Time deposit	730.000	210.000
- Turkish Lira	730.000	210.000
Other	285.777	197.515
	1.157.012	**561.129**

Time deposits are denominated in TL, all mature in less than one month (31 December 2012: less than one month) and bear the effective weighted average interest rate of 8,65% per annum ("p.a.") (2012: 8,15% p.a.). Other cash and cash equivalents includes the credit cards slips with an average term of 30 days (31 December 2012: 30 days).

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 banks is sufficient. The fair values of cash and cash equivalents approximate carrying values, including accrued income at the respective balance sheet dates.

NOTE 7 - 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 2013 and 2012 are as follows:

i) Balances with related parties:

a) Trade receivables from related parties:	31 December 2013	31 December 2012
Yaşar Dış Ticaret A.Ş. ("YDT")	1.461.645	1.768.846
DYO Boya Fabrikaları Sanayi ve Ticaret A.Ş. ("DYO Boya")	204.977	173.527
Pınar Süt Mamulleri Sanayii A.Ş.("Pınar Süt")	106.144	30.886
Pınar Entegre Et ve Un Sanayii A.Ş. ("Pınar Et")	11.970	72.944
Other	514.820	177.235
	2.299.556	**2.223.438**
Less: Unearned finance income	(4.666)	(2.601)
	2.294.890	**2.220.837**

As of 31 December 2013, effective weighted average interest rates of due from related parties to TL and EUR denominated receivables are 7,50% and 2,21% p.a., respectively (31 December 2012: TL, EUR and USD denominated receivables are 7,65%, 2,08% and 2,21% p.a., respectively) and due from related parties mature within one month (31 December 2012: one month).

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Due from related party balances are mainly resulted from the sales of bottled water. Sales and distribution of the Company's products in the domestic market are performed by its own sales departments and its exports are performed by YDT, as further explained in Note 1 to the financial statements.

As of 31 December 2013, due from related parties amounting to TL2.000.577 (31 December 2012: TL1.577.255) were overdue for a period of 3 months (31 December 2012: 2 months).

b) Other receivables from related parties:

	31 December 2013	31 December 2012
Viking Kağıt	188.231	158.329
DYO Boya	186.821	177.431
Yaşar Holding	-	9.917.791
YBP	-	6.289
Other	54.928	54.406
	429.980	**10.314.246**

The other receivables from related parties are attributable to bail commission charges in relation to bank borrowings obtained by Yaşar Group Companies from international capital markets and a financial institution under the guarantee of the Company (Note 38). Other receivables from related parties have an average maturity of 3-12 month.

Company management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Company's receivables from related parties.

c) Trade payables to related parties:

Yaşar Holding	1.008.879	402.862
Pınar Foods GmbH ("Pınar Foods")	73.413	58.793
Other	149.233	21.302
	1.231.525	**482.957**
Less: Unearned finance cost	(4.754)	(912)
	1.226.771	**482.045**

The effective weighted average interest rate applied to due to related parties is 7,86% p.a. as of 31 December 2013 (31 December 2012: 7,22% p.a.) Due to related parties mature mainly within 2 months (31 December 2012: 2 months).

d) Other payables to related parties:

Other	15.453	10.335
	15.453	**10.335**

e) Short-term borrowings to related parties

Desa Enerji	1.517.208	-
Yaşar Holding	6.453	-
	1.523.661	**-**

As of 31 December 2013, the portion of short-term borrowings to Desa Enerji amounting to TL1.500.000 consists of loans and TL17.208 consists of accrued interests.

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ii) Transactions with related parties:

	1 January - 31 December 2013	1 January - 31 December 2012
a) Product sales:		
YDT	6.603.149	7.730.394
Other	754.548	643.271
	7.357.697	**8.373.665**

Export sales and distribution of the Company's products are performed by YDT.

b) Service sales:

YDT	234.093	239.781
Yaşar Holding	116.104	137.016
Other	238.910	289.660
	589.107	**666.457**

c) Service purchases:

Yaşar Holding	2.247.457	1.689.905
YDT	732.667	576.091
Bintur Turizm ve Catering Hizmetleri A.Ş. ("Bintur")	211.150	228.523
YBP	172.277	145.529
Pınar Süt	87.450	86.280
Other	116.006	145.117
	3.567.007	**2.871.445**

Service purchases from Yaşar Holding are mainly related with the consultancy charges.

	1 January - 31 December 2013	1 January - 31 December 2012
d) Product purchases:		
Pınar Süt	31.036	24.370
	31.036	**24.370**

e) Finance expense:

YDT	97.846	122.050
Yaşar Holding	47.064	24.592
Other	15.176	-
	160.086	**146.642**

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f) Finance income:

	1 January - 31 December 2013	1 January - 31 December 2012
Yaşar Holding	705.748	1.409.260
Dyo Boya	136.066	129.547
Viking Kağıt	93.083	66.434
YBP	46.669	89.334
Other	274.413	102.748
	1.255.979	**1.797.323**

The other finance income mainly consists of bail and finance commissions in relation to the bank borrowings obtained by the related parties from international capital markets and a financial institution under the guarantee of the Company. The bail and finance commission rates used in the intercompany charges are 0,50% p.a. both (31 December 2012: 0,50% p.a. both) (Note 38).

g) Dividends received:

YBP	528.157	808.643
	528.157	**808.643**

h) Property, plant and equipment purchases:

Yaşar Holding	76.436	-
YBP	46.076	7.063
Other	1.582	-
	124.094	**7.063**

ı) Bails given:

As of 31 December 2013, the Company jointly guarantees with Yaşar Holding A.Ş. the repayment of loans obtained by Yaşar Group companies from international markets and financial institutions amounting EUR44.444.444 and USD250.000.000, equivalent of TL664.086.110 (31 December 2012: EUR75.000.000 and USD275.000.000 equivalent of TL666.592.500).

i) Bails received:

Bails received are mainly related with the bails provided by YDT, a Yaşar Group company, for repayment of borrowings obtained from a domestic financial institution amounting to TL 12.500.000 and EUR1.000.000, equivalent of TL15.436.500 as of 31 December 2013 (31 December 2012: USD4.000.000 equivalent of TL7.130.500).

j) Key management compensation:

Key management includes chief executive operations officer, general manager; director and members of board of directors. The compensation paid or payable to key management for employee service is shown below:

Short-term employee benefits	686.029	603.124
Bonus and profit-sharing	66.230	28.800
Other long-term benefits	22.249	28.154
	774.508	**660.078**

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	31 December 2013	31 December 2012
a) Short-term trade receivables:		
Customer current accounts	9.346.768	7.327.225
Cheques and notes receivables	4.615.043	4.892.630
	13.961.811	**12.219.855**
Less: Provision for impairment of receivables	(827.885)	(832.375)
Unearned finance income	(146.644)	(35.403)
	12.987.282	**11.352.077**

At 31 December 2013, the effective weighted average interest rate applied to short-term trade receivables is 7,85% p.a. (31 December 2012: 7,63% p.a.) and average collection terms of trade receivables are within 2 months (31 December 2012: 2 months).

