INDEPENDENT AUDITOR'S REPORT

(Convenience translation into English - the Turkish text is authoritative)

To the Board of Directors of
Pınar Süt Mamülleri Sanayii A.Ş.

Report on the Financial Statements

1. We have audited the accompanying financial statements of Pınar Süt Mamülleri Sanayii A.Ş. (the "Company"), which comprise the statement of financial position as of 31 December 2014 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended and a summary of significant accounting policies and other 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") and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to 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 and Independent Auditing Standarts that part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. 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 independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on independent auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments; the independent auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

4. In our opinion, the financial statements present fairly, in all material respects, the financial position of Pınar Süt Mamülleri Sanayii A.Ş. as of 31 December 2014 and their financial performance and cash flows for the year then ended in accordance with the Turkish Accounting Standards (Note 2).

INDEPENDENT AUDITOR'S REPORT

Emphasis of Matter

5. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No: 6102; auditor's report on the early risk identification system and committee has been submitted to the Company's Board of Directors on 2 March 2015.

Other Responsibilities Arising From Regulatory Requirements

6. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No: 6102; auditor's report on the early risk identification system and committee has been submitted to the Company's Board of Directors on 2 March 2015

7. In accordance with subparagraph 4 of Article 402 of the TCC; 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 2014 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

8. In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

ORIGINAL COPY ISSUED AND SIGNED IN TURKISH

Atila Yılmaz Dölarslan, YMM
Partner

İzmir, 2 March 2015

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Pınar Süt Mamulleri Sanayii A.Ş.

Statements of Financial Position (Balance Sheets) at 31 December 2014 and 2013

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

	Notes	31 December 2014	31 December 2013
ASSETS			
Current assets		**279.259.168**	**233.008.057**
Cash and cash equivalents	6	2.393.628	823.866
Trade receivables		156.657.716	115.879.577
- Due from related parties	7	147.263.702	108.887.049
- Other trade receivables	8	9.394.014	6.992.528
Other receivables		2.953.547	6.518.748
- Due from related parties	7	-	5.286.851
- Other receivables	10	2.953.547	1.231.897
Inventories	11	96.422.663	95.188.742
Prepaid expenses	13	3.973.946	3.718.011
Other current assets	30	16.857.668	10.879.113
Non-current Assets		**500.824.667**	**450.339.382**
Financial assets	45	67.521.088	56.148.218
Other receivables	10	13.359	751
Investments in associates accounted for using equity method	4	52.997.281	45.947.804
Property, plant and equipment	15	378.522.890	346.848.708
Intangible assets	18	766.452	813.515
Prepaid expenses	13	1.003.597	580.386
TOTAL ASSETS		**780.083.835**	**683.347.439**

The financial statements at 31 December 2014 and for the year then ended have been approved for issue by Board of Directors of Pınar Süt Mamülleri Sanayii A.Ş. on 2 March 2015.

Pınar Süt Mamulleri Sanayii A.Ş.

Statements of Financial Position (Balance Sheets) at 31 December 2014 and 2013

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

	Notes	31 December 2014	31 December 2013
LIABILITIES			
Current liabilities		**196.491.171**	**153.820.005**
Short term borrowings	25	1.074.614	1.269.615
Short-term portion of long-term borrowings	25	4.029.704	164.773
Other financial liabilities		2.262.735	3.093.529
Trade payables		169.841.906	144.015.326
- Due to related parties	7	28.035.899	27.065.092
- Other trade payables	8	141.806.007	116.950.234
Payables related to employee benefits	28	1.210.923	1.041.517
Other payables		14.942.497	2.519.885
- Due to related parties	7	13.356.975	630.131
- Other payables	10	1.585.522	1.889.754
Deferred income		155.552	202.500
Current income tax liabilities	39	1.564.328	73.331
Short-term provisions		1.084.522	1.390.340
- Provisions for employee benefits	28	1.084.522	1.390.340
Other Current Liabilities	30	324.390	49.189
Non-Current Liabilities		**54.254.211**	**49.695.218**
Long-term borrowings	25	6.000.000	-
Trade payables		31.476.564	27.678.536
- Other trade payables	8	31.476.564	27.678.536
Other payables		44.622	45.450
- Other payables to non-related parties	10	44.622	45.450
Long-term provisions		12.475.024	10.600.960
- Provisions for employee termination benefits	28	12.475.024	10.600.960
Deferred Income Tax Liabilities	39	4.258.001	11.370.272
TOTAL LIABILITIES		**250.745.382**	**203.515.223**
EQUITY		**529.338.453**	**479.832.216**
Share capital	31	44.951.051	44.951.051
Adjustment to share capital	31	16.513.550	16.513.550
Other comprehensive income/ expense not to be reclassified to profit or loss		114.291.370	130.599.073
- Revaluation of property, plant and equipment	15	120.120.092	134.799.798
- Revaluation reserves of investments-in-associates		464.314	552.525
- Actuarial gain/ loss arising from defined benefit plans		(5.139.557)	(3.961.260)
- Actuarial gain/ loss arising from defined benefit plans of investments-in associates		(1.153.479)	(791.990)
Other comprehensive income/ expense to be reclassified to profit or loss		49.201.421	37.133.995
- Foreign currency translation differences		1.149.544	1.344.686
- Fair value reserves of available-for-sale investments	45	41.825.136	31.021.811
- Fair value reserves of investments-in-associates		6.226.741	4.767.498
Restricted reserves	31	43.161.534	38.576.527
Distribution to shareholders		(5.537.877)	(5.537.877)
Retained earnings		179.681.182	150.152.970
Profit for the year		87.076.222	67.442.927
TOTAL LIABILITIES AND EQUITY		**780.083.835**	**683.347.439**

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

Pınar Süt Mamulleri Sanayii A.Ş.

Statements Of Income And Other Comprehensive Income For The Periods 1 January - 31 December 2014 And 2013

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

PROFIT OR LOSS	Note Reference	1 January - 31 December 2014	1 January - 31 December 2013
Revenue	32	940.469.588	809.821.985
Cost of Sales	32	(782.759.244)	(658.957.435)
Gross Profit from Trading Operations		**157.710.344**	**150.864.550**
GROSS PROFIT	32	**157.710.344**	**150.864.550**
General Administrative Expenses	34	(31.611.728)	(27.863.632)
Marketing Expenses	34	(64.411.441)	(60.288.388)
Research and Development Expenses	34	(7.593.754)	(8.221.306)
Other Operating Income	35	8.294.822	7.630.698
Other Operating Expenses	35	(9.762.676)	(11.624.678)
OPERATING (LOSS)/ PROFIT		**(242.831)**	**982.405**
Income from Investment Activities	36	20.420	14.890
Expense from Investment Activities	36	(40)	(114.325)
OPERATING PROFIT		**52.625.567**	**50.497.244**
Income from Investment Activities	36	24.704.848	5.640.801
Expense from Investment Activities	36	(1.183.861)	(2.209.739)
Share of results of investment-in-associates - net	4	7.338.308	5.701.222
OPERATING PROFIT BEFORE FINANCIAL INCOME/ (EXPENSE)		**83.484.862**	**59.629.528**
Financial Income	37	1.404.222	1.503.214
Financial Expenses	37	(2.331.805)	(1.824.203)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**82.557.279**	**59.308.539**
Tax Income of Continuing Operations		4.518.943	8.134.388
- Current Income Tax Expense	39	(2.868.299)	(4.124.289)
- Deferred Tax Income	39	7.387.242	12.258.677
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**87.076.222**	**67.442.927**
PROFIT FOR THE YEAR		**87.076.222**	**67.442.927**
Earnings per share:		**1,9371**	**1,5004**
- Earnings per 1 Kr number of 100 shares from continuing operations	40	1,9371	1,5004
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/ expense not to be reclassified to profit or loss		**(1.539.786)**	**20.797.956**
Increase in revaluation reserve		-	24.230.727
Actuarial loss arising from defined benefit plans	28	(1.472.871)	(982.343)
Actuarial gain/ loss arising from defined benefit plans of investments-in associates - net		(361.489)	(105.753)
Increase in revaluation reserve of investments-in-associates - net		-	11.951
Taxes for other comprehensive income/ expense not to be reclassified to profit or loss		294.574	(2.356.626)
- Deferred tax income/ (expenses)	39	294.574	(2.356.626)
Other comprehensive income/ expense to be reclassified to profit or loss		**12.067.426**	**1.715.224**
Foreign currency translation differences	4	(195.142)	962.641
Increase in fair value reserve of available-for-sale investments	45	11.372.870	2.814.782
Increase in fair value reserve of investment in associates - net	4	1.459.243	(1.934.296)
Taxes for other comprehensive income/ expense to be reclassified to profit or loss		(569.545)	(127.903)
- Deferred tax expenses	39	(569.545)	(127.903)
OTHER COMPREHENSIVE INCOME		**10.527.640**	**22.513.180**
TOTAL COMPREHENSIVE INCOME		**(1.169.781)**	**6.121.891**

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

Pınar Süt Mamulleri Sanayii A.Ş.

Statements of Cash Flows for the Years Ended at 31 December 2014 and 2013

(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 2014	1 January - 31 December 2013
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the Year		**87.076.222**	**67.442.927**
Adjustments Related to Reconciliation of Net Profit for The Year		**(17.900.928)**	**(854.306)**
Adjustments related to taxation on (income)/ expense	39	(4.518.943)	(8.134.388)
Adjustments related to depreciation and amortization of fixed assets	15-18	16.206.238	15.658.728
Adjustments related to interest income	36-37	(361.979)	(1.904.882)
Adjustments related to interest expense	35-37	3.531.160	2.122.055
Adjustments related to provision for employment termination benefits	28	2.145.582	1.646.335
Adjustments related to share of results of investment in associates - net	4	(7.338.308)	(5.701.222)
Adjustments related to inventory profit elimination	4	32.412	6.785
Adjustments related to (loss)/ gain from sales of property, plant and equipment - net	36	(19.202.798)	1.857.430
Adjustments related to dividend income	36	(4.091.560)	(3.490.618)
Adjustments related to unrealized foreign exchange gain/ (loss)		(511.888)	1.093.852
Adjustments related to income accruals		(3.790.844)	(4.008.381)
Changes in working capital		**(16.162.112)**	**17.799.815**
Increase/ (decrease) in trade receivables	8	(2.401.486)	2.516.551
Increase in inventory	11	(1.233.921)	(13.064.294)
Increase in trade receivables from related parties	7	(38.376.653)	(17.231.808)
Increase/ (decrease) in short and long - term other receivables and other current assets		(4.177.900)	(1.276.524)
Change in other non-current assets		(423.211)	1.342.749
Increase in trade payables	8	29.163.639	35.170.927
Increase in short-term trade payables to related parties	7	970.807	9.551.000
Increase in other payables		316.613	791.214
Cash used in operating activities		**(3.635.627)**	**(8.462.054)**
Bonus paid		(315.417)	(230.234)
Employment termination benefits paid	28	(1.944.109)	(1.891.731)
Taxes paid	39	(1.376.101)	(6.340.089)
Net cash provided by operating activities		**49.377.555**	**75.926.382**
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		361.978	1.904.882
Cash outflows from purchases of property, plant and equipment and intangible assets and from advances given		(64.061.778)	(49.505.643)
Cash inflows from property, plant and equipment sales		35.431.219	1.233.576
Decrease in non-trade receivables from related parties	7	5.286.851	18.325.368
Dividends received	7	5.250.591	7.038.851
Net cash used in investing activities		**(17.731.139)**	**(21.002.966)**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/ (decrease) in financial liabilities - net		8.839.134	(10.003.528)
Dividends paid	7	(48.097.625)	(46.299.583)
Interest paid		(3.547.074)	(2.122.055)
Increase in non-trade payables to related parties	7	12.726.844	(180.778)
Net cash used in financing activities		**(30.078.721)**	**(58.605.944)**
Net increase/ (decrease) in cash and cash equivalents before foreign currency translation differences		**1.567.695**	**(3.682.528)**
D. EFFECT OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		**2.067**	**-**
Net decrease/ (increase) in cash and cash equivalents		**1.569.762**	**(3.682.528)**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**823.866**	**4.506.394**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	**2.393.628**	**823.866**

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

Pınar Süt Mamulleri Sanayii A.Ş.

Statements of Changes in Equity for the Years Ended 31 December 2014 and 2013

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

				Other Comprehensive Income/(Expense) not to be reclassified to profit or loss		
	Share Capital	Adjustment to share capital	Revaluation Reserve	Revaluation reserves of investments in associates	Actuarial gain/(loss) arising from defined benefit plans	Actuarial gain/(loss) arising from defined benefit plans of investments in associates
PREVIOUS PERIOD						
1 January 2013 (opening)	**44.951.051**	**16.513.550**	**117.422.792**	**713.355**	**(3.175.386)**	**(686.237)**
Transfer of profit for prior year to retained earnings	-	-	-	-	-	-
Transfer to restricted reserves	-	-	-	-	-	-
Dividend payment (Note 7)	-	-	-	-	-	-
Sale of property, plant and equipment	-	-	(1.070.404)	-	-	-
Depreciation transfer of investments-in-associates - net	-	-	-	(172.781)	-	-
Total comprehensive income	-	-	21.677.632	11.951	(785.874)	(105.753)
Depreciation transfer - net (Note 15)	-	-	(3.230.222)	-	-	-
31 December 2013 (closing)	**44.951.051**	**16.513.550**	**134.799.798**	**552.525**	**(3.961.260)**	**(791.990)**
CURRENT PERIOD						
1 January 2014 (opening)	**44.951.051**	**16.513.550**	**134.799.798**	**552.525**	**(3.961.260)**	**(791.990)**
Transfer of profit for prior year to retained earnings	-	-	-	-	-	-
Transfer to restricted reserves	-	-	-	-	-	-
Dividend payment (Note 7)	-	-	-	-	-	-
Sale of property, plant and equipment	-	-	(11.287.899)	-	-	-
Depreciation transfer of investments-in-associates - net	-	-	-	(88.211)	-	-
Total comprehensive income	-	-	-	-	(1.178.297)	(361.489)
Depreciation transfer - net (Note 15)	-	-	(3.391.807)	-	-	-
31 December 2014 (closing)	**44.951.051**	**16.513.550**	**120.120.092**	**464.314**	**(5.139.557)**	**(1.153.479)**

Other Comprehensive Income/(Expense) to be classified to profit or loss							
Fair value reserve for available for sale investments	**Fair value reserve for investment in associate**	**Foreign currency translation differences**	**Restricted reserves**	**Distribution to shareholders**	**Retained earnings**	**Profit for the year**	**Total Equity**
28.334.932	**6.701.794**	**382.045**	**34.121.324**	**(5.537.877)**	**139.013.283**	**57.421.066**	**436.175.692**
-	-	-	-	-	57.421.066	(57.421.066)	-
-	-	-	4.455.203	-	(4.455.203)	-	-
-	-	-	-	-	(46.299.583)	-	**(46.299.583)**
-	-	-	-	-	1.070.404	-	-
-	-	-	-	-	172.781	-	-
2.686.879	(1.934.296)	962.641	-	-	-	67.442.927	**89.956.107**
-	-	-	-	-	3.230.222	-	-
31.021.811	**4.767.498**	**1.344.686**	**38.576.527**	**(5.537.877)**	**150.152.970**	**67.442.927**	**479.832.216**
31.021.811	**4.767.498**	**1.344.686**	**38.576.527**	**(5.537.877)**	**150.152.970**	**67.442.927**	**479.832.216**
-	-	-	-	-	67.442.927	(67.442.927)	-
-	-	-	4.585.007	-	(4.585.007)	-	-
-	-	-	-	-	(48.097.625)	-	**(48.097.625)**
-	-	-	-	-	11.287.899	-	-
-	-	-	-	-	88.211	-	-
10.803.325	1.459.243	(195.142)	-	-	-	87.076.222	**97.603.862**
-	-	-	-	-	3.391.807	-	-
41.825.136	**6.226.741**	**1.149.544**	**43.161.534**	**(5.537.877)**	**179.681.182**	**87.076.222**	**529.338.453**

Pınar Süt Mamulleri Sanayii A.Ş.

Notes to the Financial Statements for the Period Between 1 January - 31 December 2014

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Pınar Süt Mamülleri Sanayii A.Ş. ("the Company") was established in 1973 and the main operations of the Company are the processing, production and sales of milk, dairy products, fruit juice, sauces and powder products. The Company's production facilities are located in İzmir - Pınarbaşı, Eskişehir Organized Industry Zone and Şanlıurfa Organized Industry Zone; whether production process has not started yet in Şanlıurfa facility. The Company's head office is located in İzmir. The Company sells its products under "Pınar" brand, which is one of the leading brands in food and beverages business in Turkey.

95% (2013: 97%) of sales and distribution of the Company's products in the domestic market are performed by its investment-in-associate, Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. ("YBP"), and substantial portion of its exports are performed by Yaşar Dış Ticaret A.Ş., ("YDT") which are both Yaşar Group companies (Note 7).

The Company is subject to the regulations of the Capital Market Board ("CMB") and 37,95% (2013: 37,95%) of its shares are quoted on the Borsa Istanbul ("BIST"). The ultimate parent of the Company is Yaşar Holding A.Ş. ("Yaşar Holding") with 61,41% shares of the Company (2013: 61,41%) (Note 31).

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

Şehit Fethi Bey Caddesi No: 120
Alsancak/ İzmir

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 Communiqué Serial II, No: 14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, financial statements are prepared in accordance with the 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 according to the CMB announcement of 7 June 2013 relating to financial statements presentations. Prior period financial figures were restated, where necessary, accordingly.

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, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. These financial statements have been prepared under historical cost conventions except for financial assets, financial liabilities, land, buildings and land improvements, machinery and equipments which are carried at fair value. The financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS. The Company's functional and reporting currency is Turkish Lira ("TL").

2.2 Amendments in Turkish Financial Reporting Standards

a) New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2014 and are adopted by the Company:

- Amendment to TAS 32, 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities, effective from annual periods beginning on or after 1 January 2014. This 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.

- Amendments to TAS 36, 'Impairment of assets', effective from annual periods beginning on or after 1 January 2014. These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

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- Amendment to TAS 39 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting, effective from annual periods beginning on or after 1 January 2014. These narrow-scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.
- TFRIC 21, 'Levies', effective from annual periods beginning on or after 1 January 2014. This interpretation is on TAS 37, 'Provisions, contingent liabilities and contingent assets'. TAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

b) New standards, amendments and interpretations issued and effective as of 31 December 2014 have not been presented since they are not relevant to the operations of the Company or have insignificant impact on the financial statements.

c) New TFRS standards, amendments and IFRICs effective after 1 January 2015:

- Annual improvements 2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010 - 12 cycle of the annual improvements project, that affect 9 standards:
  - TFRS 2, 'Share-based payment'
  - TFRS 3, 'Business Combinations'
  - TFRS 8, 'Operating segments'
  - TFRS 13, 'Fair value measurement'
  - TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets'
  - Consequential amendments to TFRS 9, 'Financial instruments', TAS 37, 'Provisions, contingent liabilities and contingent assets', and
  - TAS 39, Financial instruments - Recognition and measurement'.
- Annual improvements 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011 - 12 - 13 cycle of the annual improvements project, that affect 4 standards:
  - TFRS 1, 'First time adoption'
  - TFRS 3, 'Business combinations'
  - TFRS 13, 'Fair value measurement' and
  - TAS 40, 'Investment property'.
- Amendment to AS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment the it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- TFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2017. TFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- TFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

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- Amendment to TAS 19 regarding defined benefit plans, effective from annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:

  - TFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
  - TFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to TFRS 1) regarding servicing contracts.
  - TAS 19, 'Employee benefits' regarding discount rates.
  - TAS 34, 'Interim financial reporting' regarding disclosure of information

The Company will determine the effects of these amendments above on the consolidated financial statements and will apply after effective date. The above mentioned amendments and interpretations are not expected to have significant impact on the Company's consolidated financial statements. New standards, amendments and interpretations issued and effective as of 31 December 2014 have not been presented since they are not relevant to the operations of the company or have insignificant impact on the financial statements.

2.3 Basis of consolidation

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

When the Company's share of the losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. The carrying amount of the investment at the date when significant influence ceases is regarded at cost thereafter.

The table below sets out the associates and the proportion of ownership interest as of 31 December 2014 and 2013 (Note 4):

	Share/Voting Right (%)	
Investments-in-associates	**2014**	**2013**
YBP	31,82	31,82
Desa Enerji Elektrik Üretim A.Ş. ("Desa Enerji")	30,52	30,52
Pınar Foods GmbH ("Pınar Foods")	44,94	44,94

In addition, the Company made an agreement at 6 December 2013 with Dimes Gıda Sanayii Ticaret A.Ş. ("Dimes") regarding the milk production and distribution to schools in East Anatolian and Aegean Region. According to this agreement, an ordinary partnership was established namely as "Dimes - Pınar Adi Ortaklığı" ("Dimes-Pınar") with the contribution of 39% of Pınar Süt and 61% of Dimes and this project has been completed in August 2014. All transactions related with ordinary partnership reflected to financial statements but not presented in financial statement disclosures because of the materiality notion.

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Foreign currency translation

i) Transactions and balances

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

ii) Translation of financial statements of foreign associate

Financial statements of the investment-in-associate operating in Germany (Pınar Foods) are prepared according to the legislation of the country in which it operates, and adjusted to the financial reporting standards issued by the CMB. The assets and liabilities of foreign associate are translated into TL from the foreign exchange rates at the balance sheet date. The income and expenses of foreign associate are translated into TL at the average foreign exchange rates. As of 31 December 2014, equivalent of 1 Euro is TL 2,8207 (2013: TL 2,9365) and for the year then ended the average equivalent of 1 Euro TL 2,9049 (2013: TL 2,5270). Exchange differences arising from re-translation of the opening net assets of investments-in-associate and the differences between the average and year-end rates are included in the "currency translation reserve" under the equity as a separate component.

2.4 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are the 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.

2.5 Comparative Information

The Company prepared its financial statements on a comparative basis with the preceding financial period, which enables determination of trends in financial position and performance. The Company prepared its balance sheet at 31 December 2014 on a comparative basis with balance sheet at 31 December 2013; and statements of comprehensive income, cash flows and changes in equity for the period of 1 January - 31 December 2014 on a comparative basis with financial statements for the period of 1 January - 31 December 2013.

The reclassifications performed in the profit and loss statement and comprehensive income statements as of and for the year ended 31 December 2014 are presented below:

- As of 31 December 2013, unearned financial income, presented under financial income, amounting to TL1.025.570 were recognised in other operating income.
- As of 31 December 2013, unearned financial expense, presented under financial expense, amounting to TL1.143.242 were recognised in other operating expense.
- As of 31 December 2013, foreign exchange gain, presented under financial income, amounting to TL601.486 were recognised in other operating income.

2.6 Summary of Significant Accounting Policies

Significant accounting policies followed in the preparation of the financial statements are summarized below:

2.6.1 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after elimination sales within the Company. At each balance sheet date any expenditure incurred but not yet invoiced is estimated and accrued.

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The Company recognizes 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 (Note32).

Revenue is recognized as follows:

Sales of goods:

Sales of goods are recognized when the Company delivers or sells products to the customer, the customer accepts 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.

Sales of services:

Sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Interest income:

Interest income is recognised on a time-proportion basis using the effective interest method. The amount of the provision for receivables is the difference between the assets's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate and recognized as interest income.

Other revenues earned by the Company are recognized on the following bases:

Rental income- recognized evenly on an accrual basis.

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

2.6.2 Inventories

The Company's raw material inventory mainly consist of cheddar cheese, lactic butter, concentrated fruit juice and packaging materials used for production of dairy products and fruit juice; work-in-progress inventory mainly consist of raw milk, milk powder, melting cheese, pasteurized lactic butter and pasteurized milk; finished goods inventory mainly consist of UHT milk, white cheese, kasseri, labne, packaged fruit juice, butter, sauces and yogurt; and other inventory mainly consist of spare part and pallet.

Inventories are valued at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Cost elements included in inventories comprise all costs of purchase of material and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is determined on the monthly weighted average basis (Note 11).