The aging of trade receivables as of 31 December 2013 and 2012 are as follows:

Overdue	2.188.817	1.629.641
0 - 30 days	3.220.910	4.151.005
31 - 60 days	3.570.568	3.538.783
61 - 90 days	3.488.463	1.168.364
91 days and over	518.524	864.284
	12.987.282	**11.352.077**

Concentrations of credit risk with respect to trade receivables are limited due to the Company's widely dispersed customer base, covering the spectrum of manufacturing and distribution and the variety of available end markets in which they sell. The Company's past experience in collection of accounts receivable falls within the recorded allowances. Due to this fact, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Company's trade receivables. The aging and credit risk analysis of overdue receivables as of 31 December 2013 and 2012 are disclosed in Note 49.a.

The aging of overdue receivables as of 31 December 2013 and 2012 are as follows:

0 - 90 days	1.864.937	1.554.759
91 - 180 days	323.880	74.882
	2.188.817	**1.629.641**

As of 31 December 2013, trade receivables of TL2.188.817 (31 December 2012: TL1.629.641) were past due and the Company holds collateral amounting to TL723.623 (31 December 2012: TL823.053) as security for such receivables. Subsequent collections of overdue receivables amounts to TL753.332 as of the approval date of these financial statements.

Movements in the provision for impairment of receivables can be analysed as follows:

	2013	2012
1 January	**(832.375)**	**(797.302)**
Charged to the statement of comprehensive income (Note 35.b)	-	(35.073)
Collections	4.490	-
31 December	**(827.885)**	**(832.375)**

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	31 December 2013	31 December 2012
b) Short-term trade payables:		
Supplier current accounts	25.476.618	21.946.303
Less: Unincurred finance cost	(160.191)	(113.184)
	25.316.427	**21.833.119**

As of 31 December 2013, the effective weighted average interest rate applied to trade payables is 7,86% p.a. (31 December 2012: 7,53% p.a.) and short term trade payables mature within 2 months (31 December 2012: 2 months). TL7.664.989 (31 December 2012: TL5.322.564) of trade payables are overdue for one month on average as of 31 December 2013 (31 December 2012: one month).

c) Long-term trade payables:

Supplier current accounts	4.820.265	-
	4.820.265	**-**

Long term trade payables to consist of the payables to foreign supplier due to machine purchases related to the investments in progress in Hendek. Long term trade payables mature within 4 years.

The redemption schedules of long-term trade payables as of 31 December 2013 as follows:

2015	1.377.219	-
2016	1.377.219	-
2017	1.377.219	-
2018	688.608	-
	4.820.265	**-**

Long term trade payables consist of payables due to property, plant and equipment purchases amounting to EUR 1.641.500 (31 December 2012: None) and effective weighted average interest rate is 2,49% p.a.

NOTE 9 - RECEIVABLES AND PAYABLES FROM FINANCE SECTOR OPERATIONS

None (31 December 2012: None).

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

	31 December 2013	31 December2012
a) Other short-term receivables:		
Value added tax ("VAT") receivables	465.782	594.692
Deposits and guarantees given	27.894	26.105
Other	16.749	312
	510.425	**621.109**

b) Other long-term receivables:

Deposits and guarantees given	1.800	1.800
	1.800	**1.800**

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c) Other payables :

	31 December 2013	31 December 2012
Taxes and funds payables	571.905	347.948
Deposits and guarantees received	42.894	13.039
	614.799	**360.987**

NOTE 11 - INVENTORIES

	31 December 2013	31 December 2012
Raw materials	3.076.842	2.250.343
Finished goods	1.437.982	1.419.118
Water bottle stocks	1.151.475	858.019
Pallet stocks	876.722	685.604
Spare parts	930.442	918.131
Other	114.747	68.784
	7.588.210	**6.199.999**

Cost of inventories recognized as expense and included in cost of sales amounted to TL36.701.151 (31 December 2012: TL32.156.119) (Note 29). Raw materials mainly consist of materials and packaging materials which are used to produce bottled water. The other inventory items are valued at their costs and there is no impairment.

NOTE 12 - BIOLOGICAL ASSETS

None (31 December 2012: None).

NOTE 13 - PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2013	31 December 2012
a) Prepaid expenses - current		
Prepaid expenses	781.703	849.167
Order advances given	868	120.852
	782.571	**970.019**

b) Prepaid expenses - non-current

Advances given	61.901	1.575.639
Prepaid expenses	-	10.240
	61.901	**1.585.879**

c) Deferred income

Advances received	496.921	813.674
	496.921	**813.674**

NOTE 14 - INVESTMENT PROPERTY

None (31 December 2012: None).

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NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment between 1 January - 31 December 2013 were as follows:

	1 January 2013	Additions	Disposals	Disposal of revaluation fund arising from sales of fixed asset	Transfers	Accumulated depreciation net off before revaluation	Revaluation	31 December 2013
Cost/revaluation:								
Land	6.984.000	25.000	(69.769)	-	-		424.769	7.364.000
Buildings and land improvements	16.943.316	403.227	-	-	-	(972.139)	886.845	17.261.249
Machinery and equipment	36.216.960	2.190.088	(1.273.244)	(104.331)	14.335.546	-	-	51.365.019
Motor vehicles	311.001	-	-	-	-	-	-	311.001
Furniture and fixtures	14.392.630	2.960.831	(582.282)	-	-	-	-	16.771.179
Construction in progress	-	14.335.546	-	-	(14.335.546)	-	-	-
	74.847.907	**19.914.692**	**(1.925.295)**	**(104.331)**	**-**	**(972.139)**	**1.311.614**	**93.072.448**
Accumulated depreciation:								
Buildings and land improvements	(633.706)	(702.740)	-	-	-	972.139	-	(364.306)
Machinery and equipment	(3.217.934)	(3.769.876)	787.277	-	-	-	-	(6.200.533)
Motor vehicles	(292.921)	(7.542)	-	-	-	-	-	(300.463)
Furniture and fixtures	(8.611.190)	(1.213.146)	245.556	-	-	-	-	(9.578.781)
	(12.755.751)	(5.693.303)	1.032.832	-	-	972.139	-	(16.444.083)
Net book value	**62.092.156**	**14.221.389**	**(996.793)**	**(104.331)**	**-**	**-**	**1.311.614**	**76.628.365**

Additions to the property, plant and equipment within the year 2013 mainly consist of machinery purchases due to construction in progress.

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

	1 January 2012	Additions	Disposals	31 December 2012
Cost/revaluation:				
Land	6.984.000	-	-	6.984.000
Buildings and land improvements	15.505.000	1.438.316	-	16.943.316
Machinery and equipment	35.660.000	556.960	-	36.216.960
Motor vehicles	462.822	-	(151.821)	311.001
Furniture and fixtures	12.406.733	2.279.893	(293.996)	14.392.630
	71.018.555	**4.275.169**	**(445.817)**	**74.847.907**
Accumulated depreciation:				
Buildings and land improvements	-	(633.706)	-	(633.706)
Machinery and equipment	-	(3.217.934)	-	(3.217.934)
Motor vehicles	(437.193)	(7.542)	151.814	(292.921)
Furniture and fixtures	(7.765.499)	(1.024.293)	178.602	(8.611.190)
	(8.202.692)	**(4.883.475)**	**330.416**	**(12.755.751)**
Net book value	**62.815.863**			**62.092.156**

Additions to the property, plant and equipment within the year 2012 mainly consist of machinery and warehouse investments related with bottled water production. Additions to furnitures and fixtures are mainly related with the addition of water dispensers, steel and plastic racks.

Current year's depreciation and amortisation charges were allocated to cost of production by TL4.372.023 (31 December 2012: TL3.771.475), to selling and marketing expenses by TL1.120.255 (31 December 2012: TL850.274) (Note 34.a) and to general and administrative expenses by TL270.966 (31 December 2012: TL408.835) (Note 34.b).

Movements in revaluation reserve related to land, buildings, land improvements, machinery and equipment as of 31 December 2013 and 2012 were as follows:

1 January 2012	**25.390.898**
Depreciation on revaluation reserve transferred to retained earnings-net	(1.317.048)
31 December 2012	**24.073.850**
Depreciation on revaluation reserve transferred to retained earnings-net	(1.332.940)
Increase in revaluation reserve of land, land improvements and buildings - net	1.113.006
Disposal from revaluation reserve due to sales of property, plant and equipment - net	(104.331)
31 December 2013	**23.749.585**

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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 2013 and 2012, are as follows:

31 December 2013:	**Land**	**Building and land improvements**	**Machinery and equipment**
Cost	926.794	9.908.250	48.391.852
Less: Accumulated depreciation	-	(3.648.615)	(28.920.131)
Net book value	**926.794**	**6.259.635**	**19.471.721**
31 December 2012:			
Cost	971.563	9.505.023	47.448.054
Less: Accumulated depreciation	-	(3.370.436)	(27.178.217)
Net book value	**971.563**	**6.134.587**	**20.269.837**

NOTE 16 - RIGHTS TO INTERESTS ARISING FROM DECOMMISSIONING, RESTORATION AND ENVIRONMENTAL REHABILITATION FUNDS

None (31 December 2012: None)

NOTE 17 - MEMBERS' SHARES IN CO-OPERATIVE ENTITIES AND SIMILAR INSTRUMENTS

None (31 December 2012: None).

NOTE 18 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortisation for the periods 1 January - 31 December 2013 and 2012 were as follows:

	1 January 2013	**Additions**	**31 December 2013**
Costs:			
Rights	1.264.978	166.976	1.431.954
Accumulated amortisation	(1.132.957)	(69.941)	(1.202.898)
Net book value	**132.021**	**97.035**	**229.056**

	1 January 2012	**Additions**	**31 December 2012**
Costs:			
Rights	1.222.256	42.722	1.264.978
Accumulated amortisation	(985.848)	(147.109)	(1.132.957)
Net book value	**236.408**	**(104.387)**	**132.021**

NOTE 19 - GOODWILL

None (31 December 2012: None).

NOTE 20 - EXPLORATION FOR AND EVALUATION OF MINERAL RESOURCES

None (31 December 2012: None).

NOTE 21 - LEASING

None (31 December 2012: None).

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NOTE 22 - SERVICE CONCESSION AGREEMENTS

None (31 December 2012: None).

NOTE 23 - IMPAIRMENT IN ASSETS

Please see Note 2.4.5.

NOTE 24 - GOVERNMENT GRANTS AND INCENTIVES

In 2013, the Company has obtained deduction of investment incentive amounting to TL14.433.545 due to supporting programme of manufacturing industry, nonalcoholic beverage production of ministry of Economy and recognised deferred income tax amounting to TL2.886.709 related to the investment incentive mentioned (31 December 2012:None).

There are investment certificates to which the Company has been entitled by the official authorities on 19 March 2013 and the Company benefits from these deductions within the scope of related regulation (Note 41).

NOTE 25 - BORROWINGS AND BORROWING COSTS

	Effective weighted average interest rate p.a. %		Original currency		TL equivalent	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Short term borrowings:						
Borrowings TL (*)	4,96	-	1.572.827	66.463	1.572.827	66.463
Borrowings USD	-	5,75	-	4.011.500	-	7.150.900
Short term portion of long term borrowings:						
Borrowings TL (**)	10,92	-	2.564.204	-	2.564.204	-
Borrowings EUR (***)	4,69	3,46	291.358	322.415	855.573	758.223
Total short term borrowings					**4.992.603**	**7.975.586**
Long term borrowings:						
Borrowings TL (**)	10,92	-	10.002.432	-	10.002.432	-
Borrowings EUR (***)	4,75	4,50	783.507	66.666	2.300.768	156.778
Total long term borrowings					**12.303.200**	**156.778**

(*) TL denominated short-term bank borrowings consist of borrowings with spot loans fixed interest rates of 4,96% p.a.(31 December 2012: Interest is not paid for spot loans).

(**) TL denominated bank borrowings consist of working capital borrowings with fixed interest rates of 10,92% p.a. as of 31 December 2013.

(***) EUR denominated short-term bank borrowings consist of borrowings with fixed interest rates of 4,69% and 4,75% p.a. respectively (31 December 2012: Borrowings with semi-annually repricing floating interest rate Euribor +0,50% p.a. and borrowings with fixed interest rate of 4,50% p.a.).

The redemption schedule of long-term bank borrowings at 31 December 2013 and 2012 is as follows:

	31 December 2013	31 December 2012
2015	3.324.062	156.778
2016	3.324.062	-
2017	3.324.062	-
2018	2.331.014	-
	12.303.200	**156.778**

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As of 31 December 2013 and 2012, the carrying amounts of the borrowings with floating and fixed interest rates which were classified in terms of periods remaining to contractual repricing dates are as follows:

	3 months to 1 year	Total
31 December 2013:		
Borrowing with variable interest rates	-	-
Borrowings with fixed interest rates	-	17.295.804
	-	**17.295.804**
31 December 2012**:**		
Borrowing with variable interest rates	440.805	440.805
Borrowings with fixed interest rates	-	7.691.559
	440.805	**8.132.364**

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

	Carrying amount		Fair value	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Bank borrowings	17.295.804	8.132.364	17.416.047	8.527.107

The fair values are based on cash flows discounted using the rate of 0,43% p.a. and 9,65% p.a. for EUR denominated bank borrowings and TL denominated bank borrowings, respectively (31 December 2012: 0,14% p.a., 0,31% p.a., 5,67% p.a. for EUR, USD and TL denominated bank borrowings, respectively).

NOTE 26 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2013	31 December 2012
a) Other short-term provisions:		
Provision of advertising and promotion	185.250	137.876
Provision for spring water fee	95.226	1.304.297
Other	17.500	27.511
	297.976	**1.469.684**

Aydın Bozdoğan Municipality charged a total of TL3.135.534 TL to the Company as the spring water fee in return for services rendered in line with Article 63 of the Law on Municipal Revenues within 2013 (31 December 2012: 3.101.159 TL). Regarding the mentioned spring water fee, the Company filed a lawsuit against Aydın Bozdoğan Municipality based on the claim that all procedures related to production permit, licensing, packaging, labeling, sales and audit of natural mineral waters are carried out by the Turkish Ministry of Health and its relevant bodies in line with the provisions of the "Regulation on Natural Mineral Waters" No. 25657, dated 1 December 2004. As of 31 December 2013, the local court rejected the lawsuit, which was subsequently taken to a higher court for appeal. In line with the prudency principle of accounting, Company management recognised the mentioned spring water fee provision in the cost of sales.