2.6.3 Property, plant and equipment

Property, plant and equipment, except for land and land improvements, buildings, machinery and equipment, are carried at cost less accumulated depreciation. Land and land improvements and buildings are stated at fair value, based on valuations by external independent valuers namely Elit Gayrimenkul Değerleme A.Ş. and Vakıf Gayrimenkul Değerleme A.Ş. while machinery and equipment are stated at fair value, based on valuations by external independent valuers namely Vakıf Gayrimenkul Değerleme A.Ş. (Note 15). Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the relevant asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on the revaluation of land, land improvements, buildings and machinery and equipment are credited to the revaluation reserve in equity, net of applicable deferred income tax. For certain assets, the increase was recognized in the statement of comprehensive income to the extent that it reversed the impairment of the same asset previously recognized in the statement of comprehensive income. Decreases that offset previous increases of the revalued asset are charged against that reserve; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statement of comprehensive income) and depreciation based on the asset's original cost is transferred from the revaluation reserve to accumulated losses, and the amount transferred is net of any related deferred income tax.

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Buildings, land improvements, machinery and equipment are capitalized and depreciated when they are in the location and condition necessary for it to be capable of operating in the manner intended by the management. 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 capitalised. At each balance sheet date, residual values and estimated useful lives of property, plant and equipment are reviewed and adjusted if appropriate, prospectively.

Depreciation is provided on the cost or revalued amounts of property, plant and equipment on a straight-line basis less any impairment (Note 15)

Land is not depreciated as it is deemed to have an indefinite life. The estimated useful lives of property, plant and equipment are as follows:

	Years
Buildings and land improvements	15 - 50
Machinery and equipment	15 - 25
Furniture and fixtures	5 - 10
Motor vehicles	5

Where the carrying amount of an asset is greater than its recoverable amount, an impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. If the property, plant and equipment that are impaired are revalued, the impairment is charged to the revaluation reserves for an amount equivalent to the increases included in the revaluation reserve in the preceding periods and the remaining amount is recognised in the consolidated statement of comprehensive income.

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 accumulated losses.

Subsequent costs are included in the asset's carrying value or recognized 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. For the purpose of assessing impairment, property plant and equipment assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair value less cost to sell or value in use. The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Repairs and maintenance are charged to the consolidated statement of 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. Major overhauls are depreciated over shorter of their useful lives or the remaining useful life of the related assets. Gains or losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are included in other income/ (expense) accounts. When revalued assets are sold, the related amounts included in revaluation reserve are transferred to accumulated losses, net of any related deferred income tax.

2.6.4 Intangible assets

Intangible assets have finite useful lives and mainly comprise acquired rights. They are recorded at acquisition cost and amortized on a straight-line basis over their estimated useful lives for a period of five years from the date of acquisition (Note 18). Costs associated with maintaining computer software programs are recognized as an expense when incurred. Gain or losses on disposals or on impairments of intangible assets with respect to their amounts are included in the 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. For the purpose of assessing impairment, intangible assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair value less cost to sell or value in use.

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2.6.5 Impairment of assets

Impairment of financial asset:

- Assets carried at amortized cost

- The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or the Company of financial assets is impaired. A financial asset or a the Company of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated.
- 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 reorganization;
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) Adverse changes in the payment status of borrowers in the portfolio; and

  (ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statement of comprehensive income.

- Assets classified as available for sale

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a the Company of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets 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 consolidated statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, impairment losses recognized in the consolidated comprehensive income statement, on equity instruments are not reversed through the consolidated statement of comprehensive income.

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Impairment of non-financial assets:

At each reporting date, The Company assesses whether there is an impairment indication for the assets, except for the deferred income tax asset. 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 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.

In the case of impairment according to TAS 39 'Financial instruments: Recognition and measurement', test with comparing recoverable and carrying amount of impaired assets if there is and impairment according to TAS 36. Goodwill, accounted in investment in associates, does not recognized separately on the financial statements, so is not necessary to perform "Impairment of Assets" according to TAS 36. In accordance with TAS 39 "Financial Instruments: Recognition and Measurement", if there is an indication of impairment in investment in associates, the carrying amount of the investments is tested in accordance with TAS 36, by comparing its recoverable amount (higher of value-in-use and fair value less cost to sell) with its carrying amount and any additional impairment loss is recognised, if any.

2.6.6 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 37). 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 TAS 23 (Revised), borrowing costs of qualifying assets having capitalization date 1 January 2009 or later, can be capitalized, 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 capitalized as a part of cost of related asset.

2.6.7 Financial assets

The Company classifies its financial assets under loans and receivables and available-for-sale financial assets categories. The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Company classifies its financial instruments in the following categories:

i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period otherwise these are classified as non-current assets. The Company's loans and receivables comprise "trade receivables, due from related parties" and "cash and cash equivalents" in the balance sheet.

When the loan is originated by the Company by providing money directly to a bank, the loan is secured by Turkish government bonds and treasury bills, acquired under reverse repurchase agreements with banks with a predetermined sale price at fixed future dates and are stated at amortized cost. The accrued interest represents the apportionment to the current period of the difference between future sale prices and the amount provided by The Company. Such originated loans where original maturity at the time the money is directly transferred to the bank is less than three months, are considered and classified as cash equivalents for the purposes of cash flow statements (Note 6).

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Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the financial assets, loans and receivables and financial assets held to maturity. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

ii. Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date -the date on which the management commits to purchase or sell the asset. Financial assets are derecognized 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. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Dividend income from financial assets at fair value through profit or loss and available-for sale equity instruments is recognized in the statement of income as part of other income when the Company's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of other income.

2.6.8 Business combination

However, if the parties involved for the transaction are the entities under common control, here between the Company and Yaşar Group Companies, the provisions stated in TFRS 3 are not applicable for the transaction, and accordingly goodwill or negative goodwill are not be accounted for.

Aforementioned transactions are recognized in financial statements retrospectively. The difference between the purchase consideration and the fair value of the net asset acquired was accounted for under equity as "Distribution to shareholders".

2.6.9 Earnings per share

Earnings per share disclosed in the statement of comprehensive income are determined by dividing net income for the year by the weighted average number of shares that have been outstanding during the year concerned (Note 40).

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

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

2.6.10 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.

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2.6.11 Provisions, contingent liabilities and contingent assets

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 (Note 26). The Company does not recognize 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.

Provisions are recognized 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 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 recognized 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 recognized for future operating losses.

i.Employee benefits - defined benefit obligation (Provision for employment termination benefits)

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Company is obliged to pay employment termination benefits to all personnel in cases of termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. All actuarial gains and losses are recognized in other comprehensive income.

ii. Provision for profit sharing and bonus plans

The Company recognizes a liability and an expense for bonus and profit-sharing for the management and board of directors, based on a formula that takes into consideration the profit attributable to the shareholders after certain adjustments. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.6.12 Accounting policies, errors and change in accounting estimates

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

2.6.13 Related parties

For the purpose of these financial statements, shareholders having control, joint control or significant influence over the Company, Yaşar Group Companies, key management personnel and board members, and their close family members, in each case together with and companies controlled, jointly controlled or significantly influenced by them are considered and referred to as related parties (Note 7).

2.6.14 Segment reporting

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

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

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2.6.15 Leases

(1) The Company as the lessee

Finance Leases

Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property net off any tax incentives received, if any, or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other liabilities (Note 21). The interest element of the finance cost is charged to the statement of comprehensive income over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the lower of useful life or the lease period of the asset (Note 15).

Operating Leases

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

(2) The Company as the lessor

Operating Leases

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. Rental income (net of any incentives given to lessees) is recognized on a straight-line basis over the lease term in the statement of comprehensive income.

2.6.16 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 39). 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 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 and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled as of the balance sheet date.

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 39).

2.6.17 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 cash in hand accounts, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months.

2.6.18 Share capital and dividends

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

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2.6.19 Government grants and incentive

Grants from the government are recognized at their fair value when there is a reasonable assurance that grant will be received and the Company will comply with all relevant conditions after fulfilling minimum requirements.

The Company recognizes the subsidy received for brand development and marketing by way of crediting respective selling and marketing costs whereas the subsidy received for usage of milk powder in products sold abroad is net off against the cost of sales (Note 24).

2.6.20 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:

a) Income taxes

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and significant judgment is required in determining the provision for income taxes. The Company recognizes tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made (Note 41).

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

The generally accepted valuation techniques used in fair value determination of available-for-sale investments for which there is no quoted market price exists, consist of several assumptions, which are based on the management's best estimates and fair value available-for-sale investments could be different when the purchase/ sales of the transactions incurred (Note 45).

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

Revaluations are performed with the sufficient regularity to ensure that the carrying amounts of the revalued property, plant and equipment and investment properties do not differ materially from that which would be determined using fair value at the end of the reporting periods. The frequency of the revaluation depends upon the changes in the fair values of the items of property, plant and equipment and investment properties. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required and revaluation is performed for entire class of revalued item simultaneously. Besides, for items of property, plant and equipment and investment properties with only insignificant changes in fair value frequent revaluations and fair value measurements are considered unnecessary.

As there were no recent similar buying/selling transactions nearby, revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements and machinery and equipment were based on the method of cost approach and based on the following valuation techniques and assumptions;

- Revaluations of land were based on the method of reference comparison whereas revaluations of buildings and land improvements and machinery and equipment were based on the method of cost approach, considering existing utilization of the aforementioned property, plant and equipments are consistent to the highest and best use approach.
- In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average 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.

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- Whenever a fully integrated industrial plant was in discussion, the revaluation work was performed based on all the active and functioning assets in the integrated plant rather than taking as basis the data for the second-hand market within the scope of the valuation of the machinery and equipment. Such machinery and equipment were reviewed and assessed by their line.

Values to be originated during purchase/ sale transactions are realized, may differ from these values.

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

2.7 Compliance declaration to resolutions published by POAASA and TAS/ TFRS

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with the Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority. As Company management, we declare that the current and previous period financial statements together with the summary of the important accounting policies and notes to the financial statements are prepared and presented in accordance with Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority.

NOTE 3 - BUSINESS COMBINATIONS

None (2013: None).

NOTE 4 - INTERESTS IN OTHER ENTITIES

Investment in associates:

	31 December 2014		31 December 2013	
	TL	**%**	**TL**	**%**
YBP	38.605.503	31,82	32.759.764	31,82
Desa Enerji	9.471.409	30,52	8.271.725	30,52
Pınar Foods	4.920.369	44,94	4.916.315	44,94
	52.997.281		**45.947.804**	

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

	2014	2013
1 January	**45.947.804**	**44.867.057**
Share of profit before taxation of investments-in-associates - net	7.338.308	5.701.222
Increase/ (decrease) in fair value reserves of associates - net	1.459.243	(1.934.296)
Dividend income from investments-in-associates (Note 7.ii.d)	(1.159.031)	(3.548.233)
Currency translation reserve	(195.142)	962.641
Increase in revaluation reserve in investment in associate - net	-	11.951
Actuarial loss arising from defined benefit plans of investments-in associates	(361.489)	(105.753)
Elimination of effect of unrealized profits on inventory - net	(32.412)	(6.785)
31 December	**52.997.281**	**45.947.804**

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Condensed financial statements of investments in associates are as follows;

	31 December 2014				
	Assets	**Liabilities**	**Net Sales**	**Net Period Income**	**Other Comprehensive Income/ (Expense)**
- YBP	337.668.988	215.475.046	1.426.923.988	18.588.412	3.450.304
- Desa Enerji	35.052.205	4.018.755	32.169.814	4.011.449	-
- Pınar Foods	12.166.505	1.217.753	48.918.524	443.213	(444.732)

	31 December 2013				
	Assets	**Liabilities**	**Net Sales**	**Net Period Income**	**Other Comprehensive Income/ (Expense)**
- YBP	318.254.437	214.533.630	1.245.029.917	12.913.964	(6.374.438)
- Desa Enerji	30.167.824	3.065.186	29.887.228	4.437.452	-
- Pınar Foods	15.161.263	4.221.532	41.618.604	528.902	2.141.891

Details of significant investment in associates of the Company as at 31 December 2014 and 2013 are as follows;

Associates	**Nature of business**	**Based on**
- YBP	Marketing and distribution	Turkey
- Desa Enerji	Energy generation	Turkey
- Pınar Foods	Marketing and distribution	Germany

NOTE 5 - SEGMENT REPORTING

None (2013: None).

NOTE 6 - CASH AND CASH EQUIVALENTS

	31 December 2014	**31 December 2013**
Cash in hand	43.612	40.478
Banks	2.350.016	783.388
- Demand deposits	190.016	300.000
- TL	167.381	300.000
- Foreign Currency	22.635	-
- Time deposit	2.160.000	483.388
- TL	2.160.000	483.388
	2.393.628	**823.866**

As of 31 December 2014, time deposits are denominated in TL amounted to TL2.160.000 (2013: TL483.388) and all mature in less than one month (2013: less than one month) with the effective weighted average interest rates of 9,95% per annum ("p.a") (2013: 8,65% p.a).

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

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NOTE 7 - 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 2014 and 2013 are as follows:

i) Balances with related parties:

a) Trade receivables from related parties- current:

	31 December 2014	31 December 2013
YBP	106.206.315	92.993.117
Arev Gayrimenkul Yatırım ve Geliştirme Sanayi ve Ticaret Anonim Şirketi ("Arev")	30.100.000	-
YDT	11.797.648	16.673.328
Other	145.436	-
	148.249.399	**109.666.445**
Less: Unearned finance income	(985.697)	(779.396)
	147.263.702	**108.887.049**

The effective weighted average interest rates applied to related party trade receivables are 8,55% p.a. as of 31 December 2014 (2013: 8,54% p.a). Trade receivables due from related parties mature within three months (2013: two months). Short-term trade receivable from Arev as at 31 December 2014 is related with fixed asset sales.

As of 31 December 2014, overdue trade receivables from related parties amount to TL 1.403.360 (2013: 3.388.946 TL) and maturity is about one month (2013: one month) (Note 46.a).

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

Yaşar Holding	-	3.411.731
HDF FZco ("HDF")	-	1.386.533
DYO Boya Fab. A.Ş. ("DYO Boya")	-	454.007
Viking Kağıt ve Selüloz A.Ş. ("Viking")	-	34.580
	-	**5.286.851**

Company has collected its other short-term receivables from Yaşar Holding and other companies as at 31 December 2014.

c) Trade payables to related parties - current:

Yadex Export-Import und Spedition GmbH ("Yadex")	16.915.089	18.733.407
Desa Enerji	4.393.861	1.311.554
Çamlı Yem	2.959.555	3.068.205
Yaşar Holding A.Ş.	2.663.891	2.779.618
Other	1.159.149	1.222.157
	28.091.545	**27.114.941**
Less: Unincurred finance cost	(55.646)	(49.849)
	28.035.899	**27.065.092**

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TL16.915.089 (2013: TL18.733.407) of due to related parties is the payable to Yadex arising from import transactions conducted by these companies on behalf of the Company. Trade payables to Çamlı Yem and Desa Enerji mainly consist of raw material, steam and electricity purchases.

As of 31 December 2014, the effective weighted average interest rate applied to those payables is

8,58% (2013: 8,56%) and maturity is 2 months (2013: 2 months).

d) Non-trade payables to related parties- current:

	31 December 2014	31 December 2013
YBP	13.355.559	-
Payable to shareholders	-	128.007
Other	1.416	502.124
	13.356.975	**630.131**

As of 31 December, applied interest rate for non-trade payables to YBP amounting TL13.355.559 is 10% annually and the maturity is in one year.

ii) Transaction with related parties:

	1 January - 31 December 2014	1 January - 31 December 2013
a) Product sales:		
YBP	784.446.039	688.945.603
YDT	112.583.334	88.483.191
Pınar Et	604.643	301.930
Other	103.558	31.541
	897.737.574	**777.762.265**

Majority of the Company's sales in the domestic market are made to its associate, YBP, and its exports are made to YDT, which are both Yaşar Group Companies.

b) Service sales:		
Çamlı Yem	312.372	594.263
YBP	498.535	477.515
Pınar Et	287.338	45.621
Other	515.039	444.016
	1.613.284	**1.561.415**

c) Financial income and income from investment activities:

Arev	19.687.500	-
Yaşar Holding A.Ş.	998.018	2.536.400
DYO Boya	102.050	151.516
Viking	61.421	71.011
YBP	-	46.669
Other	93.516	26.298
	20.942.505	**2.831.894**

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The majority of other income from investment activities consists of sale of property, plant and equipment to Arev amounting to TL19.687.500 (Note 15). The majority of finance income consists of bail commission charges amounting to TL1.028.376 (2013: TL1.034.020), for the bond issue of Yaşar Holding in international markets and the borrowings obtained by Yaşar Group Companies from various financial institutions with the guarantee of The Company and the borrowings obtained by Yaşar Group Companies from international capital markets which have closed as of 8 December 2014. The commission rates of bail and financing used in the associated intercompany charges is 0,50% p.a. (2013: 0,50% p.a.). As of 31 December 2013, the other part of finance income consists of interest incomes resulting from non trade receivables of the Company from related parties and from transferred loans obtained via various financial institutions.

d) Dividends received:

	1 January - 31 December 2014	1 January - 31 December 2013
YBP [*]	1.159.031	3.548.233
Pınar Et	4.088.814	3.489.121
Bintur	2.746	1.497
	5.250.591	**7.038.851**

[*]Investment-in-associate (Note 4).

e) Other income from related parties:

YBP	987.320	920.501
Çamlı Yem	861.083	788.042
Other	13.794	11.750
	1.862.197	**1.720.293**

Other income from YBP and Çamlı Yem is related to the rent of cars and buildings in the current period.

f) Product purchases:

Yadex	38.144.117	39.332.995
Desa Enerji	14.007.562	13.352.635
Çamlı Yem	10.297.221	5.965.125
Hedef Ziraat	3.807.419	3.911.753
Other	130.650	121.034
	66.386.969	**62.683.542**

The Company imports raw materials through Yadex, purchases steam and electricity from Desa Enerji, and purchases raw materials from Çamlı Yem.

g) Service purchases:

Yaşar Holding	11.274.895	9.871.379
YBP	5.446.928	5.659.023
YDT	4.262.297	3.475.889
Bintur	692.899	829.874
HDF	365.649	623.971
Other	194.569	756.492
	22.237.237	**21.216.628**

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Service purchases from YBP, which is the Company's associate and Yaşar Group company, are related to promotion and advertisement, whereas service purchases from Yaşar Holding are related to consultancy, revision and research and development services.

h) Purchases of property, plant and equipment and intangible assets:

	1 January - 31 December 2014	1 January - 31 December 2013
Yaşar Holding	249.375	188.939
Other	1.562	81.806
	250.937	**270.745**

i) Finance and other operating expenses:

YBP	958.513	47.978
Çamlı Yem	272.204	139.071
Pınar Et	222.332	10.356
Yaşar Holding	79.902	53.789
Other	300.558	228.092
	1.833.509	**479.286**

Other operating expenses from related parties mainly consist of unearned financial expenses and interest expenses related with trade payables of the Company. Financial expenses mainly consist of interest expense sourced from non-trade payables to related parties.

j) Dividends paid (*):

Yaşar Holding	29.536.175	28.432.019
	29.536.175	**28.432.019**

(*) Within the year 2014, the Company paid dividend amount to TL48.097.625 (2013: 46.299.583 TL). Amount to TL18.561.450 of dividend payment (2013: TL17.867.564) was paid to other shareholders.

k) Sales of property, plant and equipment:

Arev (*)	34.100.000	-
Dyo Boya	-	25.998
Çamlı Yem	-	10.448
YDT	-	3.135
Pınar Su	1.200	15.703
Other	-	30.320
	34.101.200	**85.604**

(*) The property, plant and equipment sales to Arev which is Yaşar Group's company, consist of land and building sales of the Company (Note 15).

l) Donations:

Yaşar Eğitim Vakfı	861.203	75.598
Yaşar Üniversitesi	-	500.000
	861.203	**575.598**

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m) Key management compensation:

Key management includes General Manager and directors. The compensation provided to key management and attendance fees paid to Board of Directors are shown below:

	1 January - 31 December 2014	1 January - 31 December 2013
Short term employee benefits	3.516.284	3.191.524
Management bonus	347.848	195.836
After severance benefit	-	-
Severance benefit	97.365	-
Other long-term benefits	67.637	75.870
	4.029.134	**3.463.230**

n) Bails given to related parties:

As of 31 December 2014, Pınar Et, YBP, Çamlı Yem, DYO Boya and the Company have provided joint and several guarantee to Yaşar Holding; for its Eurobond issued in international markets, amounting to USD250.000.000 equivalent of TL579.725.000 due 6 May 2020. An Indemnity Agreement was signed between Yaşar Holding and the abovementioned guarantors on 3 November 2014, which states that in an occurrence of an event where a guarantor makes a payment related with the guarantee provided; Yaşar Holding will indemnify the paying guarantor. If Yaşar Holding fails to indemnify the paying guarantor, each of the guarantors will indemnify the paying guarantor by 1/5 of the payment amount.

As of 31 December 2014, bails given are mainly related to joint guarantees provided by The Company with Yaşar Group Companies for repayment of borrowings obtained by Yaşar Group companies from financial institutions amounting to EUR 33.333.333 equivalent of TL94.023.332 (31 December 2013: Bails given are mainly related to joint guarantees provided by The Company with Yaşar Group Companies for repayment of borrowings obtained by Yaşar Group companies from international markets and financial institutions amounting to EUR44.444.444 and USD250.000.000 equivalent of TL664.086.110) (Note 26).

o) Bails received from related parties:

Received bails are related with guarantees amounting to TL8.640.930 provided by Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. (31 December 2013: guarantees provided by Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. related with other bails amounting to TL11.423.923).

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

	31 December 2014	31 December 2013
a) Short-term trade receivables:		
Customer current accounts	5.905.316	2.513.180
Cheques and notes receivable	4.022.627	4.982.537
	9.927.943	**7.495.717**
Less: Provision for impairment of receivables	(464.722)	(467.649)
Unearned finance income	(69.207)	(35.540)
	9.394.014	**6.992.528**

The effective weighted average interest rate on TL denominated trade receivables is 8,44% p.a. as of 31 December 2014 (2013: 8,74% p.a.) and maturing within 2 months (2013: 2 months).

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The agings of trade receivables as of 31 December 2014 and 2013 are as follows;

	31 December 2014	31 December 2013
Overdue	295.544	230.105
0 - 30 days	5.286.563	3.698.578
31 - 60 days	2.134.101	3.036.845
61 - 90 days	955.156	27.000
91+ days	722.650	-
	9.394.014	**6.992.528**

The Company does not expect any collection risk regarding its trade receivables overdue but not impaired amounting to TL295.544 as of 31 December 2014 (2013: TL230.105) considering its past experience and subsequent collections (Note 46.a).

The aging of overdue receivables as of 31 December 2014 and 2014 are as follows:

0 - 3 months overdue	**295.544**	**230.105**

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

	2014	2013
1 January	**467.649**	**458.181**
Collection (Note 35)	(2.927)	(9.000)
Charged to consolidated statement of comprehensive income (Note 35)	-	18.468
31 December	**464.722**	**467.649**

	31 December 2014	31 December 2013
b) Short-term trade payables:		
Supplier current accounts	140.427.817	114.793.886
Cheques	2.355.477	2.663.197
	142.783.294	117.457.083
Less: Unincurred finance cost	(977.287)	(506.849)
	141.806.007	**116.950.234**

As of 31 December 2014 and 2013, the effective weighted average interest rates used in unincurred finance cost calculation for short-term trade payables including TL, USD and EUR denominated liabilities are as follows:

TL trade payable	8,49%	8,59%
USD trade payable	2,26%	2,24%
EUR trade payable	2,27%	2,96%

Trade payables mature within two months (2013: two months).

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c) Long-term trade payables

	31 December 2014	31 December 2013
Supplier current accounts	31.476.564	27.678.536
	31.476.564	**27.678.536**

Long-term trade payables are comprised of payables regarding property, plant and equipment purchases that are amounting to EUR11.159.132as of 31 December 2014 (2013: EUR9.425.689). The effective weighted average interest rate for trade payables is 2,26% p.a. (2013: 2,46% p.a.).

The redemption schedules of long-term trade payables at 31 December 2014 and 2013 are as follows:

2015	-	9.451.658
2016	11.952.760	8.450.277
2017	9.471.505	5.101.704
2018	6.504.120	3.343.698
2019	3.548.179	1.331.199
	31.476.564	**27.678.536**

NOTE 9 - RECEIVABLES AND PAYABLES FROM FINANCE SECTOR OPERATIONS

None (2013: None).