Movements of the provision the spring water fee provision during the years 2013 and 2012 are as follows:

	2013	2012
1 January	**1.304.297**	**1.783.138**
Charged to statement of comprehensive income (Note 29)	3.135.534	3.101.159
Paid	(4.344.605)	(3.580.000)
31 December	**95.226**	**1.304.297**

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	31 December 2013	31 December 2012
b) Guarantees given:		
Bails	664.086.110	666.592.500
Letters of guarantee	10.262.458	8.522.336
	674.348.568	**675.114.836**

As of 31 December 2013, guarantees given are mainly related with joint guarantees provided by the Company along with Yaşar Group companies in relation to the repayment of loans obtained by Yaşar Group companies from financial institutions amounting to EUR 44.444.444 and USD 250.000.000, equivalent of TL 664.086.110 (31 December 2012: EUR75.000.000 and USD275.000.000, equivalent of TL666.592.500).

The collaterals, pledges and mortgages ("CPM") position of the Company for the years ended 31 December 2013 and 2012 were as follows:

	31 December 2013			31 December 2012		
	Currency	**Amount**	**TL Equivalent**	**Currency**	**Amount**	**TL Equivalent**
CPM provided by the Company:						
A. Total amount of CPM given on behalf of the Company	TL	10.262.458	10.262.458	TL	8.522.336	8.522.336
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		664.086.110			666.592.500	
i. Total amount of CPM given on behalf of the main shareholder	*US Dollar*	*250.000.000*	*533.575.000*	*US Dollar*	*250.000.000*	*445.650.000*
ii. Total amount of CPM given on behalf other group companies which are not in scope of B and C	-	-	-	*US Dollar*	*25.000.000*	*44.565.000*
	Euro	*44.444.444*	*130.511.110*	*Euro*	*75.000.000*	*176.377.500*
iii. Total amount of CPM given on behalf of third parties which are not in scope of C	-	-	-	-	-	
			674.348.568			**675.114.836**
The ratio of total amount of other CPM to Equity			911%			853%

	31 December 2013	31 December 2012
c) Guarantees received:		
Letters of guarantee	18.347.983	18.267.807
Bails	15.436.500	7.130.400
Mortgages	5.148.189	5.975.035
Guarantee notes	2.226.503	1.941.283
Other	536.773	600.319
	41.695.948	**33.914.844**

Guarantees are mainly received from customers.

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NOTE 27 - COMMITMENTS

Total amount of raw material purchase commitments as of 31 December 2013 is TL3.236.000 (31 December 2012: TL 3.062.000). Purchase commitments are expected to be fulfilled in accordance with the Company’s management predictions and budgets for the year of 2014 (31 December 2012: Purchase commitments were fulfilled on subsequent period).

NOTE 28 - EMPLOYEE BENEFITS

	31 December 2013	31 December 2012
a) Payables for employee benefits		
Social security premiums	253.987	221.128
Payables to employees	14.505	10.974
	268.492	**232.102**

b) Short- term provisions for employee benefits		
Management bonus accrual	220.000	220.000
Seniority incentive bonus	35.633	136.693
	255.633	**356.693**

c) Long - term provisions for employee termination benefits		
Provision for employment termination benefits	1.900.678	1.502.602
Seniority incentive bonus	70.402	-
	1.971.080	**1.502.602**

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

The amount payable consists of one month’s salary limited to a maximum of TL3.254,44 for each year of service as of 31 December 2013 (31 December 2012: TL3.033,98).

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 3.438,22 which is effective from 1 January 2014 (1 January 2013: 3.129,25 TL) has been taken into consideration in calculating the provision for employment termination benefits of the Company which is calculated once in every six months.

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

	31 December 2013	31 December 2012
Discount rate (p.a) (%)	4,09	3,50
Probability of retirement (%)	97,61	97,61

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

	2013	2012
1 January	**1.502.602**	**847.798**
Interest costs	104.123	39.507
Actuarial loss	252.838	338.688
Current service cost	207.256	382.829
Paid during the year	(166.141)	(106.220)
31 December	**1.900.678**	**1.502.602**

The total of interest cost and current service cost amounting to TL311.379 (31 December 2012: TL 422.336) were allocated to general administrative expenses by TL228.142 (31 December 2012: TL368.784) (Note 34) and to cost of sales by TL83.237 (31 December 2012: TL53.552).

NOTE 29 - EXPENSES BY NATURE

	1 January - 31 December 2013	1 January - 31 December 2012
Raw material, direct material and finished goods	36.701.151	32.156.119
Transportation and export	24.988.903	21.247.471
Personnel	12.907.373	10.530.023
Outsourced services	8.088.898	6.704.581
Advertising	6.299.971	7.391.230
Depreciation and amortisation	5.763.244	5.030.584
Energy	4.737.612	4.306.069
Maintenance	3.700.928	2.811.432
Fee of mineral resource	3.135.534	3.101.159
Rent	2.671.610	1.664.525
Consultancy	2.414.120	1.721.392
Travel	473.846	458.739
Communication	317.582	159.880
Employment termination benefits	311.379	422.336
Representation	221.294	198.926
Other	7.586.352	3.630.512
	120.319.797	**101.534.978**

NOTE 30 - OTHER ASSETS AND LIABILITIES

	31 December 2013	31 December 2012
Other current assets		
VAT receivable	2.682.245	761.299
Other	51.787	26.214
	2.734.032	**787.513**

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NOTE 31 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The Company adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of Kr1. The Company's historical authorised registered share capital at 31 December 2013 and 2012 is as follows:

	31 December 2013	31 December 2012
Registered share capital (historical values)	50.000.000	50.000.000
Paid-in share capital with nominal value	12.789.345	12.789.345

The compositions of the Company's share capital at 31 December 2013 and 2012 were as follows:

	31 December 2013		31 December 2012	
	Share (%)	TL	Share (%)	TL
Yaşar Holding	58,00	7.417.546	58,00	7.417.546
Public quotation	31,78	4.064.924	31,78	4.064.924
Pınar Süt	8,77	1.122.150	8,77	1.122.150
YBP	0,80	101.992	0,80	101.992
Hedef Ziraat Tic. ve San. A.Ş ("Hedef Ziraat")	0,09	11.318	0,09	11.318
YDT	0,03	3.773	0,03	3.773
Other	0,53	67.642	0,53	67.642
Total share capital	**100,00**	**12.789.345**	**100,00**	**12.789.345**
Adjustment to share capital		11.713.515		11.713.515
Total paid-in capital		**24.502.860**		**24.502.860**

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.

Inflation adjustment to share capital amounting to TL11.713.515 (31 December 2012: TL11.713.515) represents the remaining amount after netting-off the accumulated losses of the year 2003 from the difference between restated share capital and historical cost of share capital.

The Company has 1.278.934.500 (31 December 2012: 1.278.934.500) units of shares with a face value of Kr1 each as of 31 December 2013.

The Company's authorised registered share capital is composed of registered shares and its shares have been quoted at the BIST. There are no privileges given to specific shareholders. Retained earnings, as per the statutory financial statements, are available for distribution, subject to the legal reserve requirement referred to below:

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

The aforementioned reserves were accounted for under "Restricted Reserves" in accordance with CMB Financial Reporting Standards. The restricted reserves of the Company amount to TL4.180.008 (31 December 2012: TL4.180.008) as of 31 December 2013. The unrestricted extraordinary reserves the Company amount to TL11.673.135 (31 December 2012: TL11.673.135), and classified in the retained earnings.

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In accordance with 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 raising from inflation adjustments) shall be classified as follows:

- the difference arising from the “Paid-in Capital” shall be classified as the “Inflation Adjustment to Share Capital” if it is not transferred to capital yet;
- the difference due to the “Restricted Reserves” and “Share Premium” shall be classified as “Retained earnings” if the amount has not been utilised in dividend distribution or capital increase yet. Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

Adjustment to share capital has no other use other than being transferred to share capital.

Quoted companies are subject to dividend requirements regulated by the CMB according to II-19.1 no. has enacted since 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and in conformity with relevant legislations. The communique does not state a minimum dividend rate. Companies distribute dividends in accordance with the method defined in their dividend policy or articles of association. Additional, dividend can be distributed in fixed or variable installments and dividends advances can be paid over the profit on interim financial statements.

Unless the general reserves that has to be appropriated in accordance with TCC or the dividend to shareholders as determined in the articles of association or dividend policy are set aside ; no decision can be taken to set aside other reserves, to transfer reserves to be subsequent year or to distribute dividends to holders of usufruct right certificates, to board of directors members or to employees ; and no dividend can be distributed to those unless the determined dividend to shareholders is paid in cash.

Dividend in public companies, of the date of distribution to all existing shares, regardless of the date of issuance and acquisition of these shares will be distributed equally.

On the other hand, in accordance with the Articles of Association of the Company, up to 5% of retained earnings after dividend distribution could be allocated to the Board of Directors or used for certain reasons designated by the Board of Directors when necessary.

- Based on the approval of the General Assembly, up to 3% of retained earnings after dividend distribution could be allocated to plant investments designated in accordance with article of 468 in TCC,
- Up to 5% of retained earnings after dividend distribution could be allocated to the Board of Directors as necessary,
- Up to 5% of retained earnings after dividend distribution could be allocated to donations, bonuses etc.

NOTE 32 - REVENUE

	1 January - 31 December 2013	1 January - 31 December 2012
Domestic sales	212.095.680	186.641.107
Export sales	7.872.693	7.730.394
Trade goods sales	4.212.781	-
Gross Sales	224.181.154	194.371.501
Less: Discounts	(113.732.595)	(94.303.232)
Return	(534.085)	(376.527)
Net sales	**109.914.474**	**99.691.742**
Cost of sales	**(65.243.248)**	**(53.112.036)**
Gross Profit	**44.671.226**	**46.579.706**

NOTE 33 - CONSTRUCTION CONTRACTS

None (31 December 2012: None).

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NOTE 34 - GENERAL ADMINISTRATIVE EXPENSES AND MARKETING, SELLING AND DISTRIBUTION EXPENSES

	1 January - 31 December 2013	1 January - 31 December 2012
a) General administrative expenses:		
Personnel	5.516.549	4.625.692
Outsourced services	1.862.381	1.646.530
Consultancy	1.844.422	1.721.392
Energy	361.834	324.062
Rent	344.319	333.344
Depreciation and amortisation	270.966	408.835
Travel	268.544	241.775
Employment termination benefit	228.142	368.784
Representation	201.515	198.926
Communication	180.445	159.880
Other	1.002.256	792.374
	12.081.373	**10.821.594**

	1 January - 31 December 2013	1 January - 31 December 2012
b) Marketing, selling and distribution expenses:		
Transportation and export expenses	24.232.650	20.512.041
Advertising	6.299.971	7.391.230
Outsourced services	3.636.480	2.806.760
Personnel	3.321.801	3.024.024
Rent	1.252.629	674.687
Amortization and depreciation cost	1.120.255	850.274
Energy	755.075	694.099
Export commission	755.054	735.430
Maintenance	599.647	477.848
Licences	569.698	-
Other	451.916	434.955
	42.995.176	**37.601.348**

NOTE 35 - OTHER OPERATING INCOME AND EXPENSE

	1 January - 31 December 2013	1 January - 31 December 2012
a) Other operating income:		
Foreign exchange gain arising from commercial activities	336.352	105.262
Other	25.402	107.747
	361.754	**213.009**

b) Other operating expense:

Foreign exchange loss arising from commercial activities	(1.154.829)	(116.444)
Fees and aid	(54.595)	(83.064)
Provision for doubtful receivables	-	(35.073)
Other	(242.473)	(175.722)
	(1.451.897)	**(410.303)**

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NOTE 36 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 31 December 2013	1 January - 31 December 2012
a) Income from investment activities:		
Dividend income	528.158	808.643
Gain on sale of property plant and equipment	-	166.244
	528.158	**974.887**
b) Expense from investment activities:		
Loss on sale of property plant and equipment	(222.246)	-
	(222.246)	**-**

NOTE 37 - EXPENSES BY NATURE

Please see Note 29.

NOTE 38 - FINANCIAL EXPENSES

	1 January - 31 December 2013	1 January - 31 December 2012
Bail income	895.592	1.048.028
Interest income	215.049	988.541
Foreign exchange gain	178.636	168.221
Interest income on term sales	52.491	187.814
	1.341.768	**2.392.604**
Interest expense	(1.037.248)	(401.588)
Foreign exchange loss	(772.393)	(51.205)
Bank commissions and overdue charges	(276.157)	(182.477)
Interest expense on credit purchases	(113.306)	(152.709)
Bail expense	-	(71.467)
Other	(9.210)	(15.167)
	(2.113.608)	**(874.583)**

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NOTE 39 - ANALYSIS OF OTHER COMPREHENSIVE INCOME

As of 31 December 2013 and 2012, analysis of other comprehensive incomes is as follows:

	1 January - 31 December 2013	1 January - 31 December 2012
OTHER COMPREHENSIVE INCOME:		
Other comprehensive income/expense not to be reclassified to profit or loss		
- Actuarial loss arising from defined benefit plans	(252.838)	(338.688)
- Increase/decrease in revaluation reserve	1.311.614	-
- Taxes for other comprehensive income/expense not to be reclassified to profit or loss	(148.040)	67.737
Other comprehensive income/expense to be reclassified to profit or loss		
- Increase in fair value reserve of available-for-sale investments	2.783.230	4.536.334
- Taxes for other comprehensive income/expense to be reclassified to profit or loss	(271.294)	(248.451)
OTHER COMPREHENSIVE INCOME	**3.422.672**	**4.006.932**

NOTE 40 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None (31 December 2012: None).