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

	31 December 2014	31 December 2013
b) Other short-term receivables:		
Value Added Tax ("VAT") receivable	2.592.618	890.252
Receivables from insurance companies	225.262	225.262
Receivables from personnel	19.648	5.832
Deposits and guarantees given	5.631	2.435
Other	110.388	108.116
	2.953.547	**1.231.897**
c) Other long-term receivables:		
Deposits and guarantees given	13.359	751
	13.359	**751**
d) Other short-term payables:		
Taxes and funds payable	1.512.657	1.802.150
Deposits and guarantees received	35.000	50.000
Other	37.865	37.604
	1.585.522	**1.889.754**

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e) Other long-term payables:

	31 December 2014	31 December 2013
Deposits and guarantees received	44.622	45.450
	44.622	**45.450**

NOTE 11 - INVENTORIES

	31 December 2014	31 December 2013
Raw materials	35.126.603	32.875.259
- Raw materials	30.137.534	25.525.895
- Raw materials in transit	4.989.069	7.349.364
Work-in-progress	29.081.092	24.304.773
Finished goods	27.464.591	33.666.984
Merchandise stocks	566.921	609.777
Spare parts and palettes	4.183.456	3.731.949
	96.422.663	**95.188.742**

The costs of inventories recognized as expense and included in cost of sales amounted to TL677.752.549 (2013: TL570.029.756) (Note 29). Inventories are carried at cost, and there are no inventories valued at fair value less costs to sell as of 31 December 2014.

NOTE 12 - BIOLOGICAL ASSETS

None (2013: None).

NOTE 13 - PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2014	31 December 2013
a) Prepaid expenses - current		
Prepaid expenses	3.679.534	3.447.973
Order advances given	294.412	270.038
	3.973.946	**3.718.011**
b) Prepaid expenses - non-current		
Advances given	1.003.597	580.386
	1.003.597	**580.386**

NOTE 14 - INVESTMENT PROPERTY

None (2013: None).

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NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment and accumulated depreciation between 1January and 31 December 2014 were as follows:

	1 January 2014 Opening	Additions	Disposals	Transfers	31 December 2014 Closing
Cost or valuation:					
Land	84.400.000	-	(11.765.000)	945.424	73.580.424
Land improvements and buildings	79.515.632	295.643	(4.674.588)	18.236.867	93.373.554
Machinery and equipment	153.800.191	7.390.186	(1.680.250)	15.661.461	175.171.588
Motor vehicles	6.648.999	-	(92.113)	-	6.556.886
Furniture and fixtures	46.447.556	1.407.756	(474.406)	732.665	48.113.571
Construction in progress	32.108.148	54.630.750	-	(35.576.417)	51.162.481
	402.920.526	**63.724.335**	**(18.686.357)**	**-**	**447.958.504**
Accumulated depreciation:					
Land improvements and buildings	(1.695.224)	(3.469.178)	1.302.939	-	(3.861.463)
Machinery and equipment	(13.835.430)	(9.384.586)	596.259	-	(22.623.757)
Motor vehicles	(5.990.882)	(231.541)	85.755	-	(6.136.668)
Furniture and fixtures	(34.550.282)	(2.736.427)	472.983	-	(36.813.726)
	(56.071.818)	**(15.821.732)**	**2.457.936**	**-**	**(69.435.614)**
Net book value	**346.848.708**				**378.522.890**

As at 31 December 2014, additions mainly consist of land improvements and buildings, machinery and equipment investments.

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

	1 January 2013 Opening	Additions	Disposals	Transfers	Revaluation	31 December 2013 Closing
Cost or valuation:						
Land	69.113.000	-	-	-	15.287.000	84.400.000
Land improvements and buildings	69.342.469	215.029	-	5.225.143	4.732.991	79.515.632
Machinery and equipment	143.174.408	7.379.805	(3.652.733)	6.898.711	-	153.800.191
Motor vehicles	6.753.852	-	(104.853)	-	-	6.648.999
Furniture and fixtures	44.935.667	1.746.971	(237.184)	2.102	-	46.447.556
Construction in progress	4.890.823	39.343.281	-	(12.125.956)	-	32.108.148
	338.210.219	**48.685.086**	**(3.994.770)**	**-**	**20.019.991**	**402.920.526**
Accumulated depreciation:						
Land improvements and buildings	(2.785.469)	(3.120.491)	-	-	4.210.736	(1.695.224)
Machinery and equipment	(5.073.824)	(9.325.704)	564.098	-	-	(13.835.430)
Motor vehicles	(5.885.951)	(209.784)	104.853	-	-	(5.990.882)
Furniture and fixtures	(32.041.490)	(2.743.605)	234.813	-	-	(34.550.282)
	(45.786.734)	**(15.399.584)**	**903.764**	**-**	**4.210.736**	**(56.071.818)**
Net book value	**292.423.485**					**346.848.708**

As at 31 December 2013, main additions to property, plant and equipment are comprised of investments related to productions lines of the Company.

There are no mortgages or other collaterals placed on property, plant and equipment as of 31 December 2014 (2013: None)

Current year's depreciation and amortization charges were allocated to cost of goods sold by TL11.204.200 (2013: TL10.855.671), to the cost of inventories by TL738.264 (2013: TL824.603), to selling and marketing expenses by TL1.720.716 (2013: TL1.617.190) (Note 34), to general administrative expenses by TL2.125.571 (2013: TL1.932.824) (Note 34), to research and development expenses by TL417.487 (2013: TL428.440) (Note 34).

Movements in revaluation reserve related to land, buildings, land improvements, machinery and equipment as of 31 December 2014 and 2013 were as follows:

	2014	2013
1 January	**134.799.798**	**117.422.792**
Disposal of revaluation funds due to sale of property, plant and equipment -net	(11.287.899)	(1.070.404)
Deferred income tax calculated on depreciation transferred to retained earnings (Note 39)	847.951	807.556
Increase in revaluation reserve arising from revaluation of land, buildings and land improvements	-	24.230.727
Deferred income tax calculated on increase in revaluation reserve arising from revaluation of land, buildings and land improvements	-	(2.553.095)
Depreciation transfer upon revaluation reserve	(4.239.758)	(4.037.778)
31 December	**120.120.092**	**134.799.798**

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The carrying amounts of each class of property, plant and equipment that would have been recognized if the assets have been carried under the cost model at 31 December 2014 and 2013 are as follows:

	Land	Land improvements and buildings	Machinery and equipment
31 December 2014:			
Cost	9.068.782	65.091.114	204.668.726
Less: Accumulated depreciation	-	(18.299.410)	(86.923.741)
Net book value	**9.068.782**	**46.791.704**	**117.744.985**
31 December 2013:			
Cost	8.555.014	50.917.429	182.904.480
Less: Accumulated depreciation	-	(18.233.659)	(80.274.685)
Net book value	**8.555.014**	**32.683.770**	**102.629.795**

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

None (2013: None).

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

None (2013: None).

NOTE 18 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortization for the years ended 31 December 2014 and 2013 were as follows:

	1 January 2014 Opening	Additions	31 December 2014 Closing
Costs:			
Rights	10.446.673	337.443	10.784.116
Accumulated amortization	(9.633.158)	(384.506)	(10.017.664)
Net book value	**813.515**		**766.452**

	1 January 2013 Opening	Additions	31 December 2013 Closing
Costs:			
Rights	9.626.116	820.557	10.446.673
Accumulated amortization	(9.374.014)	(259.144)	(9.633.158)
Net book value	**252.102**		**813.515**

NOTE 19 - GOODWILL

None (2013: None).

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NOTE 20 - EXPLORATION FOR AND EVALUATION OF MINERAL RESOURCES

None (2013: None).

NOTE 21 - LEASING

Please see Note 15.

NOTE 22 - SERVICE CONCESSION AGREEMENTS

None (2013: None).

NOTE 23 - IMPAIRMENT IN ASSETS

None (2013: None).

NOTE 24 - GOVERNMENT GRANTS AND INCENTIVES

During 2014, in accordance with bulletin of Republic of Turkey Ministry of Food, Agriculture and Livestock, numbered 2011/40, regarding the utilization of milk powder within export goods, the Company was provided TL3.565.000 government incentive. The relevant incentive amount was reflected to the statement of comprehensive income by netting off against the cost of sales (2013: TL4.348.020).

Also in scope of Turquality Project implemented by Undersecreteriat of Foreign Trade to support brandization of products made in Turkey in foreign markets and to settle the image of Turkish goods, the Company was provided TL1.271.667 (2013: TL2.656.404) government incentive. The incentive amount is deducted from selling and marketing expenses. Collections related with Turquality Incentive amount to TL1.672.766 as of 31 December 2014.

There are investment incentive certificates to which the Company has been entitled by the official authorities (Note 39).

NOTE 25 - BORROWINGS AND BORROWING COSTS

	31 December 2014	31 December 2013
Short-term bank borrowings	1.074.614	1.269.615
Short-term portion of long-term bank borrowings	4.029.704	164.773
Short-term financial liabilities and derivative assets - net	**5.104.318**	**1.434.388**
Long-term bank borrowings	6.000.000	-
Long-term financial liabilities	**6.000.000**	**-**
	11.104.318	**1.434.388**

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	Effective weighted average interest rate p.a. %		Original currency		TL equivalent	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Short-term bank borrowings:						
TL borrowings (*)	-	-	1.074.614	1.269.615	1.074.614	1.269.615
Short-term portion of long-term bank borrowings:						
Short-term portion of long-term EUR borrowings (**)	-	5,55	-	56.112	-	164.773
Short-term portion of long term TL borrowings (***)	14,44	-	4.029.704	-	4.029.704	-
Total short-term borrowings					**5.104.318**	**1.434.388**
Long-term bank borrowings:						
TL borrowings (**)	14,44	-	6.000.000	-	6.000.000	-
Total long-term bank borrowings					**6.000.000**	**-**

(*) As of 31 December 2014, TL denominated short term bank borrowings comprised of spot loans without interest charges.
(**) As of 31 December 2014, there is no EUR denominated bank borrowings (31 December 2013: EUR denominated bank borrowings consist of fixed interest rate of 5,55% p.a. amounting to EUR56.112 equivalent of TL164.773)
(***) As of 31 December 2014, TL denominated long term bank borrowings consist of fixed interest rate 14,44% (31 December 2013: There is no long term TL denominated bank borrowing).

Guarantees given for The Company's financial liabilities and other financial liabilities are explained in Note 26.

The redemption schedule of long-term bank borrowings at 31 December 2014 and 2013 is as follows:

	31 December 2014	31 December 2013
2016	4.000.000	-
2017	2.000.000	-
	6.000.000	**-**

As of 31 December 2014 and 2013, the Group's net financial debt at fixed and variable interest rate by relevant maturity of the interest rate repricing dates breakdown is as follows:

	Total
- 31 December 2014:	
Bank borrowings with fixed rates	10.029.704
Bank borrowings without interest	1.074.614
Total	**11.104.318**
- 31 December 2013:	
Bank borrowings with fixed rates	164.773
Bank borrowings without interest	1.269.615
Total	**1.434.388**

There is no variable interest rate borrowing as of 31 December 2014 (31 December 2013: None)

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

	Carrying Amounts		Fair Values	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Bank borrowings	11.104.318	1.434.388	11.477.847	1.450.734

The fair values are based on cash flows discounted using the rates based on the borrowing rates of 10,27% p.a. (31 December 2013: 3,58% p.a. for EUR denominated bank borrowings).

NOTE 26 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2014	31 December 2013
a) Guarantees Given:		
Bails	673.748.332	664.086.110
Letters of guarantee	15.884.948	8.617.041
	689.633.280	**672.703.151**

As of 31 December 2014, Pınar Et, YBP, Çamlı Yem, DYO Boya and the Company have provided joint and several guarantee to Yaşar Holding; for its Eurobond issued in international markets, amounting to USD250.000.000 equivalent of TL579.725.000 due 6 May 2020. An Indemnity Agreement was signed between Yaşar Holding and the abovementioned guarantors on 3 November 2014, which states that in an occurrence of an event where a guarantor makes a payment related with the guarantee provided; Yaşar Holding will indemnify the paying guarantor. If Yaşar Holding fails to indemnify the paying guarantor, each of the guarantors will indemnify the paying guarantor by 1/5 of the payment amount.