NOTE 41 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND TAX LIABILITIES)

Current income tax liabilities

As of 31 December 2013 and 2012, prepaid taxes and corporation taxes currently payable are as follows:

	31 December 2013	31 December 2012
Provision for income taxes	-	544.356
Less: Prepaid income taxes	(2.090)	(1.106.126)
Current income tax liabilities	**(2.090)**	**(561.770)**

In Turkey, the corporation tax rate of the fiscal year 2013 is 20% (31 December 2012: 20%). Corporation tax is payable at a rate of 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 (such as research and development expenditure allowances). No further tax is payable unless the profit is distributed (except for withholding tax at the rate of 19,8% (31 December 2012: 19,8%), calculated on an exemption amount if an investment allowance is granted in the scope of Income Tax Law temporary article 61).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15% (31 December 2012: 15%). An increase in capital via issuing bonus shares is not considered profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% (31 December 2012: 20%) on their corporate income. Advance tax is declared by 14th and payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains an amount for advance tax amount paid, it may be refunded or offset against other liabilities to the government.

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

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Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

There are many exemptions in Corporate Tax Law regarding corporations. Those related to the Company are explained below:

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

According to Turkish Corporate Income Tax Law numbered 5520, effective from 21 June 2006, 75% portion of the gains derived from the sale 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 consideration 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 14th and recurring 8th articles of Corporate Tax Law and 40th article of the Income Tax Law together with the 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 manner through transfer pricing completely or partially, will be assessed as distributed profit share or transferred amount to headquarter for limited taxpayers. After the 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.

Taxes on income for the years 1 January- 31 December 2013 and 2012 are summarised as follows :

	31 December 2013	**31 December 2012**
- Current year corporation income tax expense	-	(544.356)
- Deferred tax income	3.319.909	479.099
Taxation on income	**3.319.909**	**(65.257)**

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Reconciliation of taxation on income is as follows:

	1 January - 31 December 2013	1 January - 31 December 2012
Loss/(profit) before tax	**(11.961.394)**	**452.378**
Tax calculated at rates applicable to the (loss)/profit	2.392.278	(90.475)
Recognition of deferred income tax asset on investment incentive	2.886.709	-
Tax losses for which no deferred income tax asset was recognized	(1.912.957)	-
Income not subject to tax	415.146	215.458
Non-deductible expenses	(295.849)	(154.591)
Other	(165.418)	(35.649)
Taxation on income/(expense)	**3.319.909**	**(65.257)**

Deferred taxes

The Company recognises deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under the statutory tax 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% (31 December 2012: 20%).

Details of cumulative temporary differences and the resulting deferred income tax assets and liabilities provided as of 31 December 2013 and 2012 were as follows:

	Cumulative temporary differences		Deferred income tax assets/ (liabilities)	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Revaluation of land, land improvements, buildings, machinery and equipment	28.036.735	28.916.649	(4.287.152)	(4.842.799)
Difference between carrying value (excluding revaluation reserve) and tax bases of property, plant and equipment and intangible assets	5.999.708	7.294.814	(1.501.254)	(1.464.987)
Deduction of investment incentive	(14.433.546)	-	2.886.709	-
Provision for employment termination benefits	(1.900.678)	(1.502.602)	380.136	300.520
Difference between carrying value and tax bases of available-for-sale investments	14.649.703	11.866.473	(401.084)	(129.790)
Provisions	(94.874)	(1.499.322)	18.975	299.864
Other	(163.404)	(328.135)	32.680	65.627
Deferred income tax assets			3.318.500	666.011
Deferred income tax liabilities			(6.189.490)	(6.437.576)
Deferred tax liabilities-net			**(2.870.989)**	**(5.771.565)**

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The movement of deferred tax liabilities - net is as follows:

1 January 2012	**(6.059.950)**
Credited to statement of comprehensive income	479.099
Charged to actuarial loss arising from defined benefit plans	67.737
Charged to fair value reserve of available-for-sale investments	(258.451)
31 December 2012	**(5.771.565)**
Credited to statement of comprehensive income	3.319.909
Revaluation of property, plant and equipment	(198.608)
Charged to actuarial loss arising from defined benefit plans	50.569
Charged to fair value reserve of available-for-sale investments	(271.294)
31 December 2013	**(2.870.989)**

The Company did not recognise deferred income tax assets of TL1.912.957 arising from tax losses carried forward as their future utilization is not virtually certain.

Years of expiration of tax losses carried forward which were not recognized as of 31 December 2013 are as follows:

Expiration years	**31 December 2013**	**31 December 2012**
2018	(9.564.784)	-
	(9.564.784)	**-**

NOTE 42 - (LOSS)/EARNINGS PER SHARE

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the parent company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased and held as treasury shares.

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 earning/(loss) per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year.

		1 January - 31 December 2013	**1 January - 31 December 2012**
Net (loss)/profit for the year	A	(8.641.485)	387.121
Weighted average number of shares	B	1.278.934.500	1.278.934.500
(Loss)/earning per 100 shares with a Kr1 face value	**A/B**	**(0,6757)**	**0,0302**

There are no differences between basic and diluted (loss)/earnings per share.

NOTE 43 - SHARE BASED PAYMENTS

None (31 December 2012: None).

NOTE 44 - INSURANCE CONTRACTS

None (31 December 2012: None).

NOTE 45 - EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

The foreign exchange risk of the Company is presented in Note 49.c.i.

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NOTE 46 - REPORTING IN HYPERINFLATIONARY ECONOMIES

With the decision taken on 17 March 2005, numbered 11/367, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey. Accordingly, TAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the POA, has not been applied in the financial statements for the accounting year starting from 1 January 2005.

NOTE 47 - DERIVATIVE FINANCIAL INSTRUMENTS

None (31 December 2012: None).

NOTE 48 - FINANCIAL INSTRUMENTS

The breakdown of available-for-sale investments for the years ended 31 December 2013 and 2012 are as follows:

	31 December 2013		31 December 2012	
	Carrying amount (TL)	Share (%)	Carrying amount (TL)	Share (%)
YBP	20.855.029	4,74	18.952.683	4,74
Desa Enerji	2.642.855	6,07	1.466.552	6,07
Viking Kağıt	467.077	1,69	676.923	1,69
YDT	534.440	1,76	620.014	1,76
	24.499.401		**21.716.172**	

Viking Kağıt is stated at quoted market prices as it is listed on BIST; YBP, YDT and Desa Enerji are stated at their fair values which are determined based on the discounted cash flows by using the market interest rates and the risk premium specific to unlisted companies within the related sectors.