As of 31 December 2014, bails given are mainly related to joint guarantees provided by The Company with Yaşar Group Companies for repayment of borrowings obtained by Yaşar Group companies from financial institutions amounting to EUR33.333.333 equivalent of TL94.023.332 (31 December 2013: Bails given are mainly related to joint guarantees provided by The Company with Yaşar Group Companies for repayment of borrowings obtained by Yaşar Group companies from international markets and financial institutions amounting to EUR44.444.444 and USD250.000.000 equivalent of TL664.086.110).

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The collaterals, pledges and mortgages ("CPM") position of the Company for the years ended 31 December 2014 and 2013 were as follows:

	31 December 2014			31 December 2013		
	Currency	Amount	TL Equivalent	Currency	Amount	TL Equivalent
CPM provided by the Company:						
A. Total amount of CPM given for the Company's own legal personality	TL	15.884.948	15.884.948	TL	8.617.041	8.617.041
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			**673.748.332**			**664.086.110**
i. Total amount of CPM given on behalf of the majority shareholder			**579.725.000**			**533.575.000**
	USD	*250.000.000*	*579.725.000*	*USD*	*250.000.000*	*533.575.000*
ii. Total amount of CPM given to behalf of other group companies which are not in scope of B and C			**94.023.332**			**130.511.110**
	EUR	*33.333.333*	*94.023.332*	*EUR*	*44.444.444*	*130.511.110*
iii. Total amount of CPM given on behalf of third parties which are not in scope of C						-
TOTAL			**689.633.280**			**672.703.151**
The ratio of total amount of other CPM to Equity			127%			138%

	31 December 2014	31 December 2013
c) Guarantees received:		
Bails	8.640.930	11.423.923
Letters of guarantee	4.222.265	4.120.433
Guarantee cheques	690.023	783.364
Guarantee notes	3.200.118	205.227
Mortgages	75.000	75.000
	16.828.336	**16.607.947**

Received bails are related with guarantee letter amounting to TL8.40.930 guarantees provided by YBP (31 December 2013: TL11.423.923).

Foreign currency denominated guarantees given at 31 December 2014 is as follows:

Guarantees Received	EUR	190.115
	USD	596.317

Foreign currency denominated guarantees given at 31 December 2013 is as follows:

Guarantees Received	EUR	703.103
	USD	103.717

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f) Major litigations

Ministry of Finance has carried out a tax inspection against the Group and charged tax penalties amounting to total of TL3.835.663 comprising of TL1.723.468 VAT penalty and TL2.112.195 tax loss penalty for the transactions in fiscal years between 2006 and 2011. The Group applied to İzmir Tax Court for cancellation of those tax penalties and except for the lawsuit regarding inconsistency, however they were lost. The Group appealed to a higher court to suspend the execution within the legal time and Supreme Court granted a motion for stay of execution in favour of the Group. The Group management and legal counsellor of the Group believe that the likelihood of losing the cases is considered to be remote. As a result, no provision was accounted for in the financial statements.

NOTE 27 - COMMITMENTS

As of 31 December 2014, the Company has purchase commitments of 1.545 tons of concentrated fruit juice equivalent of TL3.981.092, packaging materials amounting to USD503.499 equivalent of TL1.167.564, and tomato paste amounting to TL477.120 (2013: 2.698 tons of concentrated fruit juice equivalent of TL7.387.159, packaging materials amounting to EUR558.655 and USD837.626 equivalent of TL3.428.235 and tomato paste amounting to TL1.570.000).

NOTE 28 - EMPLOYEE BENEFITS

a) Payables due to employee benefits

	31 December 2014	31 December 2013
Social security premiums payable	1.125.183	948.508
Payable to personnel	85.740	93.009
	1.210.923	**1.041.517**

b) Short-term provisions due to employee benefits

Year-end bonus provision to top management	910.040	1.225.457
Provision for seniority incentive bonus	174.482	164.883
	1.084.522	**1.390.340**

Movement of year-end bonus provision to top management is as follows:

	2014	2013
1 January	**1.225.457**	**1.455.691**
Year-end bonus payment	(315.417)	(230.234)
31 December	**910.040**	**1.225.457**

c) Long-term provisions due to employee benefits

Provision for employment termination benefits	11.839.581	10.165.237
Provision for seniority incentive bonus	635.443	435.723
	12.475.024	**10.600.960**

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

The amount payable consists of one month's salary limited to a maximum of TL3.438,22 for each year of service as of 31 December 2014 (31 December 2013: TL3.254,44). 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.

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The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TL3.541,37 which is effective from 1 January 2015 (1 January 2014: TL3.438,22) 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 2014	31 December 2013
Discount rate (%)	3,95	4,09
Probability of retirement (%)	97,16	96,33

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

	2014	2013
1 January	**10.165.237**	**9.428.290**
Interest costs	1.083.322	812.098
Actuarial losses	1.472.871	982.343
Paid during the year	(1.944.109)	(1.891.731)
Annual charge	1.062.260	834.237
31 December	**11.839.581**	**10.165.237**

The total of interest cost, actuarial losses and increase during the year amounting to TL3.618.453 (2013: TL2.628.680) was included in general administrative costs amounting to TL2.145.582 (2013: TL1.646.335) and other comprehensive income amounting to TL1.472.871 (2013: TL982.343).

NOTE 29 - EXPENSES BY NATURE

	1 January - 31 December 2014	1 January - 31 December 2013
Direct material costs	677.752.549	570.029.756
Staff costs	59.576.696	50.141.594
Advertisement	32.137.008	31.017.427
Utilities	26.278.909	25.423.218
Repair and maintenance	24.333.236	21.517.521
Depreciation and amortization	16.292.577	15.838.513
Outsourced services	14.278.138	12.152.365
Consultancy charges	11.479.856	10.295.696
Transportation	3.694.401	4.877.137
Export commission	3.364.342	2.657.249
Taxes, dues and fees	2.196.342	1.507.015
Employment termination benefits	2.145.582	1.646.335
Rent	2.137.869	2.412.554
Other	10.708.662	5.814.381
	886.376.167	**755.330.761**

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NOTE 30 - OTHER ASSETS AND LIABILITIES

	31 December 2014	31 December 2013
a) Other current assets:		
Deferred Value Added Tax	11.710.467	6.870.661
Income accrual	5.141.936	4.008.452
Other	5.265	-
	16.857.668	**10.879.113**

Income accruals are comprised of government subsidy within the scope of Turquality to be received for brand developments and related marketing activities, and for usage of milk powder in products exported.

b) Other current liabilities

Expense accruals	324.390	49.189
	324.390	**49.189**

NOTE 31 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The Company adopted the registered share capital system available to companies registered to the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of

Kr1. The Company's historical authorized registered capital at 31 December 2014 and 2013 is as follows:

	31 December 2014	31 December 2013
Registered share capital (historical values)	80.000.000	80.000.000
Authorized registered share capital with a nominal value	44.951.051	44.951.051

The compositions of the Company's share capital at 31 December 2014 and 2013 were as follows:

	31 December 2014		31 December 2013	
	Share (%)	TL	Share (%)	TL
Yaşar Holding (A, B, C)	61,41	27.603.901	61,41	27.603.901
Public quotation (C)	37,95	17.060.367	37,95	17.060.367
Other	0,64	286.783	0,64	286.783
Share capital	**100,00**	**44.951.051**	**100**	**44.951.051**
Adjustment to share capital		16.513.550		16.513.550
Total paid-in capital		**61.464.601**		**61.464.601**

Adjustment to share capital amounting to TL16.513.550 (2013: TL16.513.550) represents the remaining amount after net-off the accumulated losses of 2003 from the difference between restated (inflation adjusted) share capital and historical cost of share capital (before inflation adjustment).

In Turkey, companies have right to exceed registered capital thereby addition of all reserves to capital to increase registered capital amount one-time. On the other hand, registered capital amount is not exceed through cash increase.

As of 31 December 2014, there are 4.495.105.125 (2013: 4.495.105.125) units of shares each with a face value of Kr1 (2013: Kr1) each.

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The Company's capital is composed of 172.800 units of A type shares and 126.000 units of B type shares and 4.494.806.325 units of C type shares, and the C type shares are traded on the ISE. Based on the Company's Articles of Association, the Board of Directors comprises five to nine members elected by the General Assembly from the Company's shareholders or from outside the Company personnel, in accordance with the provisions of the Turkish Commercial Code and the CMB Regulation. In the event the Board of Directors comprises of five members, three are elected from among candidates nominated by shareholders bearing A type shares, one from those nominated by shareholders bearing B type shares and one from those nominated by shareholders bearing C type shares. In the event the Board of Directors comprises of seven members, four are elected from among candidates nominated by shareholders bearing A type shares, two from those nominated by shareholders bearing B type shares, and one from those nominated by shareholders bearing C type shares. In the event the Board of Directors comprises of nine members, five are elected from among the candidates nominated by shareholders bearing A type shares, three from those nominated by shareholders bearing B type shares, and one from those nominated by shareholders bearing C type shares. Executive director can be appointed by Board of Directors in case of their decision. Moreover, the chairman of the board and the executive director are selected among shareholders of A type shares.

Board of Directors has authority to classify new shares as registered or bearer separately in accordance with the CMB regulations. Companies can increase their share capital by way of bonus issue to existing shareholders in proportion of their shareholding rates.

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

The legal reserves cons ("TCC"). The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% all distributions in access of 5% of the Company's share capital. Under TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid in share capital.

The aforementioned amounts accounted for under "Restricted Reserves" in accordance with CMB Financial Reporting Standards. At 31 December 2014, the restricted reserves of the Company amount to TL43.161.534 (2013: TL38.576.527). The unrestricted reserves of the Company, amounting to TL53.900.340 (2013: TL39.140.044), is classified in the retained earnings.

In accordance with the related announcements of CMB "Share capital", "Restricted Reserves" and "Share Premium" shall be carried at their statutory amounts. The valuation differences (like inflation adjustments) shall be classified as follows:

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

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

Companies distribute dividends in accordance with their dividend payment policies numbered II-19.1settled by CMB on 1 February 2014 and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of associations. In addition, dividend can be distributed by fixed or variable installments and advance dividend can be paid in accordance with profit on financial statements of the company.

According to 28th article of the Company's core contract, Up to 3% of the amounts that remain after netting previous year losses from the net income of the period, could be allocated for the purpose of usage for the facilities according to TCC 522 after the allocation of first dividend. Up to 5% of this amount could be allocated for the purposes that BOD consider appropriate and 5% of the amount could be allocated for welfare work and premiums.

Unless allocation of legal reserves per TCC and dividends defined in the dividend policy of companies, it cannot be decided to allocate other reserves, to transfer the profit to the retained earnings, and to distribute dividend to members of board of directors, employees, redeemed shareholders and parties other than shareholders. Furthermore, payment of dividend in cash is another requirement for distributing dividend to members of board of directors, employees, redeemed shareholders and parties other than shareholders.

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For the listed companies, dividend distribution is made evenly to all existing shares as of the date of dividend distribution without considering the date of issuance and acquisition of the shares.

Based on the decision of General Assembly meeting on 27 March 2014, the Company has decided to distribute TL48.097.625 of the distributable net profit for the year ended 31 December 2013 as dividend at 30 May 2014. In context of this dividend distribution decision, the Company separated TL4.585.007 as "Restricted Reserve". There is not any profit distribution decision for 2014 since General Assembly Meeting has not been conducted yet.

NOTE 32 - REVENUE AND COST OF SALES

	1 January - 31 December 2014	1 January - 31 December 2013
Domestic sales	1.126.425.520	994.008.503
Export sales	112.583.334	88.483.191
Merchandise goods sales	11.132.066	1.771.633
Gross Sales	1.250.140.920	1.084.263.327
Less: Discounts	(280.386.484)	(250.274.218)
Returns	(29.284.848)	(24.167.124)
Net sales	**940.469.588**	**809.821.985**
Cost of merchandise goods sold	(11.151.790)	(837.469)
Cost of goods sold	(771.607.454)	(658.119.966)
Cost of sales	**(782.759.244)**	**(658.957.435)**
Gross Profit	**157.710.344**	**150.864.550**

NOTE 33 - CONSTRUCTIONS CONTRACTS

None (2013: None).