The discount and growth rates used in discounted cash flow models as at 31 December 2013 and 2012 are as follows:

	Discount rate		Growth rate	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
YBP	12,62%	8,60%	1%	1%
YDT	9,83%	7,58%	0%	0%
Desa Enerji	12,62%	9,60%	0%	0%

Movements of available-for-sale investments in 2013 and 2012 are as follows:

	2013	2012
1 January	**21.716.172**	**16.915.571**
Contribution to capital increase:		
YDT	-	264.267
Fair value increase/(impairment):		
YBP	1.902.347	4.325.441
Desa Enerji	1.176.303	214.590
YDT	(85.574)	9.842
Viking Kağıt	(209.847)	(13.539)
31 December	**24.499.401**	**21.716.172**

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Movements of fair value reserves of available-for-sale investment are as follows:

1 January	**14.339.007**	**10.061.124**
Increase in fair value	3.078.650	4.549.873
Impairment	(295.420)	(13.539)
Deferred income tax on fair value reserves of available-for-sale investments (Note 41)	(271.294)	(258.451)
31 December	**16.850.943**	**14.339.007**

NOTE 49 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

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.

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.

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 risk 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. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. These risks are monitored by credit ratings and limiting the aggregate risk to any individual counter party and receiving guarantees when required. The Company's exports are realised by its related party, YDT and the related export receivables are monitored by YDT. The following tables analyse the Company's credit risk as of 31 December 2013 and 2012;

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31 December 2013:	**Receivables**					
	Trade Receivables [1]		**Other Receivables**			
	Related Parties	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits**	**Total**
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) [2]	**2.294.890**	**12.987.282**	**429.980**	**510.425**	**1.147.359**	**17.369.936**
- The part of maximum credit risk covered with guarantees	-	5.873.759	-	-	-	5.873.759
A. Net book value of financial assets not due or not impaired	294.313	10.798.465	104.420	510.425	1.147.359	12.854.981
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired	-	-	-	-	-	
C. Net book value of assets past due but not impaired [3]	2.000.577	2.188.817	325.561	-	-	4.514.955
- The part covered by guarantees etc	-	723.623	-	-	-	723.623
D. Net book value of assets impaired -	-	-	-	-	-	-
- Past due (gross book value)	-	827.885	-	-	-	827.885
- Impairment amount (-)	-	(827.885)	-	-	-	(827.885)
- The part of net value covered with guarantees etc	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- The part of net value covered with guarantees etc	-	-	-	-	-	-
E. Off balance items exposed to credit risk	-	-	-	-	-	-

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	Receivables					
	Trade Receivables [1]		Other Receivables			
31 December 2012:	Related Parties	Third Parties	Related Parties	Third Parties	Bank Deposits	Total
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) [2]	**2.220.837**	**11.352.077**	**10.314.246**	**621.109**	**536.425**	**25.044.694**
- The part of maximum credit risk covered with guarantees	-	5.185.702	-	-	-	5.185.702
A. Net book value of financial assets not due or not impaired	643.582	9.722.436	9.937.900	621.109	536.425	21.461.452
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired		-	-	-	-	-
C. Net book value of assets past due but not impaired [3]	1.577.255	1.629.641	376.346	-	-	3.583.242
- The part covered by guarantees etc	-	823.053	-	-	-	823.053
D. Net book value of assets impaired -						
- Past due (gross book value)	-	832.375	-	-	-	832.375
- Impairment amount (-)	-	(832.375)	-	-	-	(832.375)
- The part of net value covered with guarantees etc	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- The part of net value covered with guarantees etc	-	-	-	-	-	-
E. Off balance items exposed to credit risk	-	-	-	-	-	-

[1] Trade receivables balances mainly resulted from the sale of pet bottled and bottled water.

[2] In the determination of related amounts, guarantees received providing increase credit reliability are not take into account.

[3] Considering the past experiences and collections subsequent to the balance sheet date, the Company management does not foresee any collection problem for the overdue receivables.

	Receivables		
31 December 2013	**Trade Receivables**	**Other Receivables**	**Total**
1 - 30 days overdue	2.031.979	-	2.031.979
1 - 3 months overdue	1.344.661	-	1.344.661
3 - 12 months overdue	812.753	325.561	1.138.314
The part covered by guarantees	(723.623)	-	(723.623)
	4.189.394	**325.561**	**4.514.954** [*]

[*] TL753.332 of the receivables that were overdue but not impaired have been collected as of the approval date of the financial statements.

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	Receivables		
31 December 2012	**Trade Receivables**	**Other Receivables**	**Total**
1-30 days overdue	1.456.761	198.915	1.655.676
1-3 months overdue	846.089	177.431	1.023.520
3-12 months overdue	904.046	-	904.046
The part covered by guarantees	(823.053)	-	(823.053)
	3.206.896	**376.346**	**3.583.242**

b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, 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 collection of trade receivables on time in order to and to prevent any financial burden that may result from late collections and arranges cash and non-cash credit lines with banks for the use of the Company.

The Company's liquidity analysis in respect of categories of financial liabilities as of 31 December 2013 and 2012 are as follows:

31 December 2013:	**Book value**	**Total cash outflows per agreement (=I+II+III)**	**Less than 3 months (I)**	**3 - 12 months (II)**	**1 - 5 years (III)**
Contract terms:					
Non-derivative financial liabilities:					
Bank borrowings	17.246.638	20.442.712	1.193.316	4.530.671	14.718.725
Trade payables	26.543.198	26.708.143	19.006.267	7.701.876	-
Other payables	630.251	630.251	630.251	-	-
	44.420.087	**47.781.106**	**20.829.834**	**12.232.547**	**14.718.725**

31 December 2012:	**Book value**	**Total cash outflows per agreement (=I+II+III)**	**Less than 3 months (I)**	**3 - 12 months (II)**	**1 - 5 years (III)**
Contract terms:					
Non-derivative financial liabilities:					
Bank borrowings	8.132.364	8.245.077	7.355.215	729.503	160.359
Trade payables	22.315.164	22.429.260	22.372.660	56.600	-
Other payables	24.013	24.013	24.013	-	-
	30.471.541	**30.698.350**	**29.751.888**	**786.103**	**160.359**

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. These risks are monitored by analyses of the foreign currency position. Current risks are discussed by the Audit Committee and Board of Director's meetings regularly and the foreign exchange rates relevant to the foreign currency position of the Company are followed up.

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	31 December 2013			
	TL Equivalent	USD	EUR	Other TL Equivalent
1. Trade Receivables	1.781.232	157.571	311.870	529.123
2a. Monetary Financial Assets (Cash, Bank accounts included)	-	-	-	-
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	**1.781.232**	**157.571**	**311.870**	**529.123**
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)	**1.781.232**	**157.571**	**311.870**	**529.123**
10. Trade Payables	(2.507.892)	(37.644)	(773.855)	(155.123)
11. Financial Liabilities	(855.572)	-	(291.358)	-
12a. Monetary Other Liabilities	-	-	-	-
12b. Non-Monetary Other Liabilities	-	-	-	-
13. Short Term Liabilities (10+11+12)	**(3.363.464)**	**(37.644)**	**(1.065.213)**	**(155.123)**
14. Trade Payables	(4.820.265)	-	(1.641.500)	-
15. Financial Liabilities	(2.300.768)	-	(783.507)	-
16a. Monetary Other Liabilities	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-
17. Long Term Liabilities (14+15+16)	**(7.121.033)**	**-**	**(2.425.007)**	**-**
18. Total Liabilities (13+17)	**(10.484.497)**	**(37.644)**	**(3.490.220)**	**(155.123)**
19. Net Asset/(Liability) Position of Off Balance Sheet Derivative Instruments (19a-19b)	**-**	**-**	**-**	**-**
19a. Amount of Asset Nature Off-Balance Sheet Derivative Instruments	**-**	**-**	**-**	**-**
19b. Amount of Liability Nature Off-Balance Sheet Derivative Instruments	**-**	**-**	**-**	**-**
20. Net Foreign Asset/(Liability) Position (9+18+19)	**12.265.729**	**195.215**	**3.802.090**	**684.246**
21. Net Foreign Currency Asset/(Liability) Position of Monetary Items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**1.781.232**	**157.571**	**311.870**	**529.123**
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	**-**	**-**	**-**	**-**
23. Export	**8.300.432**	**2.163.238**	**5.372.234**	**-**
24. Import	**15.734.302**	**27.493**	**15.706.809**	**-**