NOTE 34 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	1 January - 31 December 2014	1 January - 31 December 2013
a) Marketing, selling and distribution expenses:		
Advertisement	32.137.008	31.017.427
Staff costs	6.053.797	5.462.028
Transportation	3.694.401	4.877.137
Consultancy	4.924.546	4.254.636
Outsourced services	4.210.925	3.738.799
Maintenance	3.568.260	3.136.828
Depreciation and amortization	1.720.716	1.617.190
Rent	1.383.953	1.020.651
Other	6.717.835	5.163.692
	64.411.441	**60.288.388**

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	1 January - 31 December 2014	1 January - 31 December 2013
b) General administrative expenses:		
Staff costs	10.570.076	9.655.462
Consultancy charges	6.555.310	6.041.060
Outsourced services	2.702.550	2.511.009
Employment termination benefits	2.145.582	1.646.335
Depreciation and amortization	2.125.571	1.932.824
Taxes (Corporate Tax excluded)	2.056.132	1.398.063
Repair and maintenance	1.317.614	935.341
Energy	1.053.314	982.139
Other	3.085.579	2.761.399
	31.611.728	**27.863.632**
c) Research and development expenses:		
Staff costs	3.058.336	3.193.072
Repair and maintenance	1.999.045	2.056.523
Outsourced services	1.217.682	1.703.259
Depreciation and amortization	417.487	428.440
Other	901.204	840.012
	7.593.754	**8.221.306**

NOTE 35 - OTHER OPERATING INCOME/ EXPENSES

	1 January - 31 December 2014	1 January - 31 December 2013
a) Other operating income:		
Foreign exchange gain	3.582.737	2.649.355
Income from sales of scrap	2.210.558	1.655.278
Rent income	1.828.512	1.715.668
Unearned financial income on term purchases	476.235	1.025.570
Collection of provision for doubtful receivables	2.927	9.000
Other	193.853	575.827
	8.294.822	**7.630.698**

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	1 January - 31 December 2014	1 January - 31 December 2013
b) Other operating expense:		
Foreign exchange loss	(2.911.103)	(6.931.253)
Interest expense	(1.773.747)	(714.474)
Auxiliary material and scrap sales	(1.170.432)	(1.266.400)
Donations	(915.979)	(846.255)
Unearned financial expense on term sales	(239.969)	(1.143.242)
Other	(2.751.446)	(723.054)
	(9.762.676)	**(11.624.678)**

NOTE 36 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 31 December 2014	1 January - 31 December 2013
a) Income from investment activities:		
Dividend income (*)	4.091.560	3.490.618
Interest income from other receivables from related parties	226.629	1.797.874
Income from sales of property, plant and equipment (**)	20.386.659	352.309
	24.704.848	**5.640.801**

(*) Note 7.ii.d.
(**) Note 7.ii.k.

b) Expense from investment activities:		
Loss from sales of property, plant and equipment	(1.183.861)	(2.209.739)
	(1.183.861)	**(2.209.739)**

NOTE 37 - FINANCIAL INCOME AND EXPENSES

	1 January - 31 December 2014	1 January - 31 December 2013
Finance income:		
Bail income from related parties	1.028.376	1.034.020
Foreign exchange gain	240.496	362.187
Interest income	135.350	107.007
	1.404.222	**1.503.214**
Finance expense:		
Interest expense	(1.757.913)	(1.199.567)
Foreign exchange loss	(395.315)	(440.318)
Bail expense from related parties	(32.516)	(110.110)
Other	(146.061)	(74.208)
	(2.331.805)	**(1.824.203)**

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NOTE 38 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None (2013: None).

NOTE 39 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND TAX LIABILITIES)

As of 31 December 2014 and 2013, corporation taxes currently payable are as follows:

	31 December 2014	31 December 2013
Corporation taxes currently payable	2.868.299	4.124.289
Less: Prepaid corporate tax	(1.303.971)	(4.050.958)
Current income tax liabilities	**1.564.328**	**73.331**

Corporation tax is payable at a rate of 20% for 2014 (2013: 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. No further tax is payable unless the profit is distributed.

Dividends paid ton on-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15% (2013: 15%). An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% (2013: 20%) on their corporate income. Advance tax is declared by 14th and payable by the 17th (2013: 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 25th of fourth month following the close of the financial year to which they relate.

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

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

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

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

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

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

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

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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 in the last day of the fiscal period when the circumstances defined in the 13th article occurred, 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 finalized and paid.

Taxation on income in the statement of comprehensive income for the years ended 31 December 2014 and 2013 are as follows:

	1 January - 31 December 2014	**1 January - 31 December 2013**
Current corporation tax expense	(2.868.299)	(4.124.289)
Deferred tax income	7.387.242	12.258.677
Taxation on income	4.518.943	8.134.388

The reconciliation of tax expense is as follows;

Profit before tax	**82.557.279**	**59.308.539**
Tax calculated at tax rates applicable to the profit	(16.511.456)	(11.861.708)
Expenses not deductible for tax purposes	(186.417)	(44.777)
Tax effect upon the results of investments-in-associates	1.467.662	1.140.244
Income not subject to tax	-	68.375
Income tax due to dividends received from available-for-sale investments	818.312	698.124
Utilized investment incentive during period	14.269.149	6.664.239
Recognition of deferred income tax asset on investment incentive	6.344.341	12.032.416
Other	(2.021.382)	(562.525)
Total taxation on income	**4.518.943**	**8.134.388**

Deferred income taxes

The company recognizes deferred income tax assets and liabilities based upon temporary differences arising between its financial statements are reported in accordance with the CMB Financial Reporting Standards and its tax purpose financial statements.

Deferred income taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in future periods under the liability method using a principal tax rate of 20% (2013: 20%).

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The breakdown of cumulative temporary differences and the resulting deferred income tax assets/ (liabilities) provided at 31 December 2014 and 2013 using the enacted tax rates at the balance sheet dates are as follows:

	31 December 2014		31 December 2013	
	Cumulative temporary differences	Deferred income tax assets/ (liabilities)	Cumulative temporary differences	Deferred income tax assets/ (liabilities)
Revaluation of property, plant and equipment	138.054.452	(17.934.360)	154.278.812	(19.479.014)
Difference between carrying values (excluding revaluation reserve) and tax bases of property, plant and equipment and intangible assets	60.284.099	(11.567.010)	53.937.365	(10.972.166)
Difference between carrying values and tax bases of available-for-sale investments	46.532.047	(2.012.615)	33.983.603	(1.443.070)
Unused tax credits (*)	(80.983.734)	24.950.642	(46.936.945)	18.606.301
Provision for employment termination benefits	(11.839.581)	2.367.916	(10.165.237)	2.033.047
Other	312.70	(62.574)	576.850	(115.370)
Deferred tax liabilities - net		**(4.258.001)**		**(11.370.272)**

(*) The Company has investment incentive certificate relating with modernization, extension and new investments at Şanlıurfa, Eskişehir and İzmir facilities. As of 31 December 2014, based on the best estimate of the Company management, it is highly probable to utilize the deferred income tax asset upon investment incentive, amounted to TL24.950.642 (2013: TL18.606.301).

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

	2014	2013
1 January	**(11.370.272)**	**(21.144.420)**
Credited to statement of comprehensive income	7.387.242	12.258.677
Charged to actuarial gain/loss arising from defined benefit plans	294.574	196.469
Charged to fair value reserve of available-for-sale investments	(569.545)	(127.903)
Calculated on revaluation fund	-	(2.553.095)
31 December	**(4.258.001)**	**(11.370.272)**

NOTE 40 - EARNINGS PER SHARE

		1 January - 31 December 2014	1 January - 31 December 2013
Profit for the period	A	87.076.222	67.442.927
Weighted average number of shares with a Kr1 face value (Note 31)	B	4.495.105.125	4.495.105.125
Earnings per 100 shares with a Kr 1 face value	**A/ B**	**1,9371**	**1,5004**

There are no differences between basic and diluted earnings per share. As of 31 December 2014, Board of Directors did not account any dividend.

NOTE 41 - SHARE BASED PAYMENTS

None (2013: None).

NOTE 42 - INSURANCE CONTRACTS

None (2013: None).

NOTE 43 - REPORTING IN HYPERINFLATIONARY ECONOMIES

Please see Note 2.

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NOTE 44 - DERIVATIVE FINANCIAL INSTRUMENTS

None (2013: None).

NOTE 45 - FINANCIAL INSTRUMENTS

Available -for sale investments:

	31 December 2014		31 December 2013	
	TL	**%**	**TL**	**%**
Pınar Et	49.719.980	12,58	40.888.141	12,58
Çamlı Yem	12.552.179	5,47	11.040.912	5,47
Pınar Su	4.600.815	8,77	3.590.880	8,77
YDT	540.446	1,76	534.440	1,76
Bintur	88.307	1,33	74.484	1,33
Other	19.361	-	19.361	-
	67.521.088		**56.148.218**	

Pınar Et and Pınar Su are stated at quoted market prices as they are listed on ISE; YDT, Bintur and Çamlı Yem are stated at their fair values which are determined based on the discounted cash flows as of 31 December 2014 and 2013 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 2014 and 2013 are as follows:

	Discount rate		Growth Rate	
	2014	**2013**	**2014**	**2013**
Bintur	12,06%	12,62%	1%	1%
YDT	9,78%	9,83%	0%	0%
Çamlı Yem	8,74%	9,25%	2%	2%

The movements of available-for-sale investments in 2014 and 2013 were as follows:

	2014	**2013**
1 January	**56.148.218**	**53.333.436**
Fair value gain/ (loss)		
Pınar Et	8.831.839	5.669.822
Pınar Su	1.009.935	(504.968)
YDT	6.006	(85.574)
Bintur	13.823	7.353
Çamlı Yem	1.511.267	(2.271.851)
31 December	**67.521.088**	**56.148.218**

Movements of fair value reserve of available-for-sale investments are as follows;

	2014	**2013**
1 January	**31.021.811**	**28.334.932**
Change in fair value of Pınar Et	8.831.839	5.669.822
Change in fair value of Çamlı Yem	1.511.267	(2.271.851)
Change in fair value of Pınar Su	1.009.935	(504.968)
Change in fair value of Bintur	13.823	7.353
Change in fair value of YDT	6.006	(85.574)
Deferred income tax on fair value reserve of available-for-sale investments (Note 39)	(569.545)	(127.903)
31 December	**41.825.136**	**31.021.811**

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NOTE 46 - 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, and fair value interest rate risk), capital risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

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

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

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

a) Credit risk:

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements and in turn credit risks arises from cash and cash equivalents, deposits in banks and financial intuitions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Majority of the Company's sales in domestic market are made to its investments in associate, YBP, and its exports are made to YDT, which are both Yaşar Group Companies. In line with past experiences and current condition trade receivables are monitored by the Company Management and necessary provisions for impairment is recognized. The Company management believes that credit risk arises from receivables is well managed. The Company management believes that there is no risk for non-trade receivables from related parties since they are mainly comprised of receivables from shareholders (Note 7.i.b). The credit risk analysis of the Company as of 31 December 2014 and 2013 are as follows:

31 December 2014	Receivables					
	Trade Receivables [1]		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties	Bank Deposits	Other
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) [2]	**147.263.702**	**9.394.014**	**-**	**2.953.547**	**2.350.016**	**-**
- The part of maximum credit risk covered with guarantees	238.190	743.541	-	-	-	-
A. Net book value of financial assets not due or not impaired [3]	145.860.342	9.098.470	-	2.953.547	2.350.016	-
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired [3]	-	-	-	-	-	-
C. Net book value of assets past due but not impaired [4]	1.403.360	295.544	-	-	-	-
- The part covered by guarantees	128.193	232.000	-	-		
D. Net book value of assets impaired	-	-	-	-	-	-
- Past due amount (gross book value)	-	464.722	-	-	-	-
- Collateral held as security and guarantees received	-	(464.722)	-	-	-	-
- Due amount (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- Collateral held as security and guarantees received -	-	-	-	-	-	-
E. Off-balance items exposed to credit risk-	-	-	-	-	-	

[1] Trade receivables of the Company mainly consists of receivables resulting from sales of milk and milk products.
[2] Factors increasing credit reliability such as guarantees received are not taken into consideration while determination of aforementioned
[3] None.