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Foreign Currency Position			
31 December 2012			
TL Equivalent	**USD**	**EUR**	**Other TL Equivalent**
1.712.468	257.297	473.537	140.193
49.821	-	21.185	-
7.240.003	4.011.500	37.889	-
-	-	-	-
9.002.292	**4.268.797**	**532.611**	**140.193**
-	-	-	-
-	-	-	-
-	-	-	-
1.575.639	-	670.000	-
1.575.639	**-**	**670.000**	**-**
10.577.931	**4.268.797**	**1.202.611**	**140.193**
(428.397)	(33.634)	(153.473)	(7.519)
(7.909.121)	(4.011.500)	(322.414)	-
(17.698)	(9.928)	-	-
-	-	-	-
(8.355.216)	**(4.055.062)**	**(475.887)**	**(7.519)**
-	-	-	-
(156.778)	-	(66.666)	-
-	-	-	-
-	-	-	-
(156.778)	**-**	**(66.666)**	
(8.511.994)	**(4.055.062)**	**(542.553)**	**(7.519)**
-	**-**	**-**	**-**
-	**-**	**-**	**-**
-	**-**	**-**	**-**
2.065.937	**213.735**	**660.058**	**132.674**
2.065.937	**213.735**	**660.058**	**132.674**
-	**-**	**-**	**-**
7.730.394	**1.468.849**	**1.903.000**	**667.062**
522.223	**29.562**	**204.394**	**-**

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	Table of Sensitivity Analysis for Foreign Currency Risk			
	Profit/Loss		Equity	
31 December 2013	**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	41.665	(41.665)	41.665	(41.665)
2- The part of USD risk hedged (-)	-	-	-	-
3- USD Effect - net (1+2)	**41.665**	**(41.665)**	**41.665**	**(41.665)**
Change of EUR by 10% against TL:				
4- Asset/Liability denominated in EUR	1.116.484	(1.116.484)	1.116.484	(1.116.484)
5- The part of EUR risk hedged (-)	-	-	-	-
6- EUR Effect - net (4+5)	**1.116.484**	**(1.116.484)**	**1.116.484**	**(1.116.484)**
Change of other currencies by 10% against TL:				
7- Assets/Liabilities denominated in other foreign currencies	68.425	(68.425)	68.425	(68.425)
8- The part of other foreign currency risk hedged (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	**68.425**	**(68.425)**	**68.425**	**(68.425)**
TOTAL (3+6+9)	**1.226.574**	**(1.226.574)**	**1.226.574**	**(1.226.574)**

The Company does not hedge foreign currency denominated liabilities by using hedge instruments.

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	Table of 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	38.100	(38.100)	38.100	(38.100)
2- The part of USD risk hedged (-)	-	-	-	-
3- USD Effect - net (1+2)	**38.100**	**(38.100)**	**38.100**	**(38.100)**
Change of EUR by 10% against TL:				
4- Asset/Liability denominated in EUR	155.227	(155.227)	155.227	(155.227)
5- The part of EUR risk hedged (-)	-	-	-	-
6- EUR Effect - net (4+5)	**155.227**	**(155.227)**	**155.227**	**(155.227)**
Change of other currencies by 10% against TL:				
7- Assets/Liabilities denominated in other foreign currencies	13.267	(13.267)	13.267	(13.267)
8- The part of other foreign currency risk hedged (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	**13.267**	**(13.267)**	**13.267**	**(13.267)**
TOTAL (3+6+9)	**206.594**	**(206.594)**	**206.594**	**(206.594)**

The Company does not hedge foreign currency denominated liabilities by using hedge instruments.

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ii) Interest Risk

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

	Interest Rate Position Schedule	
	31 December 2013	**31 December 2012**
Financial instruments with fixed interest rate		
Financial assets	17.238.354	24.294.675
Financial liabilities	45.992.914	30.017.058
Financial instruments with floating interest rate		
Financial assets	-	-
Financial liabilities	-	440.805

The Company does not have financial instruments with floating interest rate as of 31 December 2013 (31 December 2012: net profit for the year would be TL11.116 lower).

iii) Price risk

The operational profitability of the Company and the cash flows generated by these operations are affected by the changes in the raw material prices and market competition. These prices are closely followed up by the Company management to reduce the pressure of the costs on selling prices and necessary precautions for cost reductions are taken accordingly. Price risk is monitored by Board of Directors and Audit Committee via regular meetings.

d) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order 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 and changes in the earnings before interest depreciation and amortization ("EBITDA"). Gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings due to related parties - non trade less cash and cash equivalents. EBITDA is calculated as operational profit/(loss) less depreciation, amortization, employment termination benefits and other nonrecurring expenses.

	31 December 2013	**31 December 2012**
Total financial liabilities	12.303.200	8.132.364
Less: Cash and cash equivalents (Note 6)	(1.157.012)	(561.129)
Net debt	11.146.188	7.571.235
Total equity	72.932.744	78.151.557
Debt/equity ratio	**15%**	**10%**

NOTE 50 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)

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, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange.

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

Financial Assets

The fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate to their carrying values. Cash and cash equivalents are carried at their fair values. The fair values of trade receivables and due from related parties, are considered to approximate their respective carrying values due to their short-term nature. The cost of financial assets available for sale investments less, if any, impairments are considered to approximate their fair values.

Financial Liabilities

Fair values of bank borrowings are disclosed in Note 25.

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 2013 and 2012:

31 December 2013

	Level 1	Level 2	Level 3 (*)	Total
Available-for-sale investments	467.077	-	24.032.324	24.499.401
Total assets				**24.499.401**
31 December 2012				
Available-for-sale investments	676.923	-	21.039.249	21.716.172
Total assets				**21.716.172**

(*) Please see Note 49 for the movement of Level 3 financial instruments.

NOTE 51 - SUBSEQUENT EVENTS

Indicative exchange rates of USD Dollar and EUR are set by Central Bank of Turkey as 2,2129 and 3,0477, respectively on 28 February 2014 at 15.30. As of 31 December 2013 USD Dollar and EUR exchange rates are 2,1343 and 2,9365, respectively.

NOTE 52 - OTHER MATTERS THAT MAY HAVE A MATERIAL EFFECT ON, OR BE EXPLAINED FOR THE CLEAR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None (31 December 2012: None).