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31 December 2013	Receivables					
	Trade Receivables [1]		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties	Bank Deposits	Other
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) [2]	**108.887.049**	**6.992.528**	**5.286.851**	**1.231.897**	**783.388**	**-**
- The part of maximum credit risk covered with guarantees	213.420	180.000	-	-	-	-
A. Net book value of financial assets not due or not impaired [3]	105.498.103	6.762.423	4.865.993	1.231.897	783.388	-
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired [3]	-	-	-	-	-	-
C. Net book value of assets past due but not impaired (4)	3.388.946	230.105	420.858	-	-	-
- The part covered by guarantees	600	-	-	-	-	-
D. Net book value of assets impaired						
- Past due amount (gross book value)	-	467.649	-	-	-	-
- Collateral held as security and guarantees received	-	(467.649)	-	-	-	-
- Due amount (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- Collateral held as security and guarantees received -	-	-	-	-	-	-
E. Off-balance items exposed to credit risk	-	-	-	-	-	-

[1] Trade receivables of the Company mainly consists of receivables resulting from sales of milk and milk products.
[2] Factors increasing credit reliability such as guarantees received are not taken into consideration while determination of aforementioned amounts.
[3] None.
[4] Agings of financial instruments past due but not impaired are as below:

31 December 2014	Related Parties	Receivables Third Parties	Total
Past due 1 - 30 days	1.294.241	279.620	1.573.861
Past due 1 - 3 months	109.119	15.924	125.043
The part of credit risk covered with guarantees	128.193	232.000	360.193
	1.403.360 [*]	**295.544** [**]	**1.698.904**

31 December 2013	Related Parties	Receivables Third Parties	Total
Past due 1 - 30 days	3.772.087	228.999	4.001.086
Past due 1 - 3 months	25.244	1.106	26.350
Past due 3 - 12 months	12.473	-	12.473
The part of credit risk covered with guarantees	-	-	-
	3.809.804	**230.105**	**4.039.909**

[*] A total amount of TL1.303.089 of the overdue but not impaired receivables from related parties has been collected as of the approval date of the financial statements.
[**] A total amount of TL295.544 the overdue but not impaired receivables from third parties has been collected as of the approval date of the financial statements.

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b) Liquidity risk:

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

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

	31 December 2014				
	Carrying Value	Total Cash outflows per agreement (=I+II+III)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)
Contractual maturity dates:					
Financial Liabilities					
Financial liabilities	13.367.053	15.110.241	347.569	8.134.755	6.627.917
Trade payables	201.318.470	204.598.780	154.705.156	16.989.994	32.903.630
Other payables	13.401.597	14.770.542	-	14.725.920	44.622
	228.087.120	**234.479.563**	**155.052.725**	**39.850.669**	**39.576.169**

	31 December 2013				
	Carrying Value	Total Cash outflows per agreement (=I+II+III)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)
Contractual maturity dates:					
Financial Liabilities					
Financial liabilities	4.527.917	4.532.540	4.363.144	169.396	-
Trade payables	171.693.862	174.091.176	125.180.243	19.720.008	29.190.925
Other payables	675.581	675.581	-	630.131	45.450
	176.397.360	**179.299.297**	**129.543.387**	**20.519.535**	**29.236.375**

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c) Market risk:

i) Foreign exchange risk

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

	Foreign Currency Position							
	31 December 2014				31 December 2013			
	TL Equivalent	USD	EUR	Other (TL Equivalent)	TL Equivalent	USD	EUR	Other (TL Equivalent)
1. Trade Receivables	10.248.260	4.376.292	23.391	34.097	16.315.874	7.194.390	49.763	814.758
2a. Monetary Financial Assets (Cash, Bank accounts included)	45.484	14.025	4.595	-	16.442	955	4.905	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4. Current Assets (1+2+3)	**10.293.744**	**4.390.317**	**27.986**	**34.097**	**16.332.316**	**7.195.345**	**54.668**	**814.758**
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)	**10.293.744**	**4.390.317**	**27.986**	**34.097**	**16.332.316**	**7.195.345**	**54.668**	**814.758**
10. Trade Payables	37.384.257	8.379.819	6.364.482	-	32.081.235	7.873.564	5.198.758	10.534
11. Financial Liabilities	-	-	-	-	164.773		56.112	
12a. Monetary Other Liabilities	-	-	-	-		-		
12b. Non-monetary Other Liabilities	-	-	-	-		-		
13. Short-Term Liabilities (10+11+12)	**37.384.257**	**8.379.819**	**6.364.482**	**-**	**32.246.008**	**7.873.564**	**5.254.870**	**10.534**
14. Trade Payables	31.476.564	-	11.159.132	-	27.678.536	-	9.425.689	-
15. Financial Liabilities	-	-	-	-	-	-	-	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b. Non-monetary Other Liabilities	-	-	-	-	-	-	-	-
17. Long-Term Liabilities (14+15+16)	**31.476.564**	**-**	**11.159.132**	**-**	**27.678.536**	**-**	**9.425.689**	**-**
18. Total Liabilities (13+17)	**68.860.821**	**8.379.819**	**17.523.614**	**-**	**59.924.544**	**7.873.564**	**14.680.559**	**10.534**
19. Net Asset/(Liability) Position of Off-Balance Sheet Derivative Instruments (19a-19b)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
19a. Amount of Hedged Asset	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
19b. Amount of Hedged Liability	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	**(58.567.077)**	**(3.989.502)**	**(17.495.628)**	**34.097**	**(43.592.228)**	**(678.219)**	**(14.625.891)**	**804.224**
21 Net Foreign Currency Asset/(Liability) Position of Monetary Items (IFRS 7.B23) (=1+2a+3+5+6a-10-11-12a-14-15-16a)	**(58.567.077)**	**(3.989.502)**	**(17.495.628)**	**34.097**	**(43.592.228)**	**(678.219)**	**(14.625.891)**	**804.224**
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
23. Hedged amount for Foreign Currency Assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
24. Hedged amount for Foreign Currency Liability	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
25. Export	**112.583.334**	**48.317.917**	**228.020**	**5.815.603**	**88.483.191**	**43.137.438**	**546.888**	**4.858.276**
26. Import	**80.202.200**	**-**	**27.625.911**	**-**	**69.895.016**	**-**	**26.691.223**	**-**

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31 December 2014	Sensitivity Analysis for Foreign Currency Risk			
	Profit/ Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by 10% against TL:				
1- Asset/ Liability denominated in USD - net	(925.126)	925.126	(925.126)	925.126
2- The part hedged for USD risk (-) -	-	-	-	
3- USD Effect - net (1+2)	**(925.126)**	**925.126**	**(925.126)**	**925.126**
Change of EUR by 10% against TL				
4- Asset/ Liability denominated in EUR - net	(4.934.992)	4.934.992	(4.934.992)	4.934.992
5- The part hedged for EUR risk (-) -	-	-	-	
6- EUR Effect - net (4+5)	**(4.934.992)**	**4.934.992**	**(4.934.992)**	**4.934.992**
Change of Other Currencies by average 10% against TL				
7- Assets/ Liabilities denominated in other foreign currencies - net	3.410	(3.410)	3.410	(3.410)
8- The part hedged for other foreign currency risk (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	**3.410**	**(3.410)**	**3.410**	**(3.410)**
TOTAL (3+6+9)	**(5.856.708)**	**5.856.708**	**(5.856.708)**	**5.856.708**

31 December 2013	Sensitivity Analysis for Foreign Currency Risk			
	Profit/ Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by 10% against TL:				
1- Asset/ Liability denominated in USD - net	(144.752)	144.752	(144.752)	144.752
2- The part hedged for USD risk (-) -	-	-	-	
3- USD Effect - net (1+2)	**(144.752)**	**144.752**	**(144.752)**	**144.752**
Change of EUR by 10% against TL				
4- Asset/ Liability denominated in EUR - net	(4.294.893)	4.294.893	(4.294.893)	4.294.893
5- The part hedged for EUR risk (-) -	-	-	-	
6- EUR Effect - net (4+5)	**(4.294.893)**	**4.294.893**	**(4.294.893)**	**4.294.893**
Change of Other Currencies by average 10% against TL				
7- Assets/ Liabilities denominated in other foreign currencies - net	80.422	(80.422)	80.422	(80.422)
8- The part hedged for other foreign currency risk (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	**80.422**	**(80.422)**	**80.422**	**(80.422)**
TOTAL (3+6+9)	**(4.359.223)**	**4.359.223**	**(4.359.223)**	**4.359.223**

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ii) Interest rate risk

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

	Interest Rate Position	
	31 December 2014	**31 December 2013**
Financial instruments with fixed interest rate		
Financial assets	159.051.344	121.990.294
Financial liabilities	228.042.498	176.851.910

As of 31 December 2014 and 2013, the Company has not financial assets and liabilities with floating rate.

iii) Price risk

The profitability of the Company's operations and the cash flows generated by those operations are affected by changes in the raw material prices and market competition that are closely monitored by the Company management and precautions for cost efficiency are taken. The Company does not anticipate that prices of raw milk and other raw materials will change significantly in the foreseeable future and, therefore, has not entered into derivative or other contracts to manage the risk of a decline or increase in the prices of raw milk and other stocks and raw materials.

The current risks are properly monitored by Board of Directors and Audit Committee regularly in considering the need for active financial risk management.

d) Capital Risk Management:

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

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

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

	31 December 2014	**31 December 2013**
Financial liabilities	13.367.053	4.527.917
Other payables to related parties	13.356.975	630.131
Less: Cash and cash equivalents (Note 6)	(2.393.628)	(823.866)
Net debt	24.330.400	4.334.182
Total equity	529.338.453	479.832.216
Net-debt/ equity ratio	**4,6%**	**0,9%**

The Company's strategy is to maintain low levels of balance sheet gearing and indebtedness consistent with its conservative financial profile. The Company management regularly monitors the debt/ equity ratio.

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NOTE 47 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)

Classification of financial assets

The Company classified financial assets and liabilities as available-for-sale investments, borrowings and receivables. Cash and cash equivalents (Note 6), trade receivables (Notes 7 and 8) and other receivables (Note 7 and 10) of the Company are categorized as loans and receivables; and measured at amortized cost using effective interest method. Available-for-sale investments of the Company are disclosed in Note 45. Financial liabilities (Note 25), other financial liabilities, trade payables (Note 8) and other payables (Notes 7 and 10) are categorized as financial liabilities measured at amortized costs using effective interest method.

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 quoted market price, if one exists.

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

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

Financial assets

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

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 except for the certain available for sale investments which are measured at cost less impairment, if any, as their fair values cannot be reliably estimated using generally accepted valuation techniques, 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).

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The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2014 and 2013.

31 December 2014

	Level 1	Level 2	Level 3 (*)	Total
Assets:				
Available-for-sale investments	54.320.795	-	13.200.293	67.521.088
Total assets	**54.320.795**	**-**	**13.200.293**	**67.521.088**

31 December 2013

	Level 1	Level 2	Level 3 (*)	Total
Assets:				
Available-for-sale investments	44.479.021	-	11.669.197	56.148.218
Total assets	**44.479.021**	**-**	**11.669.197**	**56.148.218**

(*) As of 31 December 2014 and 2013, there is no movement between the levels 1 and 2. Please see Note 45 for the movement of Level 3 financial instruments.

The following table presents the Company's non-financial assets that are measured at fair value at 31 December 2014 and 2013.

31 December2014

	Level 1	Level 2	Level 3	Total
Tangible Assets:				
Land	-	73.580.424	-	73.580.424
Buildings and land improvements	-	89.512.091	-	89.512.091
Machinery and equipment	-	152.547.831	-	152.547.831
Total assets	**-**	**315.640.346**	**-**	**315.640.346**

31 December 2013

	Level 1	Level 2	Level 3	Total
Intangible Assets:				
Land	-	84.400.000	-	84.400.000
Buildings and land improvements	-	77.820.408	-	77.820.408
Machinery and equipment	-	139.964.761	-	139.964.761
Total assets	**-**	**302.185.169**	**-**	**302.185.169**

NOTE 48 - SUBSEQUENT EVENTS

None (2013: None).

NOTE 49 - OTHER MATTERS THAT MAY HAVE A MATERIAL EFFECT ON, OR BE EXPLAINED FOR THE CLEAR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None (2013: None